

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY**

**SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**REGULAR AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY**

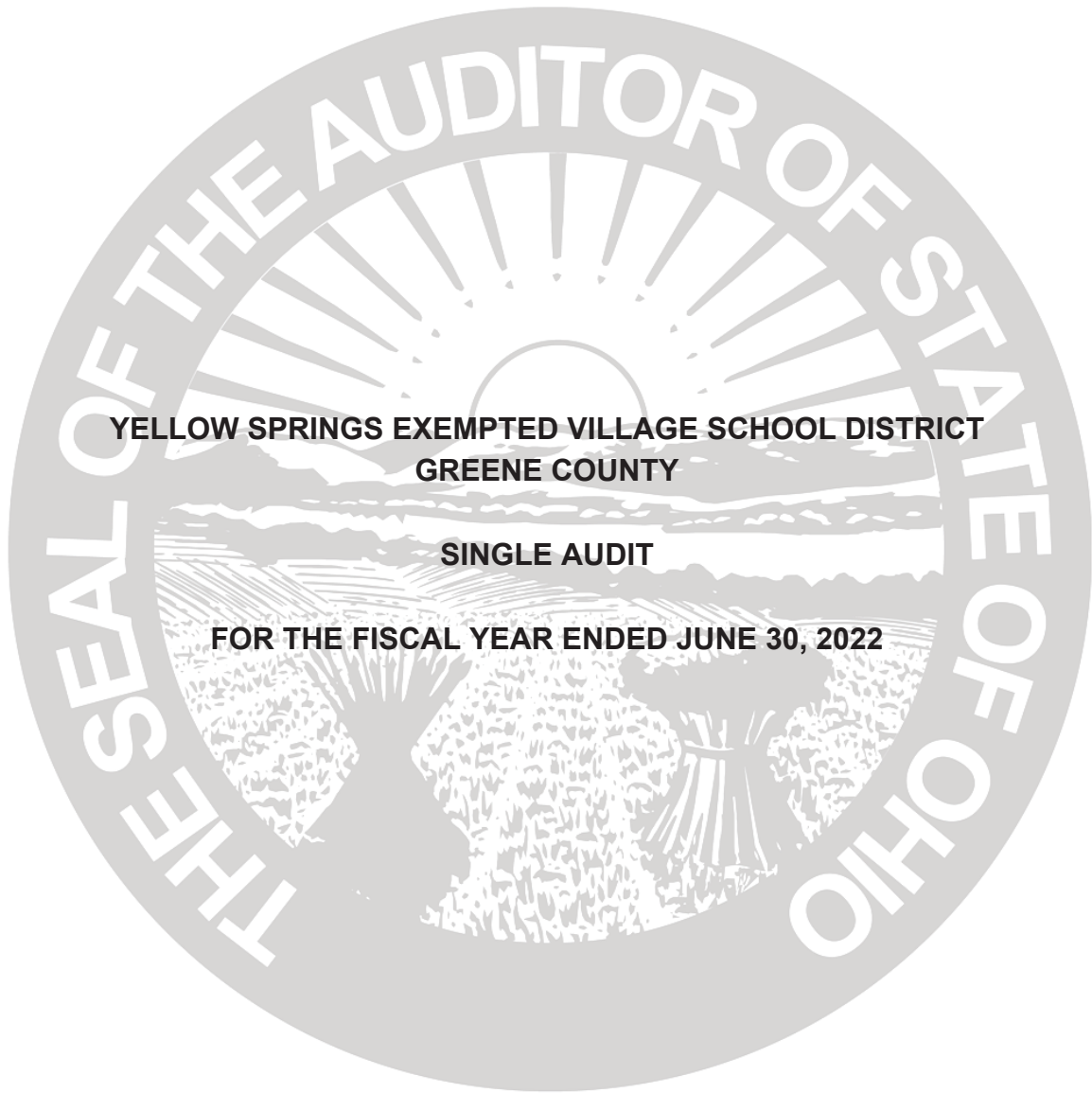
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TITLE

SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

REGULAR AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY
JUNE 30, 2022**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Yellow Springs Exempted Village School District
Greene County
888 Dayton Street, Suite 106
Yellow Springs, Ohio 45387

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Yellow Springs Exempted Village School District, Greene County, Ohio (the District), as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Yellow Springs Exempted Village School District, Greene County, Ohio as of June 30, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matters

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the District. Our opinion is not modified with respect to this matter.

As discussed in Note 21 to the financial statements, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87 *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2023 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

August 16, 2023

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**Yellow Springs Exempted Village School District
Greene County**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited**

The discussion and analysis of Yellow Springs 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, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- The net position at the close of the most recent fiscal year was (\$677,347). The District reports significant balances under *GASB 68 Financial Accounting and Reporting for Pensions* and *GASB 75 Financial Accounting and Reporting for Postemployment Benefits other than Pensions* that brought on a proportionate share of the two retirements' net pension/OPEB asset/liability. These additional pension/OPEB items along with the deferrals are responsible for reducing the net position by \$9,521,931. Without these items, the net position for the District would be \$8,844,584.
- General revenues accounted for \$10,627,710 in revenue or 83.39 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$2,117,444 or 16.61 percent of total revenues of \$12,745,154.
- The District had \$10,070,586 in expenses related to governmental activities; only \$2,117,444 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$10,627,710 were adequate to provide for these programs. The District does report a negative pension/OPEB expense of \$1,079,289 that decreased the Statement of Activities expenses.
- The general fund and the bond retirement fund are the District's major funds. The general fund had \$10,943,857 in revenues and \$9,593,064 in expenditures. The general fund balance increased \$1,350,793 from the prior fiscal year as property tax revenue jumped with the higher valuation and more revenue available for advance. The bond retirement fund had \$333,101 in revenues and \$305,428 in expenditures. The bond retirement fund balance increased \$27,673 from the prior fiscal year.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) Notes to the Financial Statements.

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business.

The *Statement of Net Position* presents information on all the District's assets, deferred outflows, liabilities and deferred inflows, with the difference between these reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and

Yellow Springs Exempted Village School District
Greene County
Management's Discussion and Analysis
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expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., deferred inflow of property taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*).

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District are governmental funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net position and statement of activities.

The District maintains nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of fund revenues, expenditures and changes in fund balance for the District's major funds. The general fund and bond retirement fund are the District's major funds. Data from the other seventeen governmental funds are combined into a single, aggregate presentation.

The District adopts an annual appropriation budget for all of its governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Notes to the 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.

Required Supplementary Information: These four schedules provide additional information on the District's two pension systems as required by GASB 68 and four additional schedules provide additional information on the District's two OPEB systems as required by GASB 75 including notes to those schedules.

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Greene County
Management's Discussion and Analysis
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Government-Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a comparison of the District's net position for 2021 to 2022.

Table 1
Net Position
Governmental Activities

	2022	2021 Restated	Change
<u>Assets</u>			
Current and other assets	\$13,407,257	\$12,029,278	\$1,377,979
Net OPEB asset	754,610	632,040	122,570
Capital assets, net	4,192,759	4,316,140	(123,381)
Total assets	<u>18,354,626</u>	<u>16,977,458</u>	<u>1,377,168</u>
<u>Deferred Outflows of Resources</u>			
OPEB	270,859	345,454	(74,595)
Pension	2,346,723	2,002,425	344,298
Total Deferred Outflows of Resources	<u>2,617,582</u>	<u>2,347,879</u>	<u>269,703</u>
<u>Liabilities</u>			
Current liabilities	1,659,178	1,547,066	112,112
Long-term liabilities			
Net Pension Liability	5,962,006	11,188,687	(5,226,681)
Net OPEB Liability	725,213	843,853	(118,640)
Other Long-term liabilities	2,508,297	2,851,762	(343,465)
Total liabilities	<u>10,854,694</u>	<u>16,431,368</u>	<u>(5,576,674)</u>
<u>Deferred Inflows of Resources</u>			
Property Taxes	4,587,957	4,697,286	(109,329)
OPEB	1,371,493	1,282,979	88,514
Pensions	4,835,411	265,619	4,569,792
Total Deferred Inflows of Resources	<u>10,794,861</u>	<u>6,245,884</u>	<u>4,548,977</u>
<u>Net Position</u>			
Net investment in capital assets	2,156,639	2,079,711	76,928
Restricted	901,412	881,787	19,625
Unrestricted (deficit)	(3,735,398)	(6,313,413)	2,578,015
Total net position	<u>(\$677,347)</u>	<u>(\$3,351,915)</u>	<u>\$2,674,568</u>

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Governmental Accounting Standards Board (GASB) standards are national and apply to all governmental financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension and OPEB costs, GASB 27 and 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. GASB 68 and GASB 75 takes an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information in these statements.

Under the standards required by GASB 68 and GASB 75, the pension and OPEB asset/liability equals the District's proportionate share of each plan's collective present value of estimated future pension and OPEB benefits attributable to active and inactive employees' past service, less 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. GASB noted that the unfunded portion of the pension and OPEB benefit 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 this liability. 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. 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 pension and other postemployment benefit system. In Ohio, there is no legal means to enforce the unfunded liability of the pension and OPEB system *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 pension and OPEB system is responsible for the administration of the plan.

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 pension and other postemployment benefit liability. As explained above, changes in pension and OPEB, contribution rates, and return on investments affect the balance of the pension and OPEB asset/liability 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 pension and OPEB payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the pension and OPEB liability is satisfied, this liability is 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 and OPEB expense for their proportionate share of each plan's *change* in net pension liability and other postemployment benefit asset/liability not accounted for as deferred inflows/outflows.

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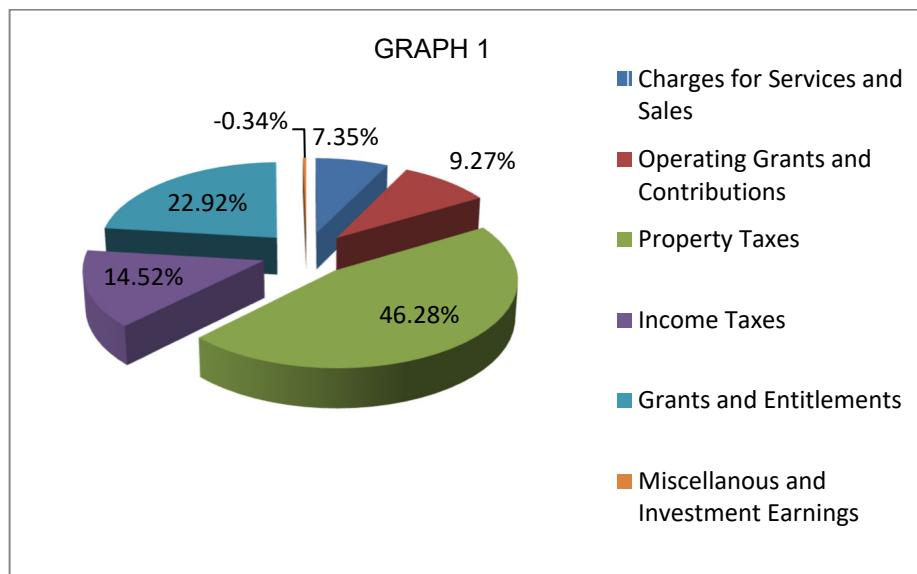
The District continues to generate additional revenue from the prior year tax levy and the income tax revenue coming back after down a year with the cash balance across all funds increasing \$915,848. The other long-term liabilities decreased by \$343,465 as the District continues to pay down the three long term debt obligations. The other large changes in the net pension/OPEB liabilities and deferred inflows of resources come from changes from the actuarial items the two retirement systems used to determine the current measurement year liabilities. The STRS system reports a net OPEB asset for both the fiscal years. The fiscal year 2021 information for capital assets and other long-term liabilities were restated for the GASB 87 implementation.

Table 2 shows the change in revenue from fiscal year 2021 to 2022.

**Table 2
Changes in Revenue
Governmental Activities**

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Revenues:			
<i>Program Revenues:</i>			
Charges for Services and Sales	\$936,459	\$1,511,887	(\$575,428)
Operating Grants and Contributions	1,180,985	852,124	328,861
<i>Total Program Revenues</i>	<u>2,117,444</u>	<u>2,364,011</u>	<u>(246,567)</u>
<i>General Revenues:</i>			
Property Taxes	5,899,055	4,938,872	960,183
Income Taxes	1,850,115	1,824,701	25,414
Grants and Entitlements	2,921,367	2,123,708	797,659
Investment Earnings	(130,815)	11,578	(142,393)
Miscellaneous	87,988	26,982	61,006
<i>Total General Revenues</i>	<u>10,627,710</u>	<u>8,925,841</u>	<u>1,701,869</u>
Total Revenues	<u><u>\$12,745,154</u></u>	<u><u>\$11,289,852</u></u>	<u><u>\$1,455,302</u></u>

Graph 1 breaks down the District's government-wide revenue into percentages by type of revenue.



**Yellow Springs Exempted Village School District
Greene County**

Management's Discussion and Analysis
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Table 3 shows the change in program expenses from 2021 to 2022.

**Table 3
Total Program Expenses
Governmental Activities**

	<u>2022</u>	<u>2021</u>	<u>Change</u>
<u>Expenses:</u>			
Instruction:			
Regular	\$3,915,167	\$4,583,621	(\$668,454)
Special	1,179,122	1,491,701	(312,579)
Other	65,246	282,764	(217,518)
Support Services:			
Pupils	760,119	814,854	(54,735)
Instructional Staff	528,284	510,601	17,683
Board of Education	169,878	61,706	108,172
Administration	1,120,321	993,043	127,278
Fiscal/Business	544,419	613,180	(68,761)
Operation/Maintenance of Plant	732,551	906,089	(173,538)
Pupil Transportation	211,164	322,729	(111,565)
Central	146,929	147,226	(297)
Non-Instructional	311,322	215,095	96,227
Extracurricular Activities	304,017	254,807	49,210
Debt Service: Interest & Fiscal Charges	82,047	109,375	(27,328)
Total Expenses	<u>10,070,586</u>	<u>11,306,791</u>	<u>(1,236,205)</u>
 Net Change	 2,674,568	 (16,939)	 <u>\$2,756,868</u>
Beginning Net Position	<u>(3,351,915)</u>	<u>(\$3,334,976)</u>	
Ending Net Position	<u>(\$677,347)</u>	<u>(\$3,351,915)</u>	

The increase in the property taxes is from higher collections during the year and the advance amount was actually \$262,600 higher than last year. The intergovernmental revenue increased about \$797,000 due to adjustments in the state foundation calculation and how the funding was calculated for fiscal year 2022. The District does report a negative investment earnings as the fair value change of investments are reported along with actual interest earnings. The decrease in expenses is related to the pension/OPEB expense actually being a negative expense with the assumption changes implemented by the two retirement systems.

**Yellow Springs Exempted Village School District
Greene County**

Management's Discussion and Analysis
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Unaudited

The Major Funds

The District's major funds are accounted for using the modified accrual basis of accounting, focusing on the near-term financial resources of the District. The general fund and the bond retirement fund are the two major funds. The general fund accounted for 87.31% of the \$12,526,395 in total revenue and 85.07% of the \$11,277,081 in total expenditures. The general fund received a majority of its revenues from property taxes, income taxes and intergovernmental revenues. Revenues were more than expenditures in the general fund by \$1,350,793 creating a year end fund balance of \$6,414,325. The majority of the increase comes from the higher property tax revenue and foundation revenue reported under intergovernmental revenue. The bond retirement fund became a major fund in fiscal year 2012 due to the increased revenues and expenditures from the bond refinancing in August 2011 and has been reported as such even though it no longer qualifies under the requirements.

The general fund recognized \$1,195,078 in current liabilities for fiscal year 2022. Accrued wages and benefits accounted for 77.73% of those liabilities. Taxes receivable accounted for 96% of the \$5,798,792 receivables in the general fund. The property taxes receivable is mostly offset by a deferred inflow because those taxes are not intended to finance the 2022 fiscal year.

General Fund Budgetary

Table 4 compares the original and final general fund revenue budgets for the fiscal year ended June 30, 2022.

**Table 4
Original Budget versus Final Budget for General Fund Revenues**

	Budget		
	Original	Final	Variance
<u>Revenues</u>			
Property/Income Taxes	\$6,303,475	\$6,303,475	\$0
Intergovernmental	2,007,877	2,007,877	0
Other	1,411,000	1,411,000	0
Total Revenues	<u>9,722,352</u>	<u>9,722,352</u>	<u>\$0</u>

The original revenue estimates come from September 2021 Amended Certificate of Estimated Resources, which is based on the Tax Budget also completed in January 2021. The District did not make any changes to the General fund during supplemental changes for the fiscal year.

Table 5 compares the final general fund revenue budget to actual results for the fiscal year ended June 30, 2022.

**Table 5
Final Budget versus Actual for General Fund Revenues**

	Final Budget	Actual	Variance
<u>Revenues</u>			
Property/Income Taxes	\$6,303,475	\$6,917,843	\$614,368
Intergovernmental	2,007,877	2,873,884	866,007
Other	1,411,000	873,122	(537,878)
Total Revenues	<u>9,722,352</u>	<u>10,664,849</u>	<u>942,497</u>

The largest variances on the revenue relate to additional property tax revenue from the higher assessed valuations. The intergovernmental revenue is also higher with the changes to the state foundation formula calculation for fiscal year 2022. The other revenue dropped mainly as the tuition revenue was down significantly from the prior year.

**Yellow Springs Exempted Village School District
Greene County**

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Table 6 compares the original and final general fund expenditure budgets for the fiscal year ended June 30, 2022.

**Table 6
Original Budget versus Final Budget for General Fund Expenditures**

	Budget		Variance
	Original	Final	
<u>Expenditures</u>			
Instruction	\$6,336,216	\$6,410,766	\$74,550
Support Services	4,131,437	4,260,859	129,422
Other	261,915	261,915	0
Total Expenditures	<u>10,729,568</u>	<u>10,933,540</u>	<u>203,972</u>

The original budget comes for the Tax Budget filed in January of 2021. Traditionally, the tax budget expenditures include all possible needs for the future year. The District increased the various functions to account for expected changes from increased operating costs. The actual expenditure total came in 11.1% under the final budget, which is \$1,217,870.

Capital Assets

At the end of the year, the District had \$4,192,759 invested in land, land improvements, buildings and building improvements, furniture, fixtures and equipment, leased assets, and vehicles less accumulated depreciation. Table 7 shows the breakdown of the individual classes for capital assets:

**Table 7
Capital Assets
Governmental Activities**

<u>Class</u>	Restated		Change
	2022	2021	
Land and CIP	\$1,238,340	\$1,553,205	(20.27%)
Land Improvements	925,121	537,457	72.13%
Buildings and Building Improvements	7,143,917	7,143,917	0.00%
Furniture, Fixtures, Equipment	833,381	723,610	15.17%
Leased Asset	46,536	46,536	0.00%
Vehicles	416,686	416,686	0.00%
Total at Historical Cost	<u>10,603,981</u>	<u>10,421,411</u>	<u>1.75%</u>
Less: Accumulated Depreciation	<u>(6,411,222)</u>	<u>(6,105,271)</u>	<u>5.01%</u>
Capital Assets, Net	<u><u>\$4,192,759</u></u>	<u><u>\$4,316,140</u></u>	<u><u>(2.86%)</u></u>

The capital assets historical cost increased slightly as the track construction project was completed and moved from CIP to land improvements. Overall, the total net capital assets decreased because of the current year depreciation exceeding net additions. For more information on the District's capital assets, refer to Note 8 of the financial statements.

Debt Administration

In June 2002, the District issued \$4,420,000 in permanent improvement bonds with final maturity during fiscal year 2028. The bonds are paid from the Bond Retirement Debt Service Fund. Principal of \$2,960,000 from the original issue was refunded and reissued at a lower interest rate in August 2011. The initial bond was retired during the year. The refunding bond balance at June 30, 2022, is \$1,595,000.

Yellow Springs Exempted Village School District
Greene County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

In 2021, the District issued \$700,000 in notes for the track construction project. For further information on the District's obligations, refer to Note 13 of the financial statements.

For the Future

The District maintained its solid financial state through the end of fiscal year 2021-22. The additional emergency levy passed in 2012 and increases in state funding and the income tax collections have bolstered the cash carryover balance. The new fair school funding model has also increased the amount the District receives in state funding. If the new funding model and the phase in continues the District will see increases in state funding in the following years. However these amounts will not be set until the next state biennium budget.

The additional \$915,000 emergency levy was renewed for eight (8) years on May 2, 2017. The term of eight (8) years aligns the expiration with the \$1,060,000 emergency levy which was renewed in 2015. The long-range plan is to align the two emergency levies to expire at the same time then merge the two in to one levy. The two levies combined comprise 21% of the current District revenue. The \$130,000 permanent improvement levy was renewed by voters on November 6, 2018.

In January of 2022, the District began a facility committee to assess the state of the District's facilities and to determine if a Permanent Improvement Plan could be sufficient to address the facilities or whether a renovation or new construction model was the most favorably financially for the District. It has been determined that the state of the facilities will require a large project to address the facilities. The next several months will determine the nature of this project and it is anticipated that there will be a combination levy to address facilities in the fall of 2023.

The five year forecast remains positive through the next five years and has benefited from the rebound in income tax collections, the new fair school funding model, and projected growth in property values as the district reaches the 20 mill floor. However, the aging facilities and systems that are past due for replacement are the largest variable in the current forecast. Any catastrophic failure of systems in the aging facilities will have to be addressed with general funds which will shorten the length of time the District is expected to maintain a positive balance.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Treasurer, Yellow Springs Schools, 888 Dayton Street, Suite 106, Yellow Springs, OH 45387. 937.767.7381 Also see: www.ysschools.org

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**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY**

**Statement of Net Position
June 30, 2022**

		Governmental Activities
Assets:		
Equity in Pooled Cash and Investments	\$	7,146,478
Accounts Receivable		28,997
Intergovernmental Receivable		260,755
Accrued Interest Receivable		4,492
Income Taxes Receivable		941,116
Property Taxes Receivable		5,025,419
Net OPEB Asset		754,610
Capital Assets:		
Non-Depreciable Capital Assets		1,238,340
Depreciable Capital Assets, net		<u>2,954,419</u>
Total Assets		<u>18,354,626</u>
Deferred Outflows of Resources		
OPEB		270,859
Pension		<u>2,346,723</u>
Total Deferred Outflows of Resources		<u>2,617,582</u>
Liabilities		
Accounts Payable		100,038
Accrued Wages and Benefits		953,441
Intergovernmental Payable		183,929
Accrued Interest Payable		6,382
Long-Term Liabilities:		
Due Within One Year		415,388
Due in More Than One Year		
Net Pension Liability		5,962,006
Net OPEB Liability		725,213
Other Long-Term Liabilities		<u>2,508,297</u>
Total Liabilities		<u>10,854,694</u>
Deferred Inflows of Resources:		
OPEB		1,371,493
Pension		4,835,411
Property Taxes		<u>4,587,957</u>
Total Deferred Inflows of Resources		<u>10,794,861</u>
Net Position:		
Net investment in Capital Assets		2,156,639
Restricted for Debt Service		241,651
Restricted for Capital		470,617
Restricted for Other Purposes		189,144
Unrestricted (Deficit)		<u>(3,735,398)</u>
Total Net Position	\$	<u><u>(677,347)</u></u>

See Accompanying Notes to the Basic Financial Statements

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY**

**Statement of Activities
For the Fiscal Year Ended June 30, 2022**

		<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
Instruction:				
Regular	\$ 3,915,167	\$ 847,055	\$ 10,503	\$ (3,057,609)
Special	1,179,122	0	134,284	(1,044,838)
Vocational	12,856	0	0	(12,856)
Student Intervention Services	6,379	0	10,186	3,807
Other	46,011	0	0	(46,011)
Support Services:				
Pupils	760,119	0	107,780	(652,339)
Instructional Staff	528,284	0	166,041	(362,243)
Board of Education	169,878	0	0	(169,878)
Administration	1,120,321	4,800	1,531	(1,113,990)
Fiscal	383,348	0	0	(383,348)
Business	161,071	0	0	(161,071)
Operation and Maintenance of Plant	732,551	0	303,131	(429,420)
Pupil Transportation	211,164	0	0	(211,164)
Central	146,929	0	22,324	(124,605)
Operation of Non-Instructional Services	311,322	16,467	422,155	127,300
Extracurricular Activities	304,017	68,137	3,050	(232,830)
Debt Service:				
Interest and Fiscal Charges	82,047	0	0	(82,047)
Totals	<u>\$ 10,070,586</u>	<u>\$ 936,459</u>	<u>\$ 1,180,985</u>	<u>(7,953,142)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				5,461,965
Property Taxes, Levied for Capital				144,934
Property Taxes, Levied for Debt Service				292,156
Income Taxes				1,850,115
Grants and Entitlements not Restricted to Specific Programs				2,921,367
Investment Earnings				(130,815)
Miscellaneous				87,988
Total General Revenues				<u>10,627,710</u>
Change in Net Position				2,674,568
Net Position Beginning of Year				<u>(3,351,915)</u>
Net Position End of Year				<u>\$ (677,347)</u>

See Accompanying Notes to the Basic Financial Statements

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY**

**Balance Sheet
Governmental Funds
June 30, 2022**

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Current Assets:				
Equity in Pooled Cash and Investments	\$ 6,200,405	225,366	720,707	\$ 7,146,478
Accrued Interest Receivable	4,492	0	0	4,492
Accounts Receivable	28,927	0	70	28,997
Intergovernmental Receivable	23,562	0	237,193	260,755
Interfund Receivable	174,442	0	0	174,442
Property Taxes Receivable	4,626,253	267,700	131,466	5,025,419
Income Taxes Receivable	941,116	0	0	941,116
Total Assets	\$ <u>11,999,197</u>	\$ <u>493,066</u>	\$ <u>1,089,436</u>	\$ <u>13,581,699</u>
Liabilities				
Current Liabilities:				
Accounts Payable	64,721	0	35,317	100,038
Accrued Wages and Benefits	928,938	0	24,503	953,441
Intergovernmental Payable	180,736	0	3,193	183,929
Interfund Payable	0	0	174,442	174,442
Matured Compensated Absences Payable	20,683	0	0	20,683
Total Liabilities	<u>1,195,078</u>	<u>0</u>	<u>237,455</u>	<u>1,432,533</u>
Deferred Inflows of Resources				
Property Taxes	4,233,798	245,670	120,699	4,600,167
Income Taxes	132,434	0	0	132,434
Intergovernmental Revenue	23,562	0	189,958	213,520
Total Deferred Inflows of Resources	<u>4,389,794</u>	<u>245,670</u>	<u>310,657</u>	<u>4,946,121</u>
Fund Balances				
Restricted	0	247,396	757,230	1,004,626
Assigned	181,028	0	0	181,028
Unassigned (Deficit)	6,233,297	0	(215,906)	6,017,391
Total Fund Balances	<u>6,414,325</u>	<u>247,396</u>	<u>541,324</u>	<u>7,203,045</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>11,999,197</u>	\$ <u>493,066</u>	\$ <u>1,089,436</u>	\$ <u>13,581,699</u>

See Accompanying Notes to the Basic Financial Statements

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY**

**Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2022**

Total Governmental Fund Balances	\$	7,203,045
<p>Amounts reported for governmental activities on the statement of Net Position are different because of the following:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		4,192,759
Revenues that do not provide current financial resources are not reported as revenues in governmental funds.		358,164
The pension liability is not due and payables in the current period; therefore, the liability and related deferred inflows/outflows are not reporting in governmental funds.		(8,450,694)
The OPEB asset/liability is not due and payables in the current period; therefore, the asset/liability and related deferred inflows/outflows are not reporting in governmental funds.		(1,071,237)
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:		
Accrued Interest Payable	(6,382)	
Capital Leases Payable	(32,491)	
General Obligation Bonds and Notes Payable	(2,338,500)	
Compensated Absences Payable	(532,011)	
		(2,909,384)
Net Position of Governmental Activities	\$	(677,347)

See Accompanying Notes to the Basic Financial Statements

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022**

	General Fund	Bond Retirement Fund	All Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property and Other Local Taxes	\$ 5,457,796	292,040	144,784	\$ 5,894,620
Income Taxes	1,817,195	0	0	1,817,195
Intergovernmental	2,873,884	41,061	1,020,785	3,935,730
Interest	(130,815)	0	0	(130,815)
Tuition and Fees	847,055	0	1,846	848,901
Extracurricular Activities	3,786	0	60,330	64,116
Gifts and Donations	19,679	0	5,525	25,204
Customer Sales and Services	0	0	12,399	12,399
Miscellaneous	55,277	0	3,768	59,045
Total Revenues	10,943,857	333,101	1,249,437	12,526,395
EXPENDITURES:				
Current:				
Instruction:				
Regular	3,886,128	0	323,655	4,209,783
Special	1,196,955	0	143,744	1,340,699
Vocational	12,856	0	0	12,856
Student Intervention Services	12	0	6,367	6,379
Other	46,011	0	0	46,011
Support Services:				
Pupils	714,101	0	102,172	816,273
Instructional Staff	388,826	0	177,503	566,329
Board of Education	169,878	0	0	169,878
Administration	1,236,322	0	886	1,237,208
Fiscal	416,461	3,153	1,561	421,175
Business	120,116	0	0	120,116
Operation and Maintenance of Plant	781,115	0	97,322	878,437
Pupil Transportation	180,397	0	0	180,397
Central	146,301	0	12,768	159,069
Operation of Non-Instructional Services	4,847	0	313,256	318,103
Extracurricular Activities	279,121	0	52,167	331,288
Capital Outlay	1,377	0	68,986	70,363
Debt Service:				
Principal	11,271	235,000	63,500	309,771
Interest	969	67,275	14,702	82,946
Total Expenditures	9,593,064	305,428	1,378,589	11,277,081
Net Change in Fund Balances	1,350,793	27,673	(129,152)	1,249,314
Fund Balance at Beginning of Year	5,063,532	219,723	670,476	5,953,731
Fund Balance at End of Year	\$ 6,414,325	\$ 247,396	\$ 541,324	\$ 7,203,045

See Accompanying Notes to the Basic Financial Statements

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY**

**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement Activities
For the Fiscal Year Ended June 30, 2022**

Net Change in Fund Balances - Total Governmental Funds	\$	1,249,314
<p>Amounts reported for governmental activities on the statement of activities are different because of the following:</p>		
<p>Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital additions	182,570	
Depreciation	<u>(305,951)</u>	(123,381)
<p>Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:</p>		
Intergovernmental Funds	198,222	
Income Taxes	(17,170)	
Delinquent Property Taxes	<u>4,435</u>	185,487
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds. The difference in the amount of interest on the Statement of Activities is the result of the following:</p>		
Change in compensated absences payable	44,642	
Decrease in accrued interest payable	<u>899</u>	45,541
<p>Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.</p>		
		871,444
<p>Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liability are reported as expense in the statement of activities.</p>		
		118,560
<p>Repayment of long-term debt is reported as an expenditure or other financing sources in governmental funds, but the repayment impacts long-term liabilities in the Statement of Net Position. In the current fiscal year, these amounts consist of:</p>		
Premium on refunding bonds	17,832	
Lease payments	11,271	
Bond payments	235,000	
Note payments	<u>63,500</u>	327,603
Change in Net Position of Governmental Activities	\$	<u><u>2,674,568</u></u>

See Accompanying Notes to the Basic Financial Statements

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY**

**Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
GENERAL FUND
For the Fiscal Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 4,748,475	4,748,475	5,215,901	\$ 467,426
Income Tax	1,555,000	1,555,000	1,701,942	146,942
Intergovernmental	2,007,877	2,007,877	2,873,884	866,007
Interest	15,000	15,000	13,713	(1,287)
Tuition and Fees	1,390,000	1,390,000	813,549	(576,451)
Rent	1,000	1,000	4,800	3,800
Gifts and Donations	500	500	13,770	13,270
Miscellaneous	4,500	4,500	27,290	22,790
Total Revenues	<u>9,722,352</u>	<u>9,722,352</u>	<u>10,664,849</u>	<u>942,497</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	4,400,846	4,475,371	3,921,272	554,099
Special	1,638,270	1,638,295	1,206,703	431,592
Other	297,100	297,100	58,879	238,221
Support Services:				
Pupils	757,340	757,440	723,540	33,900
Instructional Staff	345,568	355,893	396,551	(40,658)
Board of Education	134,800	131,300	194,443	(63,143)
Administration	1,055,744	1,150,304	1,243,135	(92,831)
Fiscal	428,475	433,804	415,909	17,895
Business	67,725	67,725	116,100	(48,375)
Operation and Maintenance of Plant	883,560	886,633	818,393	68,240
Pupil Transportation	265,085	272,012	187,889	84,123
Central	193,140	205,748	158,352	47,396
Operation of Non-Instructional Services	4,500	4,500	4,308	192
Extracurricular Activities	227,415	227,415	258,819	(31,404)
Capital Outlay	30,000	30,000	11,377	18,623
Total Expenditures	<u>10,729,568</u>	<u>10,933,540</u>	<u>9,715,670</u>	<u>1,217,870</u>
Excess of Revenues Over/(Under) Expenditures	<u>(1,007,216)</u>	<u>(1,211,188)</u>	<u>949,179</u>	<u>2,160,367</u>
OTHER FINANCING SOURCES (USES)				
Advances In	35,000	129,560	129,560	0
Refund of Prior Year Expenditures	44,960	44,960	66,353	21,393
Transfers Out	(10,000)	(10,000)	0	10,000
Advances Out	(35,000)	(35,000)	(174,442)	(139,442)
Total Other Financing Sources and Uses	<u>34,960</u>	<u>129,520</u>	<u>21,471</u>	<u>(108,049)</u>
Net Change in Fund Balances	(972,256)	(1,081,668)	970,650	2,052,318
Fund Balance at Beginning of Year	5,099,764	5,099,764	5,099,764	0
Prior Year Encumbrances Appropriated	59,723	59,723	59,723	0
Fund Balance at End of Year	<u>\$ 4,187,231</u>	<u>\$ 4,077,819</u>	<u>\$ 6,130,137</u>	<u>\$ 2,052,318</u>

See Accompanying Notes to the Basic Financial Statements

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**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Yellow Springs Exempted Village School District (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. Yellow Springs Exempted Village School District is a school district as defined by §3311.04 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

The Board oversees the operations of the District's three instructional/support facilities staffed by 32 non-certified and 61 certified full-time teaching personnel who provide services to 602 students plus other community members.

The Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units.

The District participates in three jointly governed organizations and two insurance purchasing pools. These organizations are Miami Valley Educational Computer Association, Southwestern Ohio Educational Purchasing Council, Greene County Career Center, Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan, and Southwestern Ohio Educational Purchasing Council Medical Benefits Plan, respectively. These organizations are presented in Notes 17 and 18 to the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 District, except for fiduciary funds.

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

Fund Financial Statements

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

B. Fund Accounting

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

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 liabilities is reported as fund balance. The General Fund and Bond Retirement fund are the District's only major governmental funds:

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

Bond Retirement Fund - The Bond Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The other governmental funds of the District account for grants and other resources and capital projects of the District whose uses are restricted to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District has no activities that meet the definition of a fiduciary fund.

C. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows, all liabilities, and deferred inflows associated with the operation of the District are included on the Statement of Net position. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) of total net position.

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

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. The fiduciary fund uses the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or 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.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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, income taxes, grants, investment earnings, tuition, and student fees.

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the District, deferred outflows of resources are reported on the government-wide Statement of Net Position for pension/OPEB. The deferred outflows of resources related to pension/OPEB are explained in Notes 10 and 11.

In addition to liabilities, the Statement of Net Position reports 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. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources. On the Statement of net Position, property taxes for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations, have been recorded as a deferred inflow. For the District, deferred inflows of resources are reported on the government-wide Statement of Net Position for pension/OPEB. The deferred inflows of resources related to pension/OPEB are explained in Notes 10 and 11.

Pension/OPEB

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pension/OPEBs, 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 systems. 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 systems report investments at fair value.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

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

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

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

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

During fiscal year 2022, investments were limited to STAR Ohio, money market funds, certificate of deposits, commercial paper, governmental agency notes, and US treasuries. Except for the money market funds, investments are reported at fair value which is based on the fund's quoted market prices. For investments in open-ended mutual funds, the fair value is determined by the fund's current share price.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$250 million per day, 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.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2022 amounted to (\$130,815) with \$0 assigned from other District funds. The District reports a negative interest revenue for the change in fair value of investments.

For presentation of 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 that are not purchased from the pool are reported as investments.

G. Inventory

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when purchased.

H. Capital Assets

Capital assets are those assets not specifically related to activities. 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 on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The District's capitalization threshold is \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 30 years
Buildings and Building Improvements	30 - 50 years
Furniture and Fixtures	5 - 20 years
Vehicles	5 - 15 years
Equipment	10 years

I. Compensated Absences

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

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

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

For the governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

J. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Net Position

Net position represents the difference between assets, deferred outflows, and liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Of the District's \$901,412 in restricted net position, none were restricted by enabling legislation.

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

L. Fund Balance

The District reports the following categories:

- Restricted fund balances related to money received from local, state or federal grants or maintained in segregated accounts for construction.
- Assigned fund balances are balances the District administration have specified the future use.
- Residual fund balance within the general fund and any fund with a negative balance in other governmental funds is reported as unassigned fund balance.

When the District has multiple fund balances available within a particular fund, the District will spend the funds in the following order –restricted, assigned then unassigned.

M. Interfund Activity

On the fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables." Interfund balances within governmental activities are eliminated on the government-wide statement of net position.

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

N. Estimates

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Pass-Through Grants

The Race to the Top, Handicapped Preschool and Integration of School and Mental Health special revenue funds are pass-through grants in which the Educational Service Center is the primary recipient. In accordance with GASB Statement 24, "Accounting and Financial Reporting of Certain Grants and Other Financial Assistance," the secondary recipients should report monies spent on their behalf by the primary recipient as revenue and operating expenses. Total amount recorded for revenues and expenditures was \$6,840 under these programs.

3. BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual 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 fund financial statements are the following:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as an assignment of fund balance (GAAP basis).
4. Advances are operating transactions (budget) as opposed to balance sheet transactions (GAAP basis).
5. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.

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

Excess of Revenues and Other Financing Sources
Over Expenditures and Other Financing Uses

GAAP Basis	\$1,350,793
Revenue Accruals	(237,348)
Expenditure Accruals	43,442
GASB 54 Funds	6,210
Encumbrances	(147,565)
Advances	(44,882)
Budget Basis	\$970,650

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

4. DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board 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 monies are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts. Interim monies held by the District can be deposited or invested in the following securities:

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

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. 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.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,715,322 of the District's bank balance of \$1,965,322 was covered by the Ohio Pooled Collateral System.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment. Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2022, the District had the following investments and maturities:

<u>Measurement/Investment Type</u>	<u>Fair Value</u>	<u>Maturities Less than One Year</u>	<u>Maturities Greater than One Year</u>
Government Money Market funds	\$5,813	\$5,813	\$0
Federal Home Loan Bank Notes	1,624,539	0	1,624,539
Federal Farm Credit Bank Loan	183,503	0	183,503
U.S Treasury Notes	572,221	146,631	425,590
Commercial Paper	1,773,261	1,773,261	0
STAR Ohio	424,743	424,743	0
Negotiable CDs	723,243	0	723,243
Total	\$5,307,323	\$2,350,448	\$2,956,875

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. Inputs to the valuation techniques used in fair the measurement for Level 2 include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are significant unobservable inputs.

Interest Rate Risk - The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

Credit Risk – The District follows Ohio Revised Code (ORC) which limits the amount of credit risk it's going to allow any district to become involved in. It accomplishes this by compiling a specific list of investments, to the exclusion of all other investments, which school district are legally allowed to participate in. The District has no policy limiting investments based on credit risk other than those established by the ORC. STAR Ohio is rated as a AAAm by Standard and Poors. The Government Money Market funds is not rated. Federal Home Loan Bank Notes and Federal Farm Credit Bank Loans were rated AA+ by Standards and Poors, Aaa by Moody's and AAA by Fitch. US Treasury Notes are rated Aaa by Moody's and AA+ by Standard and Poors. Commercial paper is rated P-1 by Moody's and A-1 by Standard and Poors. The Negotiable CDs are not rated.

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 federal agency securities, US Treasury notes, and commercial paper are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the District's name. 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 it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 40 percent of the interim monies available for investment at any one time. The District's has 10.78% of its investments in the US Treasury Notes, 34.07% of its investments in FHLB/FFCB notes, 33.41% of its investments in commercial paper, 8.00% of its investments in STAR Ohio, 0.11% of its investments in Government Money Market funds, and 13.63% of its investments in negotiable CDs.

5. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Real property taxes for 2022 were levied after April 1, 2021, on the assessed values as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market 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 real and tangible personal property taxes for 2022 were levied after April 1, 2021, on the assessed values as of December 31, 2020, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

5. PROPERTY TAXES (Continued)

Tangible personal property tax revenues received in calendar year 2022 (other than public utility property) represent the collection of calendar year 2022 taxes. Tangible personal property taxes for 2022 were levied after April 1, 2021, on the value as of December 31, 2021. Tangible personal property has been phased out with the prior year other than tangible personal property on public utilities. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Greene and Clark Counties. The county auditors periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2022, are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2022 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2022 operations. For the governmental fund financial statements, the receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance was recognized as revenue.

The amount available as an advance at June 30, 2022, was \$392,455 in the General Fund, \$22,030 in the Bond Retirement fund and \$10,767 in the Non-major Governmental Funds. The amount available as an advance at June 30, 2021, was \$150,650 in the General Fund, \$7,580 in the Bond Retirement fund and \$4,408 in the Non-major Governmental Funds. The assessed values upon which the fiscal year 2022 taxes were collected are:

	2021 Second- Half Collections		2022 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$149,546,760	89.25%	\$151,558,780	89.04%
Industrial/Commercial	15,875,510	9.47%	15,772,380	9.27%
Public Utility	2,136,740	1.28%	2,876,140	1.69%
Total Assessed Value	<u>\$167,559,010</u>	<u>100.00%</u>	<u>\$170,207,300</u>	<u>100.00%</u>
Full Tax rate per \$1,000 of assessed valuation	\$66.58		\$66.43	

6. INCOME TAX

The District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2002, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenues in the amount of \$1,817,195 were credited to the General Fund during fiscal year 2022.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

7. RECEIVABLES

Receivables at June 30, 2022, consisted of property and income taxes, accounts (rent and student fees), intergovernmental, interfund and accrued interest. 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 principal items of intergovernmental receivables follows:

	Amount
FY22 Foundation Adjustment	\$1,144
SERS Refund	22,418
State and Federal Lunch Subsidy	47,235
ESSER Grant	91,906
Title VI-B Grant	65,902
Title I Grant	5,238
Drug Fee Grant	15,633
Miscellaneous Federal Grants	11,279
Total Intergovernmental Receivables	\$260,755

8. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Restated Balance at 6/30/21	Additions	Reductions	Balance at 6/30/22
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$1,238,340	\$0	\$0	\$1,238,340
Construction in Process	314,865	0	(314,865)	0
Total Nondepreciable Capital Assets	1,553,205	0	(314,865)	1,238,340
Depreciable Capital Assets				
Land Improvements	537,457	387,664	0	925,121
Buildings and Building Improvements	7,143,917	0	0	7,143,917
Furniture, Fixtures, and Equipment	723,610	109,771	0	833,381
Leased Assets	46,536	0	0	46,536
Vehicles	416,686	0	0	416,686
Total Depreciable Capital Assets	8,868,206	497,435	0	9,365,641
Less Accumulated Depreciation				
Land Improvements	(472,440)	(15,507)	0	(487,947)
Buildings and Building Improvements	(4,943,083)	(201,363)	0	(5,144,446)
Furniture, Fixtures, and Equipment	(479,770)	(25,889)	0	(505,659)
Leased Assets	(2,774)	(11,634)	0	(14,408)
Vehicles	(207,204)	(51,558)	0	(258,762)
Total Accumulated Depreciation	(6,105,271)	(305,951)	0	(6,411,222)
Depreciable Capital Assets, Net	2,762,935	191,484	0	2,954,419
Governmental Activities Capital Assets, Net	\$4,316,140	\$191,484	(\$314,865)	\$4,192,759

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

8. CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$196,996
Support Services:	
Administration	349
Fiscal	349
Business	51,219
Operation and Maintenance of Plant	3,526
Pupil Transportation	47,619
Operation of Non-Instructional Services	680
Extracurricular Activities	<u>5,213</u>
Total Depreciation Expense	<u><u>\$305,951</u></u>

9. RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2022, the District contracted with Liberty Mutual for general liability insurance with a \$1,000,000 single occurrence limit and a \$2,000,000 general aggregate and \$2,000,000 products completed operations aggregate limit. Property is protected by Ohio Casualty with an \$27,037,484 aggregate limit and holds a \$2,500 deductible.

The District's vehicles are covered under a business policy with Liberty Mutual, which carries a \$2,000,000 limit on any accident with a \$1,000 comp/\$1,000 collision deductible.

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

B. Workers' Compensation

For fiscal year 2022, the District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. 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 Integrated Comp Inc. provides administrative, cost control, and actuarial services to the GRP.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

9. RISK MANAGEMENT (Continued)

C. Medical Benefits

For fiscal year 2022, the District participated in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP), an insurance purchasing pool. The intent of the MBP is to achieve the benefit of reduced health insurance premiums for the District by virtue of its grouping and representation with other participants in the MBP. The health insurance experience of the participating Districts is calculated and a premium rate is applied to all Districts in the MBP. Each participant pays its health insurance premiums to the EPC. Participation in the MBP is limited to Districts that can meet the MBP's selection criteria.

10. DEFINED PENSION BENEFIT PLANS

Net Pension Liability

The net pension liability reported on the Statement of Net Position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

The 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 are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on the accrual basis of accounting.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

10. DEFINED PENSION BENEFIT PLANS (Continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 0.50% COLA for calendar year 2021 and 2.50% for 2022.

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

10. DEFINED PENSION BENEFIT PLANS (Continued)

For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14 percent. 0 percent was allocated to the Health Care Fund for fiscal year 2022.

The District's contractually required contribution to SERS was \$209,673 for fiscal year 2022. Of this amount \$21,208 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

10. DEFINED PENSION BENEFIT PLANS (Continued)

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$649,063 for fiscal year 2022. Of this amount \$94,007 is reported as an intergovernmental 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability - prior measurement date	0.0376016%	0.03596247%	
Proportionate Share of the Net Pension Liability - current measurement date	<u>0.0375611%</u>	<u>0.03579029%</u>	
Change in proportionate share	<u>-0.0000405%</u>	<u>-0.00017218%</u>	
Proportionate Share of the Net Pension Liability	\$1,385,896	\$4,576,110	\$5,962,006
Pension Expense	(\$72,127)	(\$70,324)	(\$142,451)

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

10. DEFINED PENSION BENEFIT PLANS (Continued)

At June 30, 2022, 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	\$133	\$141,380	\$141,513
Changes in proportionate share	0	47,796	47,796
Changes in assumptions	29,183	1,269,495	1,298,678
District contributions subsequent to the measurement date	<u>209,673</u>	<u>649,063</u>	<u>858,736</u>
Total Deferred Outflows of Resources	<u><u>\$238,989</u></u>	<u><u>\$2,107,734</u></u>	<u><u>\$2,346,723</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$35,942	\$28,683	\$64,625
Net difference between projected and actual earnings on pension plan investments	713,777	3,943,731	4,657,508
Changes in proportionate share	<u>32,868</u>	<u>80,410</u>	<u>113,278</u>
Total Deferred Inflows of Resources	<u><u>\$782,587</u></u>	<u><u>\$4,052,824</u></u>	<u><u>\$4,835,411</u></u>

\$858,736 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 year ending June 30, 2023. 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:			
2023	(\$208,045)	(\$623,395)	(\$831,440)
2024	(156,429)	(569,100)	(725,529)
2025	(169,710)	(612,395)	(782,105)
2026	<u>(219,087)</u>	<u>(789,263)</u>	<u>(1,008,350)</u>
Total	<u><u>(\$753,271)</u></u>	<u><u>(\$2,594,153)</u></u>	<u><u>(\$3,347,424)</u></u>

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

10. DEFINED PENSION BENEFIT PLANS (Continued)

Actuarial Assumptions - SERS

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

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

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

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

Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Inflation	2.40 percent
COLA or Ad Hoc COLA	2.00%, on and after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of system expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2015 to June 30, 2020 adopted by the Board in April 2021.

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

10. DEFINED PENSION BENEFIT PLANS (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Assets	16.00	5.41
Multi-Asset Strategies	4.00	3.47
Private Debt/Credit	3.00	5.28
Total	<u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease	Current	1% Increase
	<u>(6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>(8.00%)</u>
District's proportionate share of the net pension liability	\$2,305,790	\$1,385,896	\$610,109

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

10. DEFINED PENSION BENEFIT PLANS (Continued)

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll increases	3.00 percent
Cost-of-Living Adjustments	0% effective July 1, 2017

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, 2021 valuation are based on the results of an actuarial experience study, for the period of July 1, 2011 through June 30, 2016.

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

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

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

10. DEFINED PENSION BENEFIT PLANS (Continued)

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$8,569,342	\$4,576,110	\$1,201,838

Changes in Actuarial Assumptions between Measurement Date and Fiscal Year End

In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

11. DEFINED BENEFIT OPEB PLAN

Net OPEB Asset/Liability

The net OPEB asset/liability reported on the Statement of Net Position represents an asset/liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

11. DEFINED BENEFIT OPEB PLAN (Continued)

The 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 OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including OPEB.

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB asset/liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on the accrual basis of accounting.

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

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

11. DEFINED BENEFIT OPEB PLAN (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$25,000.

Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the District paid \$12,708 for the SERS surcharge.

The District's contractually required contribution to SERS was \$12,708 for fiscal year 2022. Of this amount, \$12,708 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements was discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio 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 Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS Ohio did not allocate any employer contributions to post-employment health care.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

11. DEFINED BENEFIT OPEB PLAN (Continued)

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Asset/Liability - prior measurement date	0.0388278%	0.03596247%	
Proportionate Share of the Net OPEB Asset/Liability - current measurement date	<u>0.0383188%</u>	<u>0.03579029%</u>	
Change in proportionate share	<u>-0.0005090%</u>	<u>-0.00017218%</u>	
Proportionate Share of the Net OPEB Liability/(Asset)	\$725,213	(\$754,610)	(\$29,397)
OPEB Expense	(\$19,707)	(\$54,429)	(\$74,136)

At June 30, 2022, 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	\$7,730	\$26,870	\$34,600
Changes of assumptions	113,769	48,201	161,970
Changes in proportionate share	38,699	22,882	61,581
District contributions subsequent to the measurement date	<u>12,708</u>	<u>0</u>	<u>12,708</u>
Total Deferred Outflows of Resources	<u>\$172,906</u>	<u>\$97,953</u>	<u>\$270,859</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$361,189	\$138,259	\$499,448
Changes in assumptions	99,312	450,180	549,492
Net difference between projected and actual earnings on pension plan investments	15,756	209,167	224,923
Changes in proportionate share	<u>96,771</u>	<u>859</u>	<u>97,630</u>
Total Deferred Inflows of Resources	<u>\$573,028</u>	<u>\$798,465</u>	<u>\$1,371,493</u>

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(Continued)**

11. DEFINED BENEFIT OPEB PLAN (Continued)

\$12,708 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 in the year ending June 30, 2023. 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:			
2023	(\$88,466)	(\$199,048)	(\$287,514)
2024	(88,576)	(193,813)	(282,389)
2025	(97,148)	(190,579)	(287,727)
2026	(85,327)	(87,938)	(173,265)
2027	(41,727)	(29,806)	(71,533)
Thereafter	(11,586)	672	(10,914)
Total	(\$412,830)	(\$700,512)	(\$1,113,342)

Actuarial Assumptions - SERS

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

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

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

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

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GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

11. DEFINED BENEFIT OPEB PLAN (Continued)

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
	7.00 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	1.92 percent
Prior Measurement Date	2.45 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.27 percent
Prior Measurement Date	2.63 percent
Medical Trend Assumption	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent

Mortality rates were based on PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.30% for males and set forward 3 years and adjusted 106.80% for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.50% for males and adjusted 122.50% for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

11. DEFINED BENEFIT OPEB PLAN (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major assets class, as used in the June 30, 2020 five-year experience study, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Assets	16.00	5.41
Multi-Asset Strategies	4.00	3.47
Private Debt/Credit	3.00	5.28
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 1.50 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is 1.92% at June 30, 2021 and 2.45% at June 30, 2020.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in 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 (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease	Current	1% Increase
	(1.27%)	Discount Rate (2.27%)	(3.27%)
District's proportionate share of the net OPEB liability	\$898,629	\$725,213	\$586,679

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GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

11. DEFINED BENEFIT OPEB PLAN (Continued)

	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
District's proportionate share of the net OPEB liability	\$558,356	\$725,213	\$948,087

Actuarial Assumptions – STRS

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

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments	0.0 percent, effective July 1, 2017 (COLA)
Blended Discount Rate of Return	7.00 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	6.50 percent initial, 4 percent ultimate
Medicare	29.98 percent initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022 premium based on June 30, 2021 enrollment distribution.

The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2022 to 2.1 percent for the AMA Medicare plan. Beginning in 2023, the STRS Ohio subsidy dollar amount for non-medicare plans will be frozen at the current 2022 levels. Annual increases in the STRS Ohio subsidy dollar amount for Medicare plans will be based on the annual percentage increase in the Aetna Medicare Advantage Plan, limited at 6%.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

11. DEFINED BENEFIT OPEB PLAN (Continued)

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 %	

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021. 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 not projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was used to measure the total OPEB asset as of June 30, 2021.

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, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net OPEB asset	(\$636,773)	(\$754,610)	(\$853,043)

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

11. DEFINED BENEFIT OPEB PLAN (Continued)

	1% Decrease	Current Trent Rate	1% Increase
District's proportionate share of the net OPEB asset	(\$849,054)	(\$754,610)	(\$637,818)

Changes Between the Measurement Date and the Reporting Date

In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB asset is unknown.

12. COMPENSATED ABSENCES

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees earn 10 to 25 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment up to an accumulation of 25 days. The Treasurer and Superintendent can accumulate the maximum allowed by the law, currently 60 days. Only 260 day employees earn vacation time.

Administrators, classified and certificated employees earn sick leave at the rate of one and one-fourth days per month. For all employees, sick leave may be accumulated up to a maximum of 300 days and upon retirement payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 75 days.

Teachers, administrators, and classified employees earn three personal leave days per year. From 1987-2013, teachers and non-teaching bargaining unit members accumulated unused personal leave for the purpose of severance pay only. Upon resignation (after 4 years of employment) or retirement, teaching bargaining unit members receive \$100 and non-teaching bargaining unit members receive \$70 for each accumulated day of personal leave upon retirement.

All employees hired prior to 2013 are grandfathered under this language. A new personal leave incentive became effective in the 2013-14 year. Teachers and non-teaching bargaining unit members receive a lump sum payment, of varying amounts based on the number of unused personal days, no later than the end of summer following each school year.

B. Insurance Benefits

The District provides life insurance through Securian, dental insurance through Delta Dental and vision insurance through VSP to its employees. Medical and surgical benefits for most employees are provided through Anthem Blue Cross and Blue Shield with pharmaceutical benefits provided through CVS/Caremark. All of the insurance benefits are purchased through the Southwestern Ohio Educational Purchasing Council.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

13. LONG-TERM OBLIGATIONS

The District had one outstanding bond, one leases payable and one note payables during the year. The principal paid towards the debt obligations were \$309,771 during fiscal year 2022. Long-term direct borrowing debt outstanding for the District as of June 30, 2022 was as follows:

Description	Restated Balance 06/30/21	Additions	Deletions	Balance 06/30/22	Due Within One Year
Refunding Permanent Improvement					
(a) Bonds 2012 Variable Rate	\$1,830,000	\$0	\$235,000	\$1,595,000	\$245,000
Premium on Bonds	124,832	0	17,832	107,000	0
(b) Notes Payable	700,000	0	63,500	636,500	65,000
(c) Leases Payable	43,762	0	11,271	32,491	11,557
Total	<u>\$2,698,594</u>	<u>\$0</u>	<u>\$327,603</u>	<u>\$2,370,991</u>	<u>\$321,557</u>

Other long-term obligation for the District as of June 30, 2022 was as follows:

Description	Balance 06/30/21	Additions	Deletions	Balance 06/30/22	Due Within One Year
Compensated Absences	\$573,865	\$369,610	\$390,781	\$552,694	\$93,831
Net Pension Liability					
SERS	2,487,049	0	1,101,153	1,385,896	0
STRS	8,701,638	0	4,125,528	4,576,110	0
Net OPEB Liability					
SERS	843,853	0	118,140	725,713	0
Total	<u>\$12,606,405</u>	<u>\$369,610</u>	<u>\$5,735,602</u>	<u>\$7,240,413</u>	<u>\$93,831</u>

A. School Improvement Refunding Bonds

On August 10, 2011, the District issued \$2,959,999 in school improvement refunding bonds for the purpose of partially refunding the 2002 permanent improvement bonds. The bonds were issued for a 17-year period with final maturity during fiscal year 2028. The bonds will be paid from the Bond Retirement Debt Service Fund.

Principal and interest requirements to retire the permanent improvement bonds outstanding at June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$245,000	\$58,288	\$303,288
2024	250,000	49,000	299,000
2025	255,000	38,900	293,900
2026	270,000	28,400	298,400
2027	280,000	17,400	297,400
2028	295,000	5,900	300,900
Total	<u>\$1,595,000</u>	<u>\$197,888</u>	<u>\$1,792,888</u>

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

13. LONG-TERM OBLIGATIONS (Continued)

B. Notes Payable

During 2021, the District issued \$700,000 in notes payable for the track construction project. The project is being paid from the permanent improvement capital projects fund. The notes were issued for a ten year period with a final maturity of December 1, 2030.

Principal and interest requirements to retire the notes payable outstanding at June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$65,000	\$13,288	\$78,288
2024	66,000	11,847	77,847
2025	67,500	10,378	77,878
2026	69,000	8,877	77,877
2027	70,500	7,342	77,842
2028-2031	298,500	13,316	311,816
Total	<u>\$636,500</u>	<u>\$65,048</u>	<u>\$701,548</u>

C. Lease Payable

During 2021, the District entered into a lease agreement for copiers. The District restated the beginning balances for the capital assets and long term obligations to report the information under GASB Statement No. 87 requirements.

Principal and interest requirements to retire the lease payable outstanding at June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$11,557	\$683	\$12,240
2024	11,850	390	12,240
2025	9,084	95	9,179
Total	<u>\$32,491</u>	<u>\$1,168</u>	<u>\$33,659</u>

The compensated absences, OPEB liability and the net pension liability will be paid from the funds from which the employees' salaries are paid. The lease payable will be paid from the General fund.

The District's voted legal debt margin of \$13,195,062, energy conservation debt margin of \$1,531,866 with an unvoted debt margin of \$170,207 at June 30, 2022.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

14. SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	Capital Acquisition
Set-aside Cash Balance as of June 30, 2021	\$0
Current Year Set-aside Requirement	123,763
Offset for permanent improvement levy	(138,425)
Qualifying Disbursements	(89,923)
Total	(\$104,585)

Although the District had qualifying disbursements during the year that reduced the capital acquisition to below zero; however, the amount is not carried forward to the next fiscal year.

15. INTERFUND TRANSACTIONS

	Interfund Receivable	Interfund Payable
General Fund	\$174,442	\$0
Non-Major Governmental Funds	0	174,442
Total All Funds	\$174,442	\$174,442

The interfund payables from the General Fund to the nonmajor funds relate to short term advances to the ESSER Grant, Title VI-B, Title I, Drug Free, and Title II-A funds that will be repaid in the following year when those reimbursements are received.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

16. FUND BALANCE ALLOCATION

The District has chosen to present to the consolidated summary of fund balance classification on the financial statements. The detail of those fund balance classifications are outlined below:

Fund Balances:	General	Bond Retirement	Non-Major Funds
Restricted for:			
Debt Service	\$0	\$247,396	\$0
Capital Improvements	0	0	530,309
Food Service	0	0	121,120
Contributor restrictions	0	0	1,117
Student activities	0	0	96,946
Federal grants	0	0	7,738
Assigned to:			
Encumbrances	147,565	0	0
Public School Support	33,463	0	0
Unassigned	6,233,297	0	(215,906)
Total Fund Balances	\$6,414,325	\$247,396	\$541,324

The assigned balance for public school support comes from funds the Treasurer places in a separate fund derived from various receipts at the different schools. The Treasurer also encumbers certain funds for future payment.

17. JOINTLY GOVERNED ORGANIZATIONS

A. Miami Valley Educational Computer Association (MVECA)

The District is a participant in the Miami Valley Educational Computer Association (MVECA), which is a computer consortium. MVECA is an association of public school districts within the boundaries of Clark, Clinton, Fayette, Greene and Highland Counties and Cities of Springfield, Wilmington, Washington Court House, Beavercreek, Fairborn, Xenia and Hillsboro. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of MVECA consists of five Superintendents and two Treasurers of member school districts, with four of the five Superintendents and both Treasurers elected by a majority vote of all member school districts except the Greene County Career Center. The fifth Superintendent is from the Greene County Career Center. The District paid MVECA \$455,349 for services provided during the year. Financial information can be obtained from Thor Sage, who serves as Director, at 888 Dayton Street, Suite 102, Yellow Springs, Ohio 45387.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

17. JOINTLY GOVERNED ORGANIZATIONS – (Continued)

B. Southwestern Ohio Educational Purchasing Council (SOEPC)

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing council made up of nearly 100 school districts in 12 counties. The purpose of the council is to obtain reduced prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 2022, the Yellow Springs Exempted Village School District paid \$339 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

C. Greene County Career Center

The Greene County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected Boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Greene County Career Center, Eva Anderson, who serves as Treasurer, at 532 Innovation Drive, Xenia, OH 45385.

18. GROUP PURCHASING POOLS

A. Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

The District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of the GRP serves as the coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

B. Southwestern Ohio Educational Purchasing Council Medical Benefits Plan

The District participates in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP). The MBP's business and affairs are conducted by an eleven-member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or Treasurer from each participating school district serves on the general assembly. Each year, the participating school districts pay an enrollment fee to the MBP to cover the costs of administering the program.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

19. CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2022.

B. School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2022 are finalized. As a result, the impact of enrollment adjustments to fiscal year 2022 foundation funding was a receivable of \$1,144.

C. Litigation

The District is not party to any legal proceedings.

20. ACCOUNTABILITY

At June 30, 2022, the following funds had a deficit fund balance:

<u>Funds</u>	<u>Amounts</u>
ARP/ESSER Grant	\$ 96,772
Title VI-B Grants	89,835
Title I Grants	8,892
Drug Free Grant	13,899
Title II-A Grants	6,508

The deficits in the funds were due to timing of grant reimbursement at year end and GAAP adjustments. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

21. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2022, the District implemented GASB Statement No. 87, *Leases*, and related guidance from GASB Implementation Guide 2019-3. GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the District's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)**

21. CHANGE IN ACCOUNTING PRINCIPLES – (Continued)

The implementation of GASB 87 did not have any effect on net position reported at June 30, 2021. However, beginning balances for capital assets and other long term obligations were each restated by \$43,762. Depreciable capital assets: leased assets, accumulated depreciation: leased assets, and leases payable were restated at June 30, 2021 by increases of \$46,536, (\$2,774), and \$43,762, respectively. For further information, see Notes 8 and 13.

22. 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency ending in April 2023. During fiscal year 2022, the District received \$438,898 in COVID-19 funding. The financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

The District's investment portfolio 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.

Yellow Springs Exempted Village School District (the "District")
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Nine Fiscal Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014	2013
The District's Proportionate Share of the Net Pension Liability	0.0375611%	0.0376016%	0.0399293%	0.0429024%	0.0391702%	0.0380606%	0.0357680%	0.0350930%	0.0350930%
The District's Proportionate Share of the Net Pension Liability	1,385,896	2,487,049	2,389,040	2,457,100	2,340,333	2,785,685	2,040,934	1,776,037	2,086,868
The District's Covered Payroll	1,638,064	1,517,859	1,509,556	1,421,074	1,379,464	1,322,043	1,294,886	1,147,973	989,328
The District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	84.61%	163.85%	158.26%	172.90%	169.66%	210.71%	157.61%	154.71%	210.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available

Amount presented as of the District's measurement date, which is the prior fiscal year.

Yellow Springs Exempted Village School District (the "District")
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Nine Fiscal Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014	2013
The District's Proportionate Share of the Net Pension Liability	0.03579029%	0.03596247%	0.03631281%	0.03640773%	0.03512352%	0.03555583%	0.03425705%	0.03398337%	0.03398337%
The District's Proportionate Share of the Net Pension Liability	4,576,110	8,701,638	8,030,360	8,005,242	8,343,667	11,901,608	9,467,647	8,265,932	9,846,324
The District's Covered Payroll	4,321,436	4,464,771	4,379,621	4,076,600	3,903,507	4,145,179	3,605,657	3,875,477	3,562,769
The District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.89%	194.90%	183.36%	196.37%	213.75%	287.12%	262.58%	213.29%	276.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.78%	75.48%	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available

Amount presented as of the District's measurement date, which is the prior fiscal year.

Yellow Springs Exempted Village School District (the "District")
 Required Supplementary Information
 Schedule of District's Contributions
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	\$ 209,673	\$ 229,329	\$ 204,911	\$ 203,790	\$ 191,845	\$ 193,125
Contributions in Relation to the Contractually Required Contribution	<u>(209,673)</u>	<u>(229,329)</u>	<u>(204,911)</u>	<u>(203,790)</u>	<u>(191,845)</u>	<u>(193,125)</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The District Covered Payroll	\$ 1,497,664	\$ 1,638,064	\$ 1,517,859	\$ 1,509,556	\$ 1,421,074	\$ 1,379,464
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%	13.50%	14.00%

	2016	2015	2014	2013
\$	185,086	\$ 170,666	\$ 159,109	\$ 136,923
	(185,086)	(170,666)	(159,109)	(136,923)
\$	-	\$ -	\$ -	\$ -
\$	1,322,043	\$ 1,294,886	\$ 1,147,973	\$ 989,328
	14.00%	13.18%	13.86%	13.84%

Yellow Springs Exempted Village School District (the "District")
 Required Supplementary Information
 Schedule of District's Contributions
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	\$ 649,063	\$ 605,001	\$ 625,068	\$ 613,147	\$ 570,724	\$ 546,491
Contributions in Relation to the Contractually Required Contribution	(649,063)	(605,001)	(625,068)	(613,147)	(570,724)	(546,491)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The District Covered Payroll	\$ 4,636,164	\$ 4,321,436	\$ 4,464,771	\$ 4,379,621	\$ 4,076,600	\$ 3,903,507
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

	2016	2015	2014	2013
\$	580,325	\$ 504,792	\$ 503,812	\$ 463,160
	<u>(580,325)</u>	<u>(504,792)</u>	<u>(503,812)</u>	<u>(463,160)</u>
\$	-	\$ -	\$ -	\$ -
\$	4,145,179	\$ 3,605,657	\$ 3,875,477	\$ 3,562,769
	14.00%	14.00%	13.00%	13.00%

Yellow Springs Exempted Village School District (the "District")
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Six Fiscal Years (1)

	2021	2020	2019	2018	2017	2016
The District's Proportionate Share of the Net OPEB Liability	0.0383188%	0.0388278%	0.4107690%	0.0434261%	0.0399317%	0.0399317%
The District's Proportionate Share of the Net OPEB Liability	\$ 725,213	\$ 843,853	\$ 1,032,996	\$ 1,204,757	\$ 1,071,662	\$ 1,138,201
The District's Covered Payroll	\$ 1,638,064	\$ 1,517,859	\$ 1,509,556	\$ 1,421,074	\$ 1,379,464	\$ 1,322,043
The District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	44.27%	55.59%	68.43%	84.78%	77.69%	86.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2016 is not available

Amount presented as of the District's measurement date, which is the prior fiscal year.

Yellow Springs Exempted Village School District (the "District")
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Six Fiscal Years (1)

	2021	2020	2019	2018	2017	2016
The District's Proportionate Share of the Net OPEB (Asset)/Liability	0.03579029%	0.03596247%	0.03631281%	0.03640773%	0.03512352%	0.03512352%
The District's Proportionate Share of the Net OPEB (Asset)/Liability	\$ (754,610)	\$ (632,040)	\$ (601,427)	\$ (585,000)	\$ 1,370,390	\$ 1,878,415
The District's Covered Payroll	\$ 4,321,436	\$ 4,464,771	\$ 4,379,621	\$ 4,076,600	\$ 3,903,507	\$ 4,145,179
The District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	-17.46%	-14.16%	-13.73%	-14.35%	35.11%	45.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability	174.73%	182.13%	174.74%	176.00%	47.10%	37.30%

(1) Information prior to 2016 is not available

Amount presented as of the District's measurement date, which is the prior fiscal year.

Yellow Springs Exempted Village School District (the "District")
 Required Supplementary Information
 Schedule of the District's Contributions
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	\$ 12,708	\$ 22,714	\$ 33,398	\$ 30,572	\$ 7,105	\$ 22,611
Contributions in Relation to the Contractually Required Contribution	<u>(12,708)</u>	<u>(22,714)</u>	<u>(33,398)</u>	<u>(30,572)</u>	<u>(7,105)</u>	<u>(22,611)</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The District Covered Payroll	1,497,664	1,638,064	1,517,859	1,509,556	1,421,074	1,379,464
Contributions as a Percentage of Covered Payroll	0.85%	1.39%	2.20%	2.03%	0.50%	1.64%

	2016	2015	2014	2013
\$	19,796	\$ 25,691	\$ 8,101	\$ 6,657
	(19,796)	(25,691)	(8,101)	(6,657)
\$	-	\$ -	\$ -	\$ -
	1,322,043	1,294,886	1,147,973	989,328
	1.50%	1.98%	0.71%	0.67%

Yellow Springs Exempted Village School District (the "District")
 Required Supplementary Information
 Schedule of the District's Contributions
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The District Covered Payroll	4,636,164	4,321,436	4,464,771	4,379,621	4,076,600	3,903,507
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

	2016	2015	2014	2013
\$	-	\$ -	\$ 38,755	\$ 35,628
	-	-	(38,755)	(35,628)
\$	-	\$ -	\$ -	\$ -
	4,145,179	3,605,657	3,875,477	3,562,769
	0.00%	0.00%	1.00%	1.00%

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022*

Note 1 - Net Pension Liability

Changes in Assumptions - SERS

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

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from -22 percent to -18.20 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

For fiscal year 2021, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.00 percent to 2.40 percent
- Payroll Growth Assumption was reduced from 3.50 percent to 1.75 percent
- Assumed real wage growth was increased from 0.50 percent to 0.85 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
PUB-2010 General Amount Weighted Below Median Employee mortality table. Future improvement in mortality rates is reflected by applying the MP-2020.
- Mortality among service retired members was updated to the following:
PUB-2010 General Employee Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.
- Mortality among contingent survivors was updated to the following:
PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.
- Mortality among disabled members was updated to the following:
PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Changes in Benefit Terms - SERS

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022*

Note 1 - Net Pension Liability (Continued)

Changes in Assumptions – STRS

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

For fiscal year 2021, the investment return rate was decreased from 7.45% to 7.00%.

Changes in Benefit Terms - STRS

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

Note 2 - Net OPEB Asset/Liability

Changes in Assumptions – SERS (fiscal year 2017)

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date: (1) The assumed rate of inflation was reduced from 3.25% to 3.00%, (2) Payroll growth assumption was reduced from 4.00% to 3.50%, (3) Assumed real wage growth was reduced from 0.75% to 0.50%, (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (6) Mortality among service retired members, and beneficiaries was updated to the following RP- 2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

Changes in Assumptions – SERS (fiscal year 2018)

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability. The Municipal Bond Index Rate increased from 2.95 percent to 3.56 percent. Single Equivalent Interest Rate, net of plan investment expense, including price inflation, increased from 2.98 percent to 3.63 percent.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022*

Note 2 - Net OPEB Asset/Liability (Continued)

Changes in Assumptions – SERS (fiscal year 2019)

Amounts reported for fiscal year 2019 incorporate changes in key methods and assumptions used in calculating the total OPEB liability. The Municipal Bond Index Rate increased from 3.56 percent to 3.62 percent. Single Equivalent Interest Rate, net of plan investment expense, including price inflation, increased from 3.63 percent to 3.70 percent. The health care cost trend assumptions changed as follows:

Pre-Medicare

Fiscal year 2018	7.50 percent initially, decreasing to 5.00 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent

Medicare

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

Changes in Assumptions – SERS (fiscal year 2020)

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

Municipal Bond Index Rate:	
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Medical Trend Assumption:	
Fiscal year 2020	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7 to 4.75 percent
Fiscal year 2019	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 4.75 percent

The discount rate used to measure the total OPEB asset/liability at June 30, 2020 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 percent.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022*

Note 2 - Net OPEB Asset/Liability (Continued)

Changes in Assumptions – SERS (fiscal year 2021)

Amounts reported for fiscal year 2021 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent

The discount rate used to measure the total OPEB asset/liability at June 30, 2021 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent.

Changes in Assumptions – SERS (fiscal year 2022)

- This discount rate changed from 2.63% to 2.27%
- The investment rate of return was reduced from 7.50% to 7.00%
- Assumed rate of inflation was reduced from 3.00% to 2.40%
- The investment rate of return was reduced from 7.50%
- Payroll Growth Assumption was reduced from 3.50% to 1.75%
- Assumed real wage growth was increased from 0.50% to 0.85%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Rate of health care participation for future retirees and spouses was updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Employee mortality table.
- Mortality among service retired members was updated to the following:
 - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.
- Mortality among beneficiaries was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.
- Mortality among disabled member was updated to the following:
 - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 year and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.
- Mortality rates are projected using a fully generational projection with Scale MP-2020.
- Municipal Bond Index Rate:

Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
- Single Equivalent Interest Rate, net of plan investment expense, including price inflation

Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022*

Note 2 - Net OPEB Asset/Liability (Continued)

Changes in Assumptions – SERS (fiscal year 2022) (Continued)

The discount rate used to measure the total OPEB asset/liability at June 30, 2022 was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63 percent.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Assumptions – STRS

For fiscal year 2022, the investment rate of return decreased from 7.45 percent to 7.00 percent. The blended discount rate was also decreased from 7.45 percent to 7.00 percent. Health care cost trend rates changed from 9.62 percent to -16.18 percent initially and a 4.00 percent ultimate rate to 11.87 percent to 29.98 percent initial, 4 percent ultimate.

For fiscal year 2021, health care cost trend rates changed from 4.93 percent to 9.62 percent initially and a 4.00 percent ultimate rate to -6.69 percent to 11.87 percent initial, 4 percent ultimate.

For fiscal year 2020, health care cost trend rates changed from -5.23 percent to 8 percent initial, 4 percent ultimate to 4.93 percent to 9.62 percent initially and a 4.00 percent ultimate rate.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates changed from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate to a range of -5.23 percent to 8 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. The long-term rate of return was reduced to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms – STRS

Non-Medicare increased from 1.984 percent to 2.055 percent effective January 1, 2021. Medicare subsidy increased to 2.10 percent effective January 1, 2021 for AMA Medicare Plan. Medicare Part B elimination postponed indefinitely.

For fiscal year 2020, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.944 percent to 1.984 percent per year of service effective January 1, 2020. The Non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.10 percent from the Medicare Plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022*

Note 2 - Net OPEB Asset/Liability (Continued)

Changes in Benefit Terms – STRS (Continued)

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

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number	(1) Total Federal Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education				
Child Nutrition Cluster				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	N/A		\$16,776
Cash Assistance				
School Breakfast Program	10.553	N/A	\$42,042	
National School Lunch Program	10.555	N/A	205,084	
COVID-19 Special Milk Program for Children	10.556	N/A	16,583	
Total Child Nutrition Cluster			<u>263,709</u>	<u>16,776</u>
Total U.S. Department of Agriculture			<u>263,709</u>	<u>16,776</u>
U.S. DEPARTMENT OF THE TREASURY				
Passed Through Ohio Department of Education				
COVID-19 Coronavirus Relief Fund	21.019	N/A	<u>301,230</u>	
Total U.S. Department of the Treasury			<u>301,230</u>	
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education				
Title I Grants to Local Educational Agencies	84.010	N/A	70,730	
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027	N/A	142,620	
COVID-19 Special Education Grants to States	84.027X	N/A	<u>32,760</u>	
Total Special Education Grants to States			<u>175,380</u>	
Total Special Education Cluster (IDEA)			<u>175,380</u>	
Supporting Effective Instruction State Grants	84.367	N/A	6,507	
Student Support and Academic Enrichment Program	84.424	N/A	13,899	
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	178,645	
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	N/A	16,946	
Total COVID-19 Education Stabilization Fund			<u>195,591</u>	
Total U.S. Department of Education			<u>462,107</u>	
Total Expenditures of Federal Awards			<u>\$1,027,046</u>	<u>\$16,776</u>

(1) - There were no amounts passed through to subrecipients.

N/A - No agency pass-through or other identifying number was available for this program.

The accompanying notes are an integral part of this schedule.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Yellow Springs Exempted Village School District (the District) under programs of the federal government for the fiscal year ended June 30, 2022. 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 or changes in net position 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 program that benefitted from the use of those donated food commodities.



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

Yellow Springs Exempted Village School District
Greene County
888 Dayton Street, Suite 106
Yellow Springs, Ohio 45387

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Yellow Springs Exempted Village School District, Greene County, (the District) as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 16, 2023, wherein we noted the financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the District and the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87 *Leases*.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

August 16, 2023

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

Yellow Springs Exempted Village School District
Greene County
888 Dayton Street, Suite 106
Yellow Springs, Ohio 45387

To the Board of Education:

Report on Compliance with Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Yellow Springs Exempted Village School District's, Greene County, Ohio (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Yellow Springs Exempted Village School District's major federal programs for the fiscal year ended June 30, 2022. Yellow Springs Exempted Village School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Yellow Springs Exempted Village School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

Yellow Springs Exempted Village School District
Greene County
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
Page 3

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

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



Keith Faber
Auditor of State
Columbus, Ohio

August 16, 2023

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**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022**

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):	COVID-19 Coronavirus Relief Fund (AL #21.019) COVID-19 Education Stabilization Fund: Elementary and Secondary School Emergency Relief Fund (AL #84.425D) and American Rescue Plan Elementary and Secondary School Emergency Relief Fund (AL #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?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
Board of Education

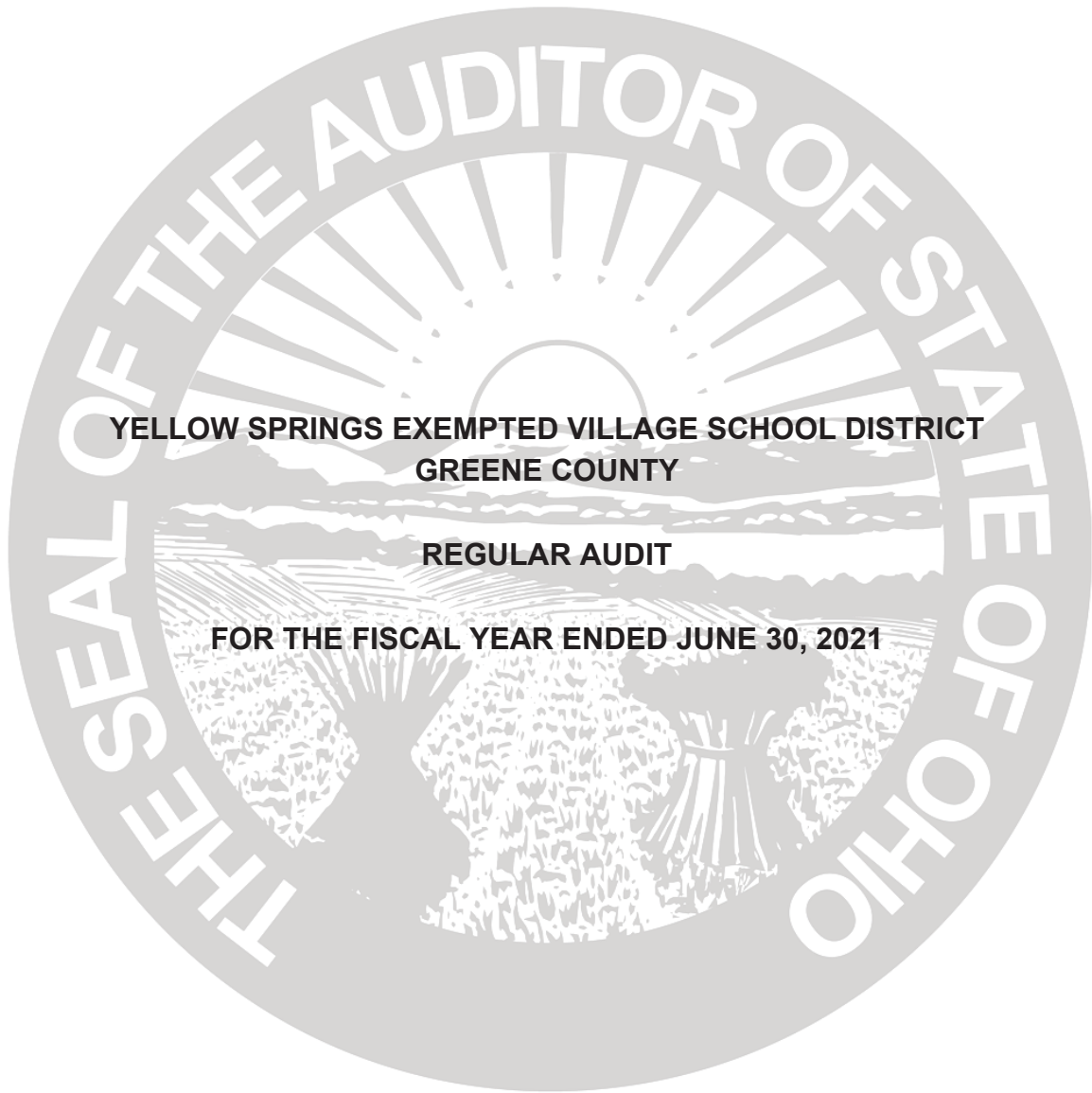
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

JUNE 30, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Ohio Rev. Code § 5705.10(D) – Recording Revenue in Incorrect Fund	Corrective Action Taken and Finding is Fully Corrected	N/A

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**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY**

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY
JUNE 30, 2021**

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**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY
JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

Yellow Springs Exempted Village School District
Greene County
888 Dayton Street, Suite 106
Yellow Springs, Ohio 45387

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Yellow Springs Exempted Village School District, Greene County, Ohio (the District), as of and for the fiscal 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, 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 the budgetary comparison for the General Fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 22 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. Also, as discussed in Note 21 to the financial statements, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84 *Fiduciary Activities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2023 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

August 16, 2023

**Yellow Springs Exempted Village School District
Greene County**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited**

The discussion and analysis of Yellow Springs 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 notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- The net position at the close of the most recent fiscal year was (\$3,351,915). The District reports significant balances under *GASB 68 Financial Accounting and Reporting for Pensions* and *GASB 75 Financial Accounting and Reporting for Postemployment Benefits other than Pensions* that brought on a proportionate share of the two retirements' net pension/OPEB asset/liability. These additional pension/OPEB items along with the deferrals are responsible for reducing the net position by \$10,601,219. Without these items, the net position for the District would be \$7,249,304.
- General revenues accounted for \$8,925,841 in revenue or 79.06 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$2,364,011 or 20.94 percent of total revenues of \$11,289,852.
- The District had \$11,306,791 in expenses related to governmental activities; only \$2,364,011 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$8,925,841 were inadequate to provide for these programs. The District does report a pension/OPEB expense of \$535,682 that increased the statement of activities expenses.
- The general fund and the bond retirement fund are the District's major funds. The general fund had \$10,023,634 in revenues and other financing sources and \$9,569,883 in expenditures and other financing uses. The general fund balance increased \$453,751 from the prior fiscal year as income tax increased after the pandemic in fiscal year 2020. The bond retirement fund had \$318,673 in revenues and \$305,187 in expenditures. The bond retirement fund balance increased \$13,486 from the prior fiscal year.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all the District's assets, deferred outflows, liabilities and deferred inflows, with the difference between these reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and

Yellow Springs Exempted Village School District
Greene County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., deferred inflow of property taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*).

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District are governmental funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net position and statement of activities.

The District maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of fund revenues, expenditures and changes in fund balance for the District's major funds. The general fund and bond retirement fund are the District's major funds. Data from the other sixteen governmental funds are combined into a single, aggregate presentation.

The District adopts an annual appropriation budget for all of its governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Notes to the 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.

Required Supplementary Information: These four schedules provide additional information on the District's two pension systems as required by GASB 68 and four additional schedules provide additional information on the District's two OPEB systems as required by GASB 75 including notes to those schedules.

Yellow Springs Exempted Village School District
Greene County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Government-Wide Financial Analysis

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

Table 1
Net Position
Governmental Activities

	2021	Restated 2020	Change
<u>Assets</u>			
Current and other assets	\$12,029,278	\$10,948,970	\$1,080,308
Net OPEB asset	632,040	601,427	30,613
Capital assets, net	4,272,378	4,281,741	(9,363)
Total assets	<u>16,933,696</u>	<u>15,832,138</u>	<u>1,101,558</u>
<u>Deferred Outflows of Resources</u>			
OPEB	345,454	310,108	35,346
Pension	2,002,425	2,172,286	(169,861)
Total Deferred Outflows of Resources	<u>2,347,879</u>	<u>2,482,394</u>	<u>(134,515)</u>
<u>Liabilities</u>			
Current liabilities	1,547,066	1,490,349	56,717
Long-term liabilities			
Net Pension Liability	11,188,687	10,419,400	769,287
Net OPEB Liability	843,853	1,032,996	(189,143)
Other Long-term liabilities	2,808,000	2,709,938	98,062
Total liabilities	<u>16,387,606</u>	<u>15,652,683</u>	<u>734,923</u>
<u>Deferred Inflows of Resources</u>			
Property Taxes	4,697,286	4,299,863	397,423
OPEB	1,282,979	1,077,033	205,946
Pensions	265,619	619,929	(354,310)
Total Deferred Inflows of Resources	<u>6,245,884</u>	<u>5,996,825</u>	<u>249,059</u>
<u>Net Position</u>			
Net investment in capital assets	2,079,711	2,190,387	(110,676)
Restricted	881,787	472,866	408,921
Unrestricted (deficit)	(6,313,413)	(5,998,229)	(315,184)
Total net position	<u>(\$3,351,915)</u>	<u>(\$3,334,976)</u>	<u>(\$16,939)</u>

Yellow Springs Exempted Village School District
Greene County
Management's Discussion and Analysis
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Unaudited

Governmental Accounting Standards Board (GASB) standards are national and apply to all governmental financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension and OPEB costs, GASB 27 and 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. GASB 68 and GASB 75 takes an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information in these statements.

Under the standards required by GASB 68 and GASB 75, the pension and OPEB liability equals the District's proportionate share of each plan's collective present value of estimated future pension and OPEB benefits attributable to active and inactive employees' past service, less 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. GASB noted that the unfunded portion of the pension and OPEB benefit 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 this exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. 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. 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 pension and other postemployment benefit system. In Ohio, there is no legal means to enforce the unfunded liability of the pension and OPEB system *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 pension and OPEB system is responsible for the administration of the plan.

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 pension and other postemployment benefit liability. As explained above, changes in pension and OPEB, contribution rates, and return on investments affect the balance of the pension and OPEB liability 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 pension and OPEB payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the pension and OPEB liability is satisfied, this liability is 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 and OPEB expense for their proportionate share of each plan's *change* in net pension liability and other postemployment benefit liability not accounted for as deferred inflows/outflows.

**Yellow Springs Exempted Village School District
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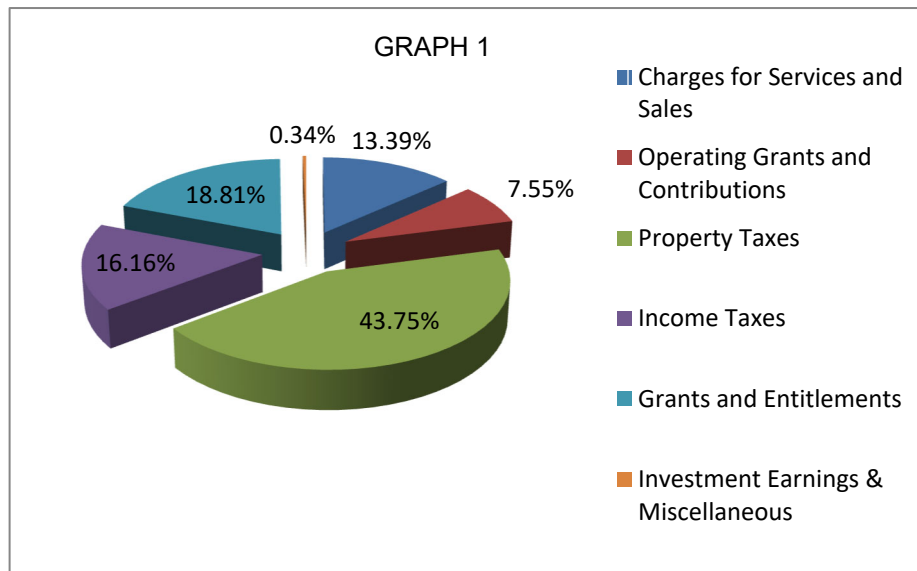
The District continues to generate additional revenue from the prior year tax levy and the income tax revenue coming back after down a year with the cash balance across all funds increased \$640,733. The long-term liabilities increased by \$98,062 as the District continues to pay down the two long term debt obligations but added a new note payable for the track improvements. The other large changes in the net pension/OPEB liabilities come from changes from the actuarial items the two retirement systems used to determine the current measurement year liabilities. The STRS system reports a net OPEB asset for both the fiscal years.

Table 2 shows the change in revenue from fiscal year 2020 to 2021.

**Table 2
Changes in Revenue
Governmental Activities**

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenues:			
<i>Program Revenues:</i>			
Charges for Services and Sales	\$1,511,887	\$1,541,738	(\$29,851)
Operating Grants and Contributions	852,124	673,058	179,066
<i>Total Program Revenues</i>	<u>2,364,011</u>	<u>2,214,796</u>	<u>149,215</u>
<i>General Revenues:</i>			
Property Taxes	4,938,872	4,707,584	231,288
Income Taxes	1,824,701	1,330,814	493,887
Grants and Entitlements	2,123,708	2,001,937	121,771
Investment Earnings	11,578	93,253	(81,675)
Miscellaneous	26,982	21,248	5,734
<i>Total General Revenues</i>	<u>8,925,841</u>	<u>8,154,836</u>	<u>771,005</u>
Total Revenues	<u><u>\$11,289,852</u></u>	<u><u>\$10,369,632</u></u>	<u><u>\$920,220</u></u>

Graph 1 breaks down the District's government-wide revenue into percentages by type of revenue.



**Yellow Springs Exempted Village School District
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Table 3 shows the change in program expenses from 2020 to 2021.

**Table 3
Total Program Expenses
Governmental Activities**

	<u>2021</u>	<u>2020</u>	<u>Change</u>
<u>Expenses:</u>			
Instruction:			
Regular	\$4,583,621	\$4,703,908	(\$120,287)
Special	1,491,701	1,794,475	(302,774)
Other	282,764	233,143	49,621
Support Services:			
Pupils	814,854	721,196	93,658
Instructional Staff	510,601	441,837	68,764
Board of Education	61,706	94,859	(33,153)
Administration	993,043	1,026,538	(33,495)
Fiscal/Business	613,180	469,746	143,434
Operation/Maintenance of Plant	906,089	860,938	45,151
Pupil Transportation	322,729	265,324	57,405
Central	147,226	129,363	17,863
Non-Instructional	215,095	316,736	(101,641)
Extracurricular Activities	254,807	318,060	(63,253)
Debt Service: Interest & Fiscal Charges	109,375	131,163	(21,788)
Total Expenses	<u>11,306,791</u>	<u>11,507,286</u>	<u>(200,495)</u>
Net Change	(16,939)	(1,137,654)	<u>\$1,120,715</u>
Beginning Net Position	(3,334,976)	(2,249,263)	
Restatement	0	51,941	
Ending Net Position	<u>(\$3,351,915)</u>	<u>(\$3,334,976)</u>	

The increase in the property taxes is higher collections during the year as the advance amount was actually \$155,000 lower than last year. Income taxes increased about \$494,000 as more money was received and the intergovernmental revenue increased about \$122,000 due to the pandemic for the fiscal year 2020 amounts. The decrease in expenses is related to the pension/OPEB expense recognition for the GASB 68 and GASB 75 amortization amounts from last year that were higher than the current year.

**Yellow Springs Exempted Village School District
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Management's Discussion and Analysis
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The Major Funds

The District's major funds are accounted for using the modified accrual basis of accounting, focusing on the near-term financial resources of the District. The general fund and the bond retirement fund are the two major funds. The general fund accounted for 82.81% of the \$12,103,963 in total revenue and other financing sources and 84.96% of the \$11,264,016 in total expenditures and other uses. The general fund received a majority of its revenues from property taxes, income taxes and intergovernmental revenues. Revenues and other financing sources were more than expenditures and other financing uses in the general fund by \$453,751 creating a year end fund balance of \$5,063,532. The bond retirement fund became a major fund in fiscal year 2012 due to the increased revenues and expenditures from the bond refinancing in August 2011 and has been reported as such even though it no longer qualifies under the requirements.

The general fund recognized \$1,151,635 in current liabilities for fiscal year 2021. Accrued wages and benefits accounted for 74.81% of those liabilities. Taxes receivable accounted for 96.59% of the \$5,483,902 receivables in the general fund. The property taxes receivable is mostly offset by a deferred inflow because those taxes are not intended to finance the 2021 fiscal year.

General Fund Budgetary

Table 4 compares the original and final general fund revenue budgets for the fiscal year ended June 30, 2021.

**Table 4
Original Budget versus Final Budget for General Fund Revenues**

	Budget		
	Original	Final	Variance
<u>Revenues</u>			
Property/Income Taxes	\$6,100,220	\$6,308,555	\$208,335
Intergovernmental	1,919,032	2,028,802	109,770
Other	1,538,300	1,430,730	(107,570)
Total Revenues	<u>\$9,557,552</u>	<u>\$9,768,087</u>	<u>\$210,535</u>

The original revenue estimates come from September 2020 Amended Certificate of Estimated Resources, which is based on the Tax Budget also completed in January 2020. The District made several changes to the certificate during the year.

The final certificate was done close to year end, so the actual revenues were \$47,119 over the final budgeted figures.

Table 5 compares the original and final general fund expenditure budgets for the fiscal year ended June 30, 2021.

**Table 5
Original Budget versus Final Budget for General Fund Expenditures**

	Budget		
	Original	Final	Variance
<u>Expenditures</u>			
Instruction	\$6,072,277	\$6,085,447	\$13,170
Support Services	3,942,241	3,974,271	32,030
Other	322,831	373,131	50,300
Total Expenditures	<u>\$10,337,349</u>	<u>\$10,432,849</u>	<u>\$95,500</u>

**Yellow Springs Exempted Village School District
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The original budget comes for the Tax Budget filed in January of 2020. Traditionally, the tax budget expenditures include all possible needs for the future year. The District increased the various functions to account for expected changes from increased operating costs. The actual expenditure total came in 6.59% under the final budget, which is \$687,419.

Capital Assets

At the end of the year, the District had \$4,272,378 invested in land, construction in progress, land improvements, buildings and building improvements, furniture, fixtures and equipment, and vehicles less accumulated depreciation. Table 6 shows the breakdown of the individual classes for capital assets:

**Table 6
Capital Assets
Governmental Activities**

<u>Class</u>	<u>2021</u>	<u>2020</u>	<u>Change</u>
Land and CIP	\$1,553,205	\$ 1,238,340	25.43%
Land Improvements	537,457	537,457	0.00%
Buildings and Building Improvements	7,143,917	7,143,917	0.00%
Furniture, Fixtures, Equipment	723,610	912,821	(20.73%)
Vehicles	416,686	379,042	9.93%
Total at Historical Cost	<u>10,374,875</u>	<u>10,211,577</u>	<u>1.60%</u>
Less: Accumulated Depreciation	<u>(6,102,497)</u>	<u>(5,929,836)</u>	<u>2.91%</u>
Capital Assets, Net	<u>\$4,272,378</u>	<u>\$4,281,741</u>	<u>(0.22%)</u>

The capital assets historical cost increased as the track construction project exceeding the items that were disposed of during the year. Overall, the total net capital assets decreased because of the current year depreciation exceeding net additions. For more information on the District's capital assets, refer to Note 8 of the financial statements.

Debt Administration

The District issued \$835,000 of Qualified School Construction Bonds in September 2010 to finance a House Bill 264 energy upgrade project. Qualified School Construction Bonds were derived from the American Recovery and Reinvestment Act (ARRA) of 2009; they receive interest rebates from the Federal government and are considered "interest-free." In 2013, as part of the Federal spending cuts, the interest credits were reduced to 85%. The energy conservation notes were retired on March 1, 2021.

In June 2002 the District issued \$4,420,000 in permanent improvement bonds with final maturity during fiscal year 2028. The bonds are paid from the Bond Retirement Debt Service Fund. Principal of \$2,960,000 from the original issue was refunded and reissued at a lower interest rate in August 2011. The initial bond was retired during the year. The refunding bond balance at June 30, 2021, is \$1,830,000.

During fiscal year 2021, the District issued \$700,000 in notes for the track construction project. For further information on the District's obligations, refer to Note 13 of the financial statements.

**Yellow Springs Exempted Village School District
Greene County**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited**

For the Future

The District maintained its solid financial state through the end of fiscal year 2020-21. The additional emergency levy passed in 2012 and increases in state funding and the income tax collections have bolstered the cash carryover balance. The district has kept close watch over expenditures and as a result only spent \$14,783 more in the General Fund in FY 2020-21 than it did in FY 2019-2020. The board set a primary objective of avoiding a deficit spending situation for the duration of the five-year forecast that was in existence during the year of the new emergency levy ballot issue; this objective has been achieved. The secondary objective was to make the new levy last for ten years before deficit spending, this is an objective the board discusses often and makes efforts to accomplish.

The additional \$915,000 emergency levy was renewed for eight (8) years on May 2, 2017. The term of eight (8) years aligns the expiration with the \$1,060,000 emergency levy which was renewed in 2015. The long-range plan is to align the two emergency levies to expire at the same time then merge the two in to one levy. The two levies combined comprise 21% of the current district revenue. The \$130,000 permanent improvement levy was renewed by voters on November 6, 2018. The permanent improvement levy is critical to the upkeep of the District's facilities.

In August of 2016, the District began a facility exploration process. In February of 2017, an architectural firm was hired to lead the District through a year-long community engagement process. A facilities assessment was conducted by the Ohio School Facilities Commission. Multiple community forums were held. On May 8, 2018, the District placed a bond/income tax issue on the ballot for over \$18 million in renovations and replacements to the existing middle school/high school. The levy failed by 65% voting against the levy. In FY 2021 The District continued to discuss future building needs and conducted another exploration process using a different engagement method. The District is continuing to utilize a K-12 project/problem-based learning (PBL) curriculum. Students display their projects twice per school year on Exhibition Nights. Before the pandemic, school districts from all over the area would send their staff to visit our District to see how PBL is applied in the classroom via our Deeper Learning Training Center. The revenues from the training center have been used to cover costs and to provide for professional development to staff.

In March 2020, the Governor of the State of Ohio closed all school buildings and the District went to remote learning. In March 2021 the District finally went back to in person learning.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Treasurer, Yellow Springs Schools, 888 Dayton Street, Suite 106, Yellow Springs, OH 45387. 937.767.7381 Also see: www.ysschools.org

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**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY**

**Statement of Net Position
June 30, 2021**

		Governmental Activities
Assets:		
Equity in Pooled Cash and Investments	\$	6,230,630
Intergovernmental Receivable		135,846
Accrued Interest Receivable		2,250
Income Taxes Receivable		792,943
Property Taxes Receivable		4,867,609
Net OPEB Asset		632,040
Capital Assets:		
Non-Depreciable Capital Assets		1,553,205
Depreciable Capital Assets, net		2,719,173
Total Assets		16,933,696
Deferred Outflows of Resources		
OPEB		345,454
Pension		2,002,425
Total Deferred Outflows of Resources		2,347,879
Liabilities		
Accounts Payable		36,341
Accrued Wages and Benefits		897,919
Intergovernmental Payable		184,828
Accrued Interest Payable		7,281
Long-Term Liabilities:		
Due Within One Year		420,697
Due in More Than One Year		
Net Pension Liability		11,188,687
Net OPEB Liability		843,853
Other Long-Term Liabilities		2,808,000
Total Liabilities		16,387,606
Deferred Inflows of Resources:		
OPEB		1,282,979
Pension		265,619
Property Taxes		4,697,286
Total Deferred Inflows of Resources		6,245,884
Net Position:		
Net investment in Capital Assets		2,079,711
Restricted for Debt Service		212,963
Restricted for Capital		566,143
Restricted for Other Purposes		102,681
Unrestricted (Deficit)		(6,313,413)
Total Net Position	\$	(3,351,915)

See Accompanying Notes to the Basic Financial Statements

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY**

**Statement of Activities
For the Fiscal Year Ended June 30, 2021**

		<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
Instruction:				
Regular	\$ 4,583,621	\$ 1,486,269	\$ 72,205	\$ (3,025,147)
Special	1,491,701	0	199,507	(1,292,194)
Other	282,764	0	5,742	(277,022)
Support Services:				
Pupils	814,854	0	94,956	(719,898)
Instructional Staff	510,601	0	99,509	(411,092)
Board of Education	61,706	0	0	(61,706)
Administration	993,043	0	5,839	(987,204)
Fiscal	473,579	0	0	(473,579)
Business	139,601	0	0	(139,601)
Operation and Maintenance of Plant	906,089	0	73,218	(832,871)
Pupil Transportation	322,729	0	16,947	(305,782)
Central	147,226	0	3,600	(143,626)
Operation of Non-Instructional Services	215,095	1,832	203,571	(9,692)
Extracurricular Activities	254,807	23,786	77,030	(153,991)
Debt Service:				
Interest and Fiscal Charges	109,375	0	0	(109,375)
Totals	<u><u>\$ 11,306,791</u></u>	<u><u>\$ 1,511,887</u></u>	<u><u>\$ 852,124</u></u>	<u><u>(8,942,780)</u></u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				4,551,037
Property Taxes, Levied for Capital				117,586
Property Taxes, Levied for Debt Service				270,249
Income Taxes				1,824,701
Grants and Entitlements not Restricted to Specific Programs				2,123,708
Investment Earnings				11,578
Miscellaneous				26,982
Total General Revenues				<u>8,925,841</u>
Change in Net Position				(16,939)
Net Position Beginning of Year - Restated				<u>(3,334,976)</u>
Net Position End of Year				<u><u>\$ (3,351,915)</u></u>

See Accompanying Notes to the Basic Financial Statements

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY**

**Balance Sheet
Governmental Funds
June 30, 2021**

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Current Assets:				
Equity in Pooled Cash and Investments	\$ 5,234,568	212,143	783,919	\$ 6,230,630
Accrued Interest Receivable	2,250	0	0	2,250
Intergovernmental Receivable	54,890	0	80,956	135,846
Interfund Receivable	129,560	0	0	129,560
Property Taxes Receivable	4,504,259	243,869	119,481	4,867,609
Income Taxes Receivable	792,943	0	0	792,943
Total Assets	\$ <u>10,718,470</u>	\$ <u>456,012</u>	\$ <u>984,356</u>	\$ <u>12,158,838</u>
Liabilities				
Current Liabilities:				
Accounts Payable	28,392	0	7,949	36,341
Accrued Wages and Benefits	861,506	0	36,413	897,919
Intergovernmental Payable	175,241	0	9,587	184,828
Interfund Payable	0	0	129,560	129,560
Matured Compensated Absences Payable	86,496	0	0	86,496
Total Liabilities	<u>1,151,635</u>	<u>0</u>	<u>183,509</u>	<u>1,335,144</u>
Deferred Inflows of Resources				
Property Taxes	4,353,699	236,289	115,073	4,705,061
Income Taxes	149,604	0	0	149,604
Intergovernmental Revenue	0	0	15,298	15,298
Total Deferred Inflows of Resources	<u>4,503,303</u>	<u>236,289</u>	<u>130,371</u>	<u>4,869,963</u>
Fund Balances				
Restricted	0	219,723	721,453	941,176
Assigned	1,066,823	0	0	1,066,823
Unassigned (Deficit)	3,996,709	0	(50,977)	3,945,732
Total Fund Balances	<u>5,063,532</u>	<u>219,723</u>	<u>670,476</u>	<u>5,953,731</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>10,718,470</u>	\$ <u>456,012</u>	\$ <u>984,356</u>	\$ <u>12,158,838</u>

See Accompanying Notes to the Basic Financial Statements

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY**

**Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2021**

Total Governmental Fund Balances	\$	5,953,731
<p>Amounts reported for governmental activities on the statement of Net Position are different because of the following:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		4,272,378
Revenues that do not provide current financial resources are not reported as revenues in governmental funds.		172,677
The pension liability is not due and payables in the current period; therefore, the liability and related deferred inflows/outflows are not reporting in governmental funds.		(9,451,881)
The OPEB asset/liability is not due and payables in the current period; therefore, the asset/liability and related deferred inflows/outflows are not reporting in governmental funds.		(1,149,338)
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:		
Accrued Interest Payable	(7,281)	
General Obligation Bonds and Notes Payable	(2,654,832)	
Compensated Absences Payable	(487,369)	
	(3,149,482)	
Net Position of Governmental Activities	\$	(3,351,915)

See Accompanying Notes to the Basic Financial Statements

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021**

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Property and Other Local Taxes	\$ 4,612,625	273,594	119,463	\$ 5,005,682
Income Taxes	1,855,965	0	0	1,855,965
Intergovernmental	2,044,007	45,079	779,640	2,868,726
Interest	11,578	0	0	11,578
Tuition and Fees	1,486,269	0	0	1,486,269
Extracurricular Activities	478	0	19,817	20,295
Gifts and Donations	2,546	0	80,756	83,302
Customer Sales and Services	0	0	431	431
Miscellaneous	9,150	0	1,166	10,316
Total Revenues	<u>10,022,618</u>	<u>318,673</u>	<u>1,001,273</u>	<u>11,342,564</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	4,101,996	0	79,297	4,181,293
Special	1,215,083	0	203,663	1,418,746
Other	273,635	0	9,129	282,764
Support Services:				
Pupils	686,039	0	110,652	796,691
Instructional Staff	354,872	0	124,413	479,285
Board of Education	61,706	0	0	61,706
Administration	968,453	0	5,580	974,033
Fiscal	440,074	3,212	1,581	444,867
Business	66,512	0	0	66,512
Operation and Maintenance of Plant	780,390	0	91,389	871,779
Pupil Transportation	190,131	0	94,119	284,250
Central	127,107	0	3,600	130,707
Operation of Non-Instructional Services	2,549	0	212,084	214,633
Extracurricular Activities	197,305	0	32,867	230,172
Capital Outlay	27,465	0	410,049	437,514
Debt Service:				
Principal	76,000	42,690	0	118,690
Interest	183	259,285	10,523	269,991
Total Expenditures	<u>9,569,500</u>	<u>305,187</u>	<u>1,388,946</u>	<u>11,263,633</u>
Excess of Revenues Over (Under) Expenditures	<u>453,118</u>	<u>13,486</u>	<u>(387,673)</u>	<u>78,931</u>
OTHER FINANCING SOURCES (USES)				
Face Value of Notes Issued	0	0	700,000	700,000
Proceeds from Sale of Capital Assets	1,016	0	60,000	61,016
Transfers In	0	0	383	383
Transfers Out	(383)	0	0	(383)
Total Other Financing Sources (Uses)	<u>633</u>	<u>0</u>	<u>760,383</u>	<u>761,016</u>
Net Change in Fund Balances	453,751	13,486	372,710	839,947
Fund Balance at Beginning of Year - Restated	4,609,781	206,237	297,766	5,113,784
Fund Balance at End of Year	<u>\$ 5,063,532</u>	<u>\$ 219,723</u>	<u>\$ 670,476</u>	<u>\$ 5,953,731</u>

See Accompanying Notes to the Basic Financial Statements

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY**

**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement Activities
For the Fiscal Year Ended June 30, 2021**

Net Change in Fund Balances - Total Governmental Funds	\$	839,947
<p>Amounts reported for governmental activities on the statement of activities are different because of the following:</p>		
<p>Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital additions	410,484	
Depreciation	<u>(296,604)</u>	113,880
<p>The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of Net Position and is offset against the proceeds from the sale of capital assets resulting in a gain (loss) on disposal of capital assets on the statement of activities.</p>		
Gain (Loss) on Disposal of Capital Assets		58,799
<p>Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:</p>		
Intergovernmental Funds	(15,298)	
Income Taxes	(18,826)	
Delinquent Property Taxes	<u>66,810</u>	32,686
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds. The difference in the amount of interest on the Statement of Activities is the result of the following:</p>		
Change in compensated absences payable	(123,705)	
Increase in accrued interest payable	(1,283)	
Change in accretion on bonds	<u>161,897</u>	36,909
<p>Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.</p>		
		857,044
<p>Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liability are reported as expense in the statement of activities.</p>		
		(1,392,726)
<p>Repayment of long-term debt is reported as an expenditure or other financing sources in governmental funds, but the repayment impacts long-term liabilities in the Statement of Net Position. In the current fiscal year, these amounts consist of:</p>		
Issuances of notes	(700,000)	
Premium on refunding bonds	17,832	
Bond payments	42,690	
Note payments	<u>76,000</u>	(563,478)
Change in Net Position of Governmental Activities	\$	<u><u>(16,939)</u></u>

See Accompanying Notes to the Basic Financial Statements

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY**

**Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
GENERAL FUND
For the Fiscal Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 4,487,343	4,753,648	4,753,648	\$ 0
Income Tax	1,612,877	1,554,907	1,554,907	0
Intergovernmental	1,919,032	2,028,802	2,031,922	3,120
Interest	75,000	16,136	13,349	(2,787)
Tuition and Fees	1,457,800	1,407,094	1,457,401	50,307
Rent	2,500	2,500	0	(2,500)
Gifts and Donations	500	500	0	(500)
Miscellaneous	2,500	4,500	3,979	(521)
Total Revenues	<u>9,557,552</u>	<u>9,768,087</u>	<u>9,815,206</u>	<u>47,119</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	4,342,295	4,337,565	4,257,796	79,769
Special	1,489,982	1,506,882	1,276,412	230,470
Other	240,000	241,000	278,402	(37,402)
Support Services:				
Pupils	624,955	625,455	664,580	(39,125)
Instructional Staff	397,510	398,570	349,927	48,643
Board of Education	159,695	166,928	63,632	103,296
Administration	986,385	985,055	941,018	44,037
Fiscal	446,694	459,694	446,944	12,750
Business	29,800	34,800	63,444	(28,644)
Operation and Maintenance of Plant	900,895	894,662	753,807	140,855
Pupil Transportation	254,780	254,780	207,626	47,154
Central	141,527	154,327	143,481	10,846
Operation of Non-Instructional Services	5,061	5,061	2,549	2,512
Extracurricular Activities	234,670	259,970	192,164	67,806
Capital Outlay	5,000	30,000	27,465	2,535
Debt Service				
Principal	76,000	76,000	76,000	0
Interest	2,100	2,100	183	1,917
Total Expenditures	<u>10,337,349</u>	<u>10,432,849</u>	<u>9,745,430</u>	<u>687,419</u>
Excess of Revenues Over (Under) Expenditures	<u>(779,797)</u>	<u>(664,762)</u>	<u>69,776</u>	<u>734,538</u>
OTHER FINANCING SOURCES (USES)				
Advances In	51,700	51,700	51,700	0
Insurance Recoveries	0	0	1,499	1,499
Proceeds from Sale of Capital Assets	0	0	1,016	1,016
Refund of Prior Year Expenditures	44,960	89,960	88,421	(1,539)
Transfers Out	(15,000)	(60,000)	(383)	59,617
Advances Out	(35,000)	(35,000)	(129,560)	(94,560)
Total Other Financing Sources and Uses	<u>46,660</u>	<u>46,660</u>	<u>12,693</u>	<u>(33,967)</u>
Net Change in Fund Balances	(733,137)	(618,102)	82,469	700,571
Fund Balance at Beginning of Year	4,857,979	4,857,979	4,857,979	0
Prior Year Encumbrances Appropriated	159,316	159,316	159,316	0
Fund Balance at End of Year	<u>\$ 4,284,158</u>	<u>\$ 4,399,193</u>	<u>\$ 5,099,764</u>	<u>\$ 700,571</u>

See Accompanying Notes to the Basic Financial Statements

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**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Yellow Springs Exempted Village School District (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. Yellow Springs Exempted Village School District is a school district as defined by §3311.04 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

The Board oversees the operations of the District's three instructional/support facilities staffed by 32 non-certified and 58 certified full-time teaching personnel who provide services to 730 students plus other community members.

The Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units.

The District participates in three jointly governed organizations and two insurance purchasing pools. These organizations are Miami Valley Educational Computer Association, Southwestern Ohio Educational Purchasing Council, Greene County Career Center, Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan, and Southwestern Ohio Educational Purchasing Council Medical Benefits Plan, respectively. These organizations are presented in Notes 17 and 18 to the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 District, except for fiduciary funds.

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

Fund Financial Statements

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

B. Fund Accounting

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

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 liabilities is reported as fund balance. The General Fund and Bond Retirement fund are the District's only major governmental funds:

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

Bond Retirement Fund - The Bond Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The other governmental funds of the District account for grants and other resources and capital projects of the District whose uses are restricted to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District has no activities that meet the definition of a fiduciary fund.

C. Measurement Focus

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

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

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. The fiduciary fund uses the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or 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.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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, income taxes, grants, investment earnings, tuition, and student fees.

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for pension/OPEB. The deferred outflows of resources related to pension/OPEB are explained in Notes 10 and 11.

In addition to liabilities, the statement of net position reports 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. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources. On the statement of net position, property taxes for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations, have been recorded as a deferred inflow. For the District, deferred inflows of resources are reported on the government-wide statement of net position for pension/OPEB. The deferred inflows of resources related to pension/OPEB are explained in Notes 10 and 11.

Pension/OPEB

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pension/OPEBs, 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 systems. 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 systems report investments at fair value.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

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

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

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

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

During fiscal year 2021, investments were limited to STAR Ohio, money market funds, certificate of deposits, and federal securities. Except for the money market funds, investments are reported at fair value which is based on the fund's quoted market prices. For investments in open-ended mutual funds, the fair value is determined by the fund's current share price.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hour advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$250 million per day, 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.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2021 amounted to \$11,578 with \$1,496 assigned from other District funds.

For presentation of 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 that are not purchased from the pool are reported as investments.

G. Inventory

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when purchased.

H. Capital Assets

Capital assets are those assets not specifically related to activities. 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 on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The District's capitalization threshold is \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 30 years
Buildings and Building Improvements	30 - 50 years
Furniture and Fixtures	5 - 20 years
Vehicles	5 - 15 years
Equipment	10 years

I. Compensated Absences

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

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

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

For the governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

J. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Net Position

Net position represents the difference between assets, deferred outflows, and liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Of the District's \$881,787 in restricted net position, none were restricted by enabling legislation.

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

L. Fund Balance

The District reports the following categories:

- Restricted fund balances related to money received from local, state or federal grants or maintained in segregated accounts for construction.
- Assigned fund balances are balances the District administration have specified the future use.
- Residual fund balance within the general fund and any fund with a negative balance in other governmental funds is reported as unassigned fund balance.

When the District has multiple fund balances available within a particular fund, the District will spend the funds in the following order –restricted, assigned then unassigned.

M. Interfund Activity

On the fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables." Interfund balances within governmental activities are eliminated on the government-wide statement of net position.

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

N. Estimates

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Pass-Through Grants

The Race to the Top, Handicapped Preschool and Integration of School and Mental Health special revenue funds are pass-through grants in which the Educational Service Center is the primary recipient. In accordance with GASB Statement 24, "Accounting and Financial Reporting of Certain Grants and Other Financial Assistance," the secondary recipients should report monies spent on their behalf by the primary recipient as revenue and operating expenses. Total amount recorded for revenues and expenditures was \$2,059 under these programs.

3. BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual 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 fund financial statements are the following:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as an assignment of fund balance (GAAP basis).
4. Advances are operating transactions (budget) as opposed to balance sheet transactions (GAAP basis).
5. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.

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

Excess of Revenues and Other Financing Sources
Over Expenditures and Other Financing Uses

GAAP Basis	\$453,751
Revenue Accruals	(173,872)
Expenditure Accruals	(67,057)
GASB 54 Funds	7,221
Encumbrances	(59,714)
Advances	(77,860)
Budget Basis	\$82,469

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

4. DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board 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 monies are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts. Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase must exceed the principal value of the agreement by at least two percent and to 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 division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
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. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim monies available for investment at the time of purchase.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

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. 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.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$356,200 of the District's bank balance of \$606,200 was covered by the Ohio Pooled Collateral System.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment. Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

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

<u>Measurement/Investment Type</u>	<u>Fair Value</u>	<u>Maturities Less than One Year</u>	<u>Maturities Greater than One Year</u>
Government Money Market funds	\$408,969	\$408,969	\$0
Federal Home Loan Bank Notes	1,422,138	0	1,422,138
STAR Ohio	3,459,899	3,459,899	0
Negotiable CDs	500,768	0	500,768
Total	<u>\$5,791,774</u>	<u>\$3,868,868</u>	<u>\$1,922,906</u>

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Inputs to the valuation techniques used in fair the measurement for Level 2 include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are significant unobservable inputs.

Interest Rate Risk - The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

4. DEPOSITS AND INVESTMENTS (Continued)

Credit Risk – The District follows Ohio Revised Code (ORC) which limits the amount of credit risk it's going to allow any district to become involved in. It accomplishes this by compiling a specific list of investments, to the exclusion of all other investments, which school district are legally allowed to participate in. The District has no policy limiting investments based on credit risk other than those established by the ORC. STAR Ohio is rated as a AAAM by Standard and Poors. The Government Money Market funds is not rated. Federal Home Loan Bank Notes were rated AA+ by Standards and Poors, Aaa by Moody's and AAA by Fitch. The Negotiable CDs are not rated.

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 federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the District's name. 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 it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 40 percent of the interim monies available for investment at any one time. The District has 7.06% of its investments in the Government Money Market funds, 24.55% of its investments in FHLB notes, 59.74% of its investments in STAR Ohio, and 8.65% of its investments in negotiable CDs.

5. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Real property taxes for 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 market 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 real and tangible personal property taxes for 2021 were levied after April 1, 2020, on the assessed values as of December 31, 2019, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2021 (other than public utility property) represent the collection of calendar year 2021 taxes. Tangible personal property taxes for 2021 were levied after April 1, 2020, on the value as of December 31, 2020. Tangible personal property has been phased out with the prior year other than tangible personal property on public utilities. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

5. PROPERTY TAXES (Continued)

The District receives property taxes from Greene and Clark Counties. The county auditors 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 to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were 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, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2021 operations. For the governmental fund financial statements, the receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance was recognized as revenue.

The amount available as an advance at June 30, 2021, was \$150,560 in the General Fund, \$7,580 in the Bond Retirement fund and \$4,408 in the Non-major Governmental Funds. The amount available as an advance at June 30, 2020, was \$291,583 in the General Fund, \$17,615 in the Bond Retirement fund and \$8,709 in the Non-major Governmental Funds. The assessed values upon which the fiscal year 2021 taxes were collected are:

	2020 Second- Half Collections		2021 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$126,684,500	87.92%	\$149,546,760	89.25%
Industrial/Commercial	15,350,550	10.65%	15,875,510	9.47%
Public Utility	2,056,870	1.43%	2,136,740	1.28%
Total Assessed Value	\$144,091,920	100.00%	\$167,559,010	100.00%
Full Tax rate per \$1,000 of assessed valuation	\$68.92		\$66.58	

6. INCOME TAX

The District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2002, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenues in the amount of \$1,855,965 were credited to the General Fund during fiscal year 2021.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

7. RECEIVABLES

Receivables at June 30, 2021, consisted of property and income taxes, intergovernmental, interfund and accrued interest. 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 principal items of intergovernmental receivables follows:

	Amount
Governmental Activities:	
Greene County ESC Lease	\$4,800
FY21 Foundation Adjustment	12,232
SERS Refund	37,858
ESSER Grant	21,839
Title VI-B Grant	18,734
Title I Grant	33,460
Miscellaneous Federal Grants	6,923
Total Intergovernmental Receivables	\$135,846

8. CAPITAL ASSETS

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

	Balance at 6/30/20	Additions	Reductions	Balance at 6/30/21
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$1,238,340	\$0	\$0	\$1,238,340
Construction in Process	0	314,865	0	314,865
Total Nondepreciable Capital Assets	1,238,340	314,865	0	1,553,205
Depreciable Capital Assets				
Land Improvements	537,457	0	0	537,457
Buildings and Building Improvements	7,143,917	0	0	7,143,917
Furniture, Fixtures, and Equipment	912,821	0	(189,211)	723,610
Vehicles	379,042	95,619	(57,975)	416,686
Total Depreciable Capital Assets	8,973,237	95,619	(247,186)	8,821,670
Less Accumulated Depreciation				
Land Improvements	(455,377)	(17,063)	0	(472,440)
Buildings and Building Improvements	(4,741,222)	(201,861)	0	(4,943,083)
Furniture, Fixtures, and Equipment	(513,639)	(32,099)	65,968	(479,770)
Vehicles	(219,598)	(45,581)	57,975	(207,204)
Total Accumulated Depreciation	(5,929,836)	(296,604)	123,943	(6,102,497)
Depreciable Capital Assets, Net	3,043,401	(200,985)	(123,243)	2,719,173
Governmental Activities Capital Assets, Net	\$4,281,741	\$113,880	(\$123,243)	\$4,272,378

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

8. CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$186,866
Support Services:	
Business	51,219
Operation and Maintenance of Plant	1,775
Pupil Transportation	41,643
Central	6,652
Operation of Non-Instructional Services	324
Extracurricular Activities	<u>8,125</u>
Total Depreciation Expense	<u><u>\$296,604</u></u>

9. RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the District contracted with Liberty Mutual for general liability insurance with a \$1,000,000 single occurrence limit and a \$2,000,000 general aggregate and \$2,000,000 products completed operations aggregate limit. Property is protected by Ohio Casualty with an \$27,037,484 aggregate limit and holds a \$2,500 deductible.

The District's vehicles are covered under a business policy with Liberty Mutual, which carries a \$2,000,000 limit on any accident with a \$1,000 comp/\$1,000 collision deductible.

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

B. Workers' Compensation

For fiscal year 2021, the District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. 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 Integrated Comp Inc. provides administrative, cost control, and actuarial services to the GRP.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

9. RISK MANAGEMENT (Continued)

C. Medical Benefits

For fiscal year 2021, the District participated in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP), an insurance purchasing pool. The intent of the MBP is to achieve the benefit of reduced health insurance premiums for the District by virtue of its grouping and representation with other participants in the MBP. The health insurance experience of the participating Districts is calculated and a premium rate is applied to all Districts in the MBP. Each participant pays its health insurance premiums to the EPC. Participation in the MBP is limited to Districts that can meet the MBP's selection criteria.

10. DEFINED PENSION BENEFIT PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

The 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 are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on the accrual basis of accounting.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

10. DEFINED PENSION BENEFIT PLANS (Continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

10. DEFINED PENSION BENEFIT PLANS (Continued)

For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14 percent. Nothing was allocated to the Health Care Fund for fiscal year 2021.

The District's contractually required contribution to SERS was \$229,329 for fiscal year 2021. Of this amount \$14,238 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

10. DEFINED PENSION BENEFIT PLANS (Continued)

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$605,001 for fiscal year 2021. Of this amount \$106,087 is reported as an intergovernmental 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 contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability - prior measurement date	0.0399293%	0.03631281%	
Proportion of the Net Pension Liability - current measurement date	0.0376016%	0.03596247%	
Change in proportionate share	-0.0023277%	-0.00035034%	
Proportionate Share of the Net Pension Liability	\$2,487,049	\$8,701,638	\$11,188,687
Pension Expense	\$245,775	\$1,173,580	\$1,419,355

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

10. DEFINED PENSION BENEFIT PLANS (Continued)

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	\$4,470	\$19,525	\$23,995
Net difference between projected and actual earnings on pension plan investments	157,877	423,161	581,038
Changes in proportion share	361	95,593	95,954
Changes in assumptions	0	467,108	467,108
District contributions subsequent to the measurement date	<u>229,329</u>	<u>605,001</u>	<u>834,330</u>
Total Deferred Outflows of Resources	<u><u>\$392,037</u></u>	<u><u>\$1,610,388</u></u>	<u><u>\$2,002,425</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$55,641	\$55,641
Changes in proportion share	<u>116,280</u>	<u>93,698</u>	<u>209,978</u>
Total Deferred Inflows of Resources	<u><u>\$116,280</u></u>	<u><u>\$149,339</u></u>	<u><u>\$265,619</u></u>

\$834,330 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 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	(\$85,118)	\$290,414	\$205,296
2023	16,311	166,526	182,837
2024	65,807	221,313	287,120
2025	<u>49,428</u>	<u>177,795</u>	<u>227,223</u>
Total	<u><u>\$46,428</u></u>	<u><u>\$856,048</u></u>	<u><u>\$902,476</u></u>

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

10. DEFINED PENSION BENEFIT PLANS (Continued)

Actuarial Assumptions - SERS

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

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

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

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

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

10. DEFINED PENSION BENEFIT PLANS (Continued)

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

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

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 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$3,406,954	\$2,487,049	\$1,715,232

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End

Based on a new experience study for the five years ending June 30, 2020, the SERS Board lowered the investment rate of return from 7.50 percent to 7.00 percent, lowered inflation from 3.00 percent to 2.40 percent, reduced wage inflation from 3.50 percent to 3.25 percent, reduced COLA from 2.50 percent to 2.00 percent, along with certain other changes for the actuarial valuation as of June 30, 2021. The effects of these changes are unknown.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)**

10. DEFINED PENSION BENEFIT 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 are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	<u>1.00</u>	<u>2.25</u>
Total	<u>100.00 %</u>	<u>7.61 %</u>

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

10. DEFINED PENSION BENEFIT PLANS (Continued)

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent 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. Based on those assumptions, STRS Ohio's 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 percent 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 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	\$12,389,618	\$8,701,638	\$5,576,383

Changes in Actuarial Assumptions between Measurement Date and Fiscal Year End

The STRS Board approved a change in the discount rate from 7.45 percent to 7.00 percent for the June 30, 2021 valuation. The effect on the net pension liability is unknown.

11. DEFINED BENEFIT OPEB PLAN

Net OPEB Asset/Liability

The net OPEB asset/liability reported on the statement of net position represents an asset/liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

The 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 OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including OPEB.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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11. DEFINED BENEFIT OPEB PLAN (Continued)

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB asset/liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on the accrual basis of accounting.

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.

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.

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11. DEFINED BENEFIT OPEB PLAN (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000.

Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District paid \$22,714 for the SERS surcharge.

The District's contractually required contribution to SERS was \$22,714 for fiscal year 2021. Of this amount, \$22,714 is reported an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements was discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio 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 Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS Ohio did not allocate any employer contributions to post-employment health care.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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11. DEFINED BENEFIT OPEB PLAN (Continued)

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

The net OPEB asset/liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB asset/liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating entities. 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 Asset/Liability - prior measurement date	0.0410769%	0.03631281%	
Proportion of the Net OPEB Asset/Liability - current measurement date	<u>0.0388278%</u>	<u>0.03596247%</u>	
Change in proportionate share	<u><u>-0.0022491%</u></u>	<u><u>-0.00035034%</u></u>	
 Proportionate Share of the Net OPEB Liability/(Asset)	 \$843,853	 (\$632,040)	 \$211,813
OPEB Expense	\$7,949	(\$22,984)	(\$15,035)

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	\$11,083	\$40,499	\$51,582
Changes of assumptions	143,848	10,433	154,281
Net difference between projected and actual earnings on pension plan investments	9,506	22,106	31,612
Changes in proportion share	54,756	30,509	85,265
District contributions subsequent to the measurement date	<u>22,714</u>	<u>0</u>	<u>22,714</u>
Total Deferred Outflows of Resources	<u><u>\$241,907</u></u>	<u><u>\$103,547</u></u>	<u><u>\$345,454</u></u>
 Deferred Inflows of Resources			
Differences between expected and actual experience	\$429,159	\$125,893	\$555,052
Changes in assumptions	21,255	600,333	621,588
Changes in proportion share	<u>105,392</u>	<u>947</u>	<u>106,339</u>
Total Deferred Inflows of Resources	<u><u>\$555,806</u></u>	<u><u>\$727,173</u></u>	<u><u>\$1,282,979</u></u>

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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11. DEFINED BENEFIT OPEB PLAN (Continued)

\$22,714 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 in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	(\$62,687)	(\$155,720)	(\$218,407)
2023	(61,997)	(140,683)	(202,680)
2024	(62,109)	(135,423)	(197,532)
2025	(70,669)	(132,174)	(202,843)
2026	(58,678)	(29,002)	(87,680)
Thereafter	(20,473)	(30,624)	(51,097)
Total	(\$336,613)	(\$623,626)	(\$960,239)

Actuarial Assumptions - SERS

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

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

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

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

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GREENE COUNTY, OHIO**

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11. DEFINED BENEFIT OPEB PLAN (Continued)

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

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

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

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

11. DEFINED BENEFIT OPEB PLAN (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		Long-Term Expected	
	Allocation		Real Rate of Return	
Cash	2.00	%	1.85	%
US Stocks	22.50		5.75	
Non-US Stocks	22.50		6.50	
Fixed Income	19.00		2.85	
Private Equity	12.00		7.60	
Real Assets	17.00		6.60	
Multi-Asset Strategies	5.00		6.65	
Total	100.00	%		

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability at June 30, 2019, was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 1.50 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to 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 percent, 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. 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 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.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
District's proportionate share of the net OPEB liability	\$1,032,858	\$843,853	\$693,598

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

11. DEFINED BENEFIT OPEB PLAN (Continued)

	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
District's proportionate share of the net OPEB liability	\$664,472	\$843,853	\$1,083,737

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End

Based on a new experience study for the five years ending June 30, 2020, the SERS Board reduced wage inflation from 3.50 percent to 3.25 percent and increased the health care rate of return from 5.25 percent to 7.00 percent as of June 30, 2021. The effects of these changes are unknown.

Actuarial Assumptions – STRS

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

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Blended Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.00 percent initial, 4 percent ultimate
Medicare	-6.69 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	6.50 percent initial, 4 percent ultimate
Medicare	11.87 percent initial, 4 percent ultimate

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

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

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

Since the prior measurement date, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution.

The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

11. DEFINED BENEFIT OPEB PLAN (Continued)

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 %	

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent 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 not projected to be sufficient to make all projected future benefit payments of 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 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net OPEB asset	(\$549,916)	(\$632,040)	(\$701,719)
	1% Decrease	Current Trent Rate	1% Increase
District's proportionate share of the net OPEB asset	(\$697,394)	(\$632,040)	(\$552,429)

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

12. COMPENSATED ABSENCES

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees earn 10 to 25 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment up to an accumulation of 25 days. The Treasurer and Superintendent can accumulate the maximum allowed by the law, currently 60 days. Only 260 day employees earn vacation time.

Administrators, classified and certificated employees earn sick leave at the rate of one and one-fourth days per month. For all employees, sick leave may be accumulated up to a maximum of 300 days and upon retirement payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 75 days.

Teachers, administrators, and classified employees earn three personal leave days per year. From 1987-2013, teachers and non-teaching bargaining unit members accumulated unused personal leave for the purpose of severance pay only. Upon resignation (after 4 years of employment) or retirement, teaching bargaining unit members receive \$100 and non-teaching bargaining unit members receive \$70 for each accumulated day of personal leave upon retirement.

All employees hired prior to 2013 are grandfathered under this language. A new personal leave incentive became effective in the 2013-14 year. Teachers and non-teaching bargaining unit members receive a lump sum payment, of varying amounts based on the number of unused personal days, no later than the end of summer following each school year.

B. Insurance Benefits

The District provides life insurance through Securian, dental insurance through Delta Dental and vision insurance through VSP to its employees. Medical and surgical benefits for most employees are provided through Anthem Blue Cross and Blue Shield with pharmaceutical benefits provided through CVS/Caremark. All of the insurance benefits are purchased through the Southwestern Ohio Educational Purchasing Council.

13. LONG-TERM OBLIGATIONS

The District had one outstanding bond and two notes payables during the year. The principal paid towards the debt obligations were \$118,690 during fiscal year 2021. Long-term direct borrowing debt outstanding for the District as of June 30, 2021 was as follows:

Description	Balance 06/30/20	Additions	Deletions	Balance 06/30/21	Due Within One Year
Refunding Permanent Improvement					
(a) Bonds 2012 Variable Rate	\$1,872,690	\$0	\$42,690	\$1,830,000	\$235,000
Accretion on Capital Appreciation Bonds	161,897	25,413	187,310	0	0
Premium on Bonds	142,664	0	17,832	124,832	0
(b) Energy Conservation Notes Payable	76,000	0	76,000	0	0
(c) Notes Payable	0	700,000	0	700,000	63,500
Total	\$2,253,251	\$725,413	\$323,832	\$2,654,832	\$298,500

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

13. LONG-TERM OBLIGATIONS (Continued)

Other long-term obligation for the District as of June 30, 2021 was as follows:

Description	Balance 06/30/20	Additions	Deletions	Balance 06/30/21	Due Within One Year
Compensated Absences	\$621,118	\$347,558	\$394,811	\$573,865	\$122,197
Net Pension Liability					
SERS	2,389,040	98,009	0	2,487,049	0
STRS	8,030,360	671,278	0	8,701,638	0
Net OPEB Liability					
SERS	1,032,996	0	189,143	843,853	0
Total	\$12,073,514	\$1,116,845	\$583,954	\$12,606,405	\$122,197

A. School Improvement Refunding Bonds

On August 10, 2011, the District issued \$2,959,999 in school improvement refunding bonds for the purpose of partially refunding the 2002 permanent improvement bonds. The bonds were issued for a 17-year period with final maturity during fiscal year 2028. The bonds will be paid from the Bond Retirement Debt Service Fund.

Capital appreciation bonds were issued at \$94,999. The one capital appreciation bond matured in fiscal year 2020 and the other capital appreciation bond matured in fiscal year 2021. The maturity amount of the capital appreciation bonds totaled \$465,000. For fiscal year 2021, the capital appreciation bonds were accreted \$25,413 before maturing.

Principal and interest requirements to retire the permanent improvement bonds outstanding at June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$235,000	\$67,275	\$302,275
2023	245,000	58,288	303,288
2024	250,000	49,000	299,000
2025	255,000	38,900	293,900
2026	270,000	28,400	298,400
2027-2028	575,000	23,300	598,300
Total	\$1,830,000	\$265,163	\$2,095,163

B. Energy Conservation Notes

During 2011, the District issued \$835,000 in energy conservation notes under the Qualified School Construction Bond program that will rebate just under one hundred percent of the interest costs from the Federal government. The notes were issued for a twelve year period with a final maturity of March 1, 2021. The notes will be retired from the general fund and used for updating various lighting and other electrical items throughout the school. The note was retired during fiscal year 2021.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

13. LONG-TERM OBLIGATIONS (Continued)

C. Notes Payable

During 2021, the District issued \$700,000 in notes payable for the track construction project. The project is being paid from the permanent improvement capital projects fund. The notes were issued for a ten year period with a final maturity of December 1, 2030.

Principal and interest requirements to retire the notes payable outstanding at June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$63,500	\$14,702	\$78,202
2023	65,000	13,288	78,288
2024	66,000	11,847	77,847
2025	67,500	10,378	77,878
2026	69,000	8,877	77,877
2027-2031	369,000	20,658	389,658
Total	<u>\$700,000</u>	<u>\$79,750</u>	<u>\$779,750</u>

The compensated absences, OPEB liability and the net pension liability will be paid from the funds from which the employees' salaries are paid.

The District's voted legal debt margin of \$12,645,202, energy conservation debt margin of \$1,508,031 with an unvoted debt margin of \$167,559 at June 30, 2021.

14. SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	Capital Acquisition
Set-aside Cash Balance as of June 30, 2020	\$0
Current Year Set-aside Requirement	124,816
Offset for permanent improvement levy	(123,764)
Qualifying Disbursements	(99,449)
Total	<u>(\$98,397)</u>

Although the District had qualifying disbursements during the year that reduced the capital acquisition to below zero; however, the amount is not carried forward to the next fiscal year.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

15. INTERFUND TRANSACTIONS

	Interfund Receivable	Interfund Payable	Transfers In	Transfers Out
General Fund	\$129,560	\$0	\$0	\$383
Non-Major Governmental Funds	0	129,560	383	0
Total All Funds	<u>\$129,560</u>	<u>\$129,560</u>	<u>\$383</u>	<u>\$383</u>

The interfund payables from the General Fund to the nonmajor funds relate to short term advances to the Food Service, ESSER Grant, Title VI-B, Title I, Title II-A and Miscellaneous Federal Grant funds that will be repaid in the following year when those reimbursements are received.

16. FUND BALANCE ALLOCATION

The District has chosen to present to the consolidated summary of fund balance classification on the financial statements. The detail of those fund balance classifications are outlined below:

Fund Balances:	General	Bond Retirement	Non-Major Funds
Restricted for:			
Debt Service	\$0	\$219,723	\$0
Capital Improvements	0	0	625,985
Contributor restrictions	0	0	4,777
Student activities	0	0	87,020
Federal grants	0	0	3,671
Assigned to:			
Budgeted Appropriations	972,256	0	0
Encumbrances	59,714	0	0
Public School Support	34,853	0	0
Unassigned	3,996,709	0	(50,977)
Total Fund Balances	<u>\$5,063,532</u>	<u>\$219,723</u>	<u>\$670,476</u>

The assigned balance for public school support comes from funds the Treasurer places in a separate fund derived from various receipts at the different schools. The Treasurer also encumbers certain funds for future payment.

17. JOINTLY GOVERNED ORGANIZATIONS

A. Miami Valley Educational Computer Association (MVECA)

The District is a participant in the Miami Valley Educational Computer Association (MVECA), which is a computer consortium. MVECA is an association of public school districts within the boundaries of Clark, Clinton, Fayette, Greene and Highland Counties and Cities of Springfield, Wilmington, Washington Court House, Beavercreek, Fairborn, Xenia and Hillsboro. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

17. JOINTLY GOVERNED ORGANIZATIONS – (Continued)

The governing board of MVECA consists of five Superintendents and two Treasurers of member school districts, with four of the five Superintendents and both Treasurers elected by a majority vote of all member school districts except the Greene County Career Center. The fifth Superintendent is from the Greene County Career Center. The District paid MVECA \$249,130 for services provided during the year. Financial information can be obtained from Thor Sage, who serves as Director, at 888 Dayton Street, Suite 102, Yellow Springs, Ohio 45387.

B. Southwestern Ohio Educational Purchasing Council (SOEPC)

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing council made up of nearly 100 school districts in 12 counties. The purpose of the council is to obtain reduced prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. During fiscal year 2021, no payments were made by the Yellow Springs Exempted Village School District to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

C. Greene County Career Center

The Greene County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected Boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Greene County Career Center, Eva Anderson, who serves as Treasurer, at 532 Innovation Drive, Xenia, OH 45385.

18. GROUP PURCHASING POOLS

A. Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

The District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of the GRP serves as the coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

18. GROUP PURCHASING POOLS (Continued)

B. Southwestern Ohio Educational Purchasing Council Medical Benefits Plan

The District participates in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP). The MBP's business and affairs are conducted by an eleven-member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or Treasurer from each participating school district serves on the general assembly. Each year, the participating school districts pay an enrollment fee to the MBP to cover the costs of administering the program.

19. CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

B. School Foundation

In fiscal year 2021, District foundation funding was based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2021 are finalized. As a result, the impact of enrollment adjustments to fiscal year 2021 foundation funding was a receivable of \$12,232.

C. Litigation

The District is not party to any legal proceedings.

20. ACCOUNTABILITY

At June 30, 2021, the following funds had a deficit fund balance:

<u>Funds</u>	<u>Amounts</u>
Food Service	\$ 4,246
Title VI-B Grants	6,246
Title I Grants	5,202
Title II-A Grants	5,154
ESSER Grant	30,129

The deficits in the funds were due to timing of grant reimbursement at year end and GAAP adjustments. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

21. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities* and related guidance from (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities*. GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. The District reviewed its agency funds and the funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the District's financial statements.

Restatement of Fund Balances and Net Position

The implementation of GASB Statement No. 84 had the following effect on fund balance as of June 30, 2020:

	Governmental Funds Non Major
Fund Balances, June 30, 2020	\$245,825
Adjustments:	
GASB 84	51,941
Restated Fund Balances, June 30, 2020	\$297,766

The implementation of GASB Statement No. 84 had the following effect on net position as of June 30, 2020:

	Governmental Activities
Net Position June 30, 2020	(\$3,386,917)
Adjustments:	
GASB 84	51,941
Restated Net Position June 30, 2020	(\$3,334,976)

22. 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. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

The District also received Elementary Secondary School Emergency Relief (ESSER) and Broadband Ohio Connectivity funding. The total amount received under these programs was \$164,626.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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

23. SUBSEQUENT EVENTS

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, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the educating school. For fiscal year 2021, the District reported \$201,337 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.

Yellow Springs Exempted Village School District (the "District")
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Eight Fiscal Years (1)

	2020	2019	2018	2017	2016	2015	2014	2013
The District's Proportion of the Net Pension Liability	0.0376016%	0.0399293%	0.0429024%	0.0391702%	0.0380606%	0.0357680%	0.0350930%	0.0350930%
The District's Proportion Share of the Net Pension Liability	2,487,049	2,389,040	2,457,100	2,340,333	2,785,685	2,040,934	1,776,037	2,086,868
The District's Covered Payroll	1,517,859	1,509,556	1,421,074	1,379,464	1,322,043	1,294,886	1,147,973	989,328
The District's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	163.85%	158.26%	172.90%	169.66%	210.71%	157.61%	154.71%	210.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available

Amount presented as of the District's measurement date, which is the prior fiscal year.

Yellow Springs Exempted Village School District (the "District")
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Eight Fiscal Years (1)

	2020	2019	2018	2017	2016	2015	2014	2013
The District's Proportion of the Net Pension Liability	0.03596247%	0.03631281%	0.03640773%	0.03512352%	0.03555583%	0.03425705%	0.03398337%	0.03398337%
The District's Proportion Share of the Net Pension Liability	8,701,638	8,030,360	8,005,242	8,343,667	11,901,608	9,467,647	8,265,932	9,846,324
The District's Covered Payroll	4,464,771	4,379,621	4,076,600	3,903,507	4,145,179	3,605,657	3,875,477	3,562,769
The District's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	194.90%	183.36%	196.37%	213.75%	287.12%	262.58%	213.29%	276.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.48%	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available

Amount presented as of the District's measurement date, which is the prior fiscal year.

Yellow Springs Exempted Village School District (the "District")
 Required Supplementary Information
 Schedule of District's Contributions
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016
Contractually Required Contributions	\$ 229,329	\$ 204,911	\$ 203,790	\$ 191,845	\$ 193,125	\$ 185,086
Contributions in Relation to the Contractually Required Contribution	(229,329)	(204,911)	(203,790)	(191,845)	(193,125)	(185,086)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The District Covered Payroll	\$ 1,638,064	\$ 1,517,859	\$ 1,509,556	\$ 1,421,074	\$ 1,379,464	\$ 1,322,043
Contributions as a Percentage of Covered Payroll	14.00%	13.50%	13.50%	13.50%	14.00%	14.00%

	2015	2014	2013	2012
\$	170,666	\$ 159,109	\$ 136,923	\$ 146,636
	(170,666)	(159,109)	(136,923)	(146,636)
\$	-	\$ -	\$ -	\$ -
\$	1,294,886	\$ 1,147,973	\$ 989,328	\$ 1,090,230
	13.18%	13.86%	13.84%	13.45%

Yellow Springs Exempted Village School District (the "District")
 Required Supplementary Information
 Schedule of District's Contributions
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016
Contractually Required Contributions	\$ 605,001	\$ 625,068	\$ 613,147	\$ 570,724	\$ 546,491	\$ 580,325
Contributions in Relation to the Contractually Required Contribution	<u>(605,001)</u>	<u>(625,068)</u>	<u>(613,147)</u>	<u>(570,724)</u>	<u>(546,491)</u>	<u>(580,325)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The District Covered Payroll	\$ 4,321,436	\$ 4,464,771	\$ 4,379,621	\$ 4,076,600	\$ 3,903,507	\$ 4,145,179
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

	2015	2014	2013	2012
	\$ 504,792	\$ 503,812	\$ 463,160	\$ 472,547
	(504,792)	(503,812)	(463,160)	(472,547)
	\$ -	\$ -	\$ -	\$ -
	\$ 3,605,657	\$ 3,875,477	\$ 3,562,769	\$ 3,634,977
	14.00%	13.00%	13.00%	13.00%

Yellow Springs Exempted Village School District (the "District")
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Five Fiscal Years (1)

	2020	2019	2018	2017	2016
The District's Proportion of the Net OPEB Liability	0.0388278%	0.4107690%	0.0434261%	0.0399317%	0.0399317%
The District's Proportion Share of the Net OPEB Liability	\$ 843,853	\$ 1,032,996	\$ 1,204,757	\$ 1,071,662	\$ 1,138,201
The District's Covered Payroll	\$ 1,517,859	\$ 1,509,556	\$ 1,421,074	\$ 1,379,464	\$ 1,322,043
The District's Proportion Share of the Net OPEB Liability as a Percentage of its Covered Payroll	55.59%	68.43%	84.78%	77.69%	86.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2016 is not available

Amount presented as of the District's measurement date, which is the prior fiscal year.

Yellow Springs Exempted Village School District (the "District")
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB (Asset)/ Liability
 State Teachers Retirement System of Ohio
 Last Five Fiscal Years (1)

	2020	2019	2018	2017	2016
The District's Proportion of the Net OPEB (Asset)/Liability	0.03596247%	0.03631281%	0.03640773%	0.03512352%	0.03512352%
The District's Proportion Share of the Net OPEB (Asset)/Liability	\$ (632,040)	\$ (601,427)	\$ (585,000)	\$ 1,370,390	\$ 1,878,415
The District's Covered Payroll	\$ 4,464,771	\$ 4,379,621	\$ 4,076,600	\$ 3,903,507	\$ 4,145,179
The District's Proportion Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	-14.16%	-13.73%	-14.35%	35.11%	45.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability	182.13%	174.74%	176.00%	47.10%	37.30%

(1) Information prior to 2016 is not available

Amount presented as of the District's measurement date, which is the prior fiscal year.

Yellow Springs Exempted Village School District (the "District")
 Required Supplementary Information
 Schedule of the District's Contributions
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016
Contractually Required Contributions	\$ 22,714	\$ 33,398	\$ 30,572	\$ 7,105	\$ 22,611	\$ 19,796
Contributions in Relation to the Contractually Required Contribution	<u>(22,714)</u>	<u>(33,398)</u>	<u>(30,572)</u>	<u>(7,105)</u>	<u>(22,611)</u>	<u>(19,796)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The District Covered Payroll	1,638,064	1,517,859	1,509,556	1,421,074	1,379,464	1,322,043
Contributions as a Percentage of Covered Payroll	1.39%	2.20%	2.03%	0.50%	1.64%	1.50%

	2015	2014	2013	2012
\$	25,691	\$ 8,101	\$ 6,657	\$ 7,399
	<u>(25,691)</u>	<u>(8,101)</u>	<u>(6,657)</u>	<u>(7,399)</u>
\$	-	\$ -	\$ -	\$ -
	1,294,886	1,147,973	989,328	1,090,230
	1.98%	0.71%	0.67%	0.68%

Yellow Springs Exempted Village School District (the "District")
 Required Supplementary Information
 Schedule of the District's Contributions
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016
Contractually Required Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The District Covered Payroll	4,321,436	4,464,771	4,379,621	4,076,600	3,903,507	4,145,179
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

	2015	2014	2013	2012
\$	-	\$ 38,755	\$ 35,628	\$ 36,350
	-	(38,755)	(35,628)	(36,350)
\$	-	\$ -	\$ -	\$ -
	3,605,657	3,875,477	3,562,769	3,634,977
	0.00%	1.00%	1.00%	1.00%

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021*

Note 1 - Net Pension Liability

Changes in Assumptions - SERS

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

Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent

Payroll Growth Assumption was reduced from -22 percent to -18.20 percent

Assumed real wage growth was reduced from 0.75 percent to 0.50 percent

Rates of withdrawal, retirement and disability were updated to reflect recent experience.

Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.

Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.

Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Changes in Benefit Terms - SERS

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

Changes in Assumptions – STRS

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

Changes in Benefit Terms - STRS

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021*

Note 2 - Net OPEB Asset/Liability

Changes in Assumptions – SERS (fiscal year 2017)

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date: (1) The assumed rate of inflation was reduced from 3.25% to 3.00%, (2) Payroll growth assumption was reduced from 4.00% to 3.50%, (3) Assumed real wage growth was reduced from 0.75% to 0.50%, (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (6) Mortality among service retired members, and beneficiaries was updated to the following RP- 2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

Changes in Assumptions – SERS (fiscal year 2018)

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability. The Municipal Bond Index Rate increased from 2.95 percent to 3.56 percent. Single Equivalent Interest Rate, net of plan investment expense, including price inflation, increased from 2.98 percent to 3.63 percent.

Changes in Assumptions – SERS (fiscal year 2019)

Amounts reported for fiscal year 2019 incorporate changes in key methods and assumptions used in calculating the total OPEB liability. The Municipal Bond Index Rate increased from 3.56 percent to 3.62 percent. Single Equivalent Interest Rate, net of plan investment expense, including price inflation, increased from 3.63 percent to 3.70 percent. The health care cost trend assumptions changed as follows:

Pre-Medicare

Fiscal year 2018	7.50 percent initially, decreasing to 5.00 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent

Medicare

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021*

Changes in Assumptions – SERS (fiscal year 2020)

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

Municipal Bond Index Rate:	
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Medical Trend Assumption:	
Fiscal year 2020	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7 to 4.75 percent
Fiscal year 2019	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 4.75 percent

The discount rate used to measure the total OPEB asset liability at June 30, 2020 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 percent.

Changes in Assumptions – SERS (fiscal year 2021)

Amounts reported for fiscal year 2021 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent

The discount rate used to measure the total OPEB asset liability at June 30, 2021 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021*

Changes in Assumptions – STRS

For fiscal year 2021, health care cost trend rates changed from 4.93 percent to 9.62 percent initially and a 4.00 percent ultimate rate to -6.69 percent to 11.87 percent initial, 4 percent ultimate.

For fiscal year 2020, health care cost trend rates changed from -5.23 percent to 8 percent initial, 4 percent ultimate to 4.93 percent to 9.62 percent initially and a 4.00 percent ultimate rate.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates changed from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate to a range of -5.23 percent to 8 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. The long-term rate of return was reduced to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms – STRS

Non-Medicare increased from 1.984 percent to 2.055 percent effective January 1, 2021. Medicare subsidy increased to 2.10 percent effective January 1, 2021 for AMA Medicare Plan. Medicare Part B elimination postponed indefinitely.

For fiscal year 2020, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.944 percent to 1.984 percent per year of service effective January 1, 2020. The Non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.10 percent from the Medicare Plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

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

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

Yellow Springs Exempted Village School District
Greene County
888 Dayton Street, Suite 106
Yellow Springs, Ohio 45387

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Yellow Springs Exempted Village School District, Greene County, (the District) as of and for the fiscal 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 August 16, 2023, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District and the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84 *Fiduciary Activities*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our 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 deficiencies in internal control 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2021-001.

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

August 16, 2023

YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY

SCHEDULE OF FINDINGS
JUNE 30, 2021

FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2021-001

Noncompliance

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. Further, **Ohio Rev. Code § 5705.10(H)** states, in part, that if a board of education of a school district disposes of real property under section 3313.41, 3313.411, or 3313.413 of the Revised Code, the proceeds received from the sale shall be used for either of the following purposes:

- 1) The retirement of any debt that was incurred by the district with respect to that real property.
- 2) Payment into a special fund for the construction or acquisition of permanent improvements.

The District inappropriately recorded \$60,000 from the sale of land into the General Fund. Given the source of the revenue, this should have been recorded in the Permanent Improvement Fund. Audit adjustments are reflected in the financial statements, including the General Fund budgetary statement, and in the accounting records correcting the misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The District should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response

We did not receive a response from Officials to this finding.

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OHIO AUDITOR OF STATE KEITH FABER



YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT

GREENE 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 9/19/2023

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Phone: 614-466-4514 or 800-282-0370

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