



OHIO AUDITOR OF STATE
KEITH FABER



**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY
JUNE 30, 2020 AND 2019**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position, June 30, 2020	13
Statement of Activities For the Fiscal Year Ended June 30, 2020.....	14
Fund Financial Statements:	
Balance Sheet Governmental Funds, June 30, 2020	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities, June 30, 2020	16
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds, For the Fiscal Year Ended June 30, 2020	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities, For the Fiscal Year Ended June 30, 2020	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund, For the Fiscal Year Ended June 30, 2020.....	19
Statement of Fiduciary Assets and Liabilities Agency Fund, June 30, 2020	20
Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2020	21
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability (School Employees Retirement System of Ohio).....	60
Schedule of the District's Proportionate Share of the Net Pension Liability (State Teachers Retirement System of Ohio)	62
Schedule of the District's Contributions (School Employees Retirement System of Ohio).....	64
Schedule of the District's Contributions (State Teachers Retirement System of Ohio)	66

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY
JUNE 30, 2020 AND 2019**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Schedule of the District's Proportionate Share of the Net OPEB Liability (School Employees Retirement System of Ohio).....	68
Schedule of the District's Proportionate Share of the Net OPEB Liability (State Teachers Retirement System of Ohio)	69
Schedule of the District's Contributions (School Employees Retirement System of Ohio).....	70
Schedule of the District's Contributions (State Teachers Retirement System of Ohio)	72
Notes to Required Supplementary Information For the Year Ended June 30, 2020	74
Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019	75
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position, June 30, 2019	85
Statement of Activities For the Fiscal Year Ended June 30, 2019.....	86
Fund Financial Statements:	
Balance Sheet Governmental Funds, June 30, 2019.....	87
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities, June 30, 2019	88
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds, For the Fiscal Year Ended June 30, 2019	89
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities, For the Fiscal Year Ended June 30, 2019	90
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund, For the Fiscal Year Ended June 30, 2019.....	91
Statement of Fiduciary Assets and Liabilities Agency Fund, June 30, 2019	92
Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2020	93

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY
JUNE 30, 2020 AND 2019**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability (School Employees Retirement System of Ohio).....	132
Schedule of the District's Proportionate Share of the Net Pension Liability (State Teachers Retirement System of Ohio)	134
Schedule of the District's Contributions (School Employees Retirement System of Ohio).....	136
Schedule of the District's Contributions (State Teachers Retirement System of Ohio)	138
Schedule of the District's Proportionate Share of the Net OPEB Liability (School Employees Retirement System of Ohio).....	140
Schedule of the District's Proportionate Share of the Net OPEB Liability (State Teachers Retirement System of Ohio)	141
Schedule of the District's Contributions (School Employees Retirement System of Ohio).....	142
Schedule of the District's Contributions (State Teachers Retirement System of Ohio)	144
Notes to Required Supplementary Information For the Year Ended June 30, 2019	146
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	147

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



One First National Plaza
130 West Second Street, Suite 2040
Dayton, Ohio 45402-1502
(937) 285-6677 or (800) 443-9274
WestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Yellow Spring Exempted Village School District
Greene County
201 South Walnut Street
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 Spring Exempted Village School District, Greene County, Ohio (the District), as of and for the fiscal years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020 and 2019, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the fiscal years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

January 15, 2021

Yellow Springs Exempted Village School District
Greene County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
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, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the 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 2020 are as follows:

- The net position at the close of the most recent fiscal year was (\$3,386,917). 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 liability. These additional pension/OPEB items are responsible for reducing the net position by \$10,065,537. Without these items, the net position for the District would be \$6,678,620.
- General revenues accounted for \$8,154,836 in revenue or 78.64 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$2,214,796 or 21.36 percent of total revenues of \$10,369,632.
- The District had \$11,507,286 in expenses related to governmental activities; only \$2,214,796 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$8,154,836 were not adequate to provide for these programs. The District does report a pension/OPEB expense of \$1,568,477 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 \$9,092,945 in revenues and \$9,733,666 in expenditures and other financing uses. The general fund balance decreased (\$640,721) from the prior fiscal year. The bond retirement fund had \$291,860 in revenues and \$310,146 in expenditures. The bond retirement fund balance decreased (\$18,286) from the prior fiscal year based on expenditures exceeding revenues.

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 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.)

Yellow Springs Exempted Village School District
Greene County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

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 can be divided into two categories: governmental funds and fiduciary 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 sixteen 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 fourteen 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.

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

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, 2020
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 2019 to 2020.

Table 1
Net Position
Governmental Activities

	2020	2019	Change
<u>Assets</u>			
Current and other assets	\$10,897,029	\$11,155,269	(\$258,240)
Net OPEB asset	601,427	585,000	16,427
Capital assets, net	4,281,741	4,396,747	(115,006)
Total assets	<u>15,780,197</u>	<u>16,137,016</u>	<u>(356,819)</u>
<u>Deferred Outflows of Resources</u>			
OPEB	310,108	268,590	41,518
Pension	2,172,286	3,143,187	(970,901)
Total Deferred Outflows of Resources	<u>2,482,394</u>	<u>3,411,777</u>	<u>(929,383)</u>
<u>Liabilities</u>			
Current liabilities	1,490,349	1,389,840	100,509
Long-term liabilities			
Net Pension Liability	10,419,400	10,462,342	(42,942)
Net OPEB Liability	1,032,996	1,204,755	(171,759)
Other Long-term liabilities	2,709,938	2,950,732	(240,794)
Total liabilities	<u>15,652,683</u>	<u>16,007,669</u>	<u>(354,986)</u>
<u>Deferred Inflows of Resources</u>			
Property Taxes	4,299,863	4,100,270	199,593
OPEB	1,077,033	1,008,267	68,766
Pensions	619,929	681,850	(61,921)
Total Deferred Inflows of Resources	<u>5,996,825</u>	<u>5,790,387</u>	<u>206,438</u>
<u>Net Position</u>			
Net investment in capital assets	2,190,387	2,159,352	31,035
Restricted	472,866	438,156	34,710
Unrestricted (deficit)	<u>(6,050,170)</u>	<u>(4,846,771)</u>	<u>(1,203,399)</u>
Total net position	<u>(\$3,386,917)</u>	<u>(\$2,249,263)</u>	<u>(\$1,137,654)</u>

Yellow Springs Exempted Village School District
Greene County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
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 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 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
Greene County**

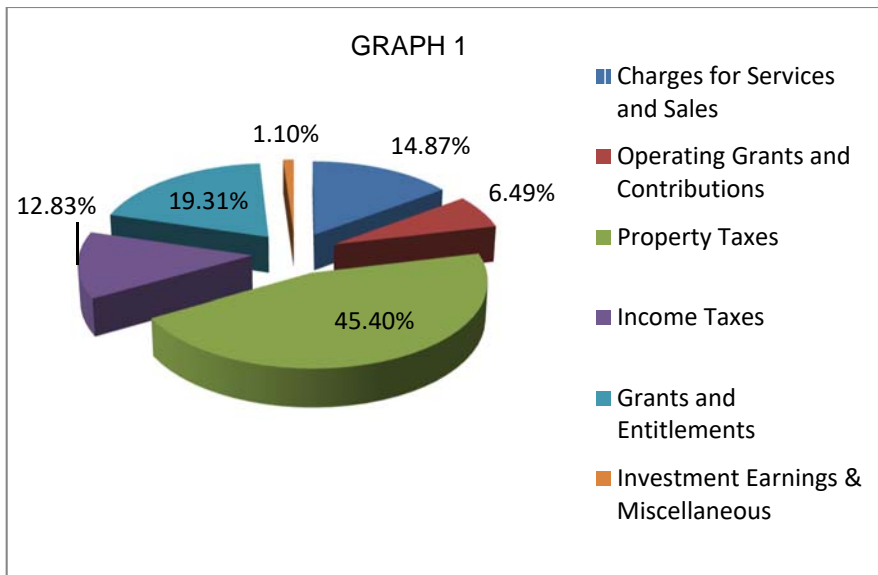
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The District continues to generate additional revenue from the prior year tax levy but the cash balance across all funds decreased just \$15,894 as the District spent more on facilities assessments and saw personnel costs increase. The long-term liabilities decreased by \$455,495 as the District continues to pay down the two long term debt obligations. 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 2019 to 2020.

**Table 2
Changes in Revenue
Governmental Activities**

	<u>2020</u>	<u>2019</u>	<u>Change</u>
<u>Revenues:</u>			
<i>Program Revenues:</i>			
Charges for Services and Sales	\$1,541,738	\$1,396,053	\$145,685
Operating Grants and Contributions	673,058	466,275	206,783
<i>Total Program Revenues</i>	<u>2,214,796</u>	<u>1,862,328</u>	<u>352,468</u>
<i>General Revenues:</i>			
Property Taxes	4,707,584	4,820,243	(112,659)
Income Taxes	1,330,814	1,664,036	(333,222)
Grants and Entitlements	2,001,937	2,142,223	(140,286)
Investment Earnings	93,253	81,075	12,178
Miscellaneous	21,248	43,589	(22,341)
<i>Total General Revenues</i>	<u>8,154,836</u>	<u>8,751,166</u>	<u>(596,330)</u>
Total Revenues	<u><u>\$10,369,632</u></u>	<u><u>\$10,613,494</u></u>	<u><u>(\$243,862)</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
For the Fiscal Year Ended June 30, 2020
Unaudited

Table 3 shows the change in program expenses from 2019 to 2020.

**Table 3
Total Program Expenses
Governmental Activities**

	<u>2020</u>	<u>2019</u>	<u>Change</u>
<u>Expenses:</u>			
Instruction:			
Regular	\$4,703,908	\$3,652,985	\$1,050,923
Special	1,794,475	1,354,100	440,375
Other	233,143	223,878	9,265
Support Services:			
Pupils	721,196	540,423	180,773
Instructional Staff	441,837	244,098	197,739
Board of Education	94,859	219,536	(124,677)
Administration	1,026,538	977,806	48,732
Fiscal/Business	469,746	554,243	(84,497)
Operation/Maintenance of Plant	860,938	823,271	37,667
Pupil Transportation	265,324	294,986	(29,662)
Central	129,363	169,511	(40,148)
Non-Instructional	316,736	301,942	14,794
Extracurricular Activities	318,060	409,638	(91,578)
Debt Service: Interest & Fiscal Charges	131,163	136,556	(5,393)
Total Expenses	<u>11,507,286</u>	<u>9,902,973</u>	<u>1,604,313</u>
Net Change	(1,137,654)	710,521	<u>(\$1,848,175)</u>
Beginning Net Position	<u>(2,249,263)</u>	<u>(2,959,784)</u>	
Ending Net Position	<u>(\$3,386,917)</u>	<u>(\$2,249,263)</u>	

The decrease in the property taxes is due a to larger amount available for advance in the prior year compared to this year by \$124,430. Income taxes decreased about \$333,000 as less money was received and the intergovernmental revenue decreased \$140,000 due to the pandemic. The increase in expenses is related to the pension/OPEB expense recognition for the GASB 68 and GASB 75 amortization amounts from last year that were significantly lower than the current year. Those prior amounts increased the total expenses by \$1,862,531, whereas, the overall expenses decreased \$14,356 for fiscal year 2020.

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

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
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 86.73% of the \$10,484,793 in total revenue and other financing sources and 88.18% of the \$11,038,535 in total expenditures and other uses. The general fund received a majority of its revenues from property taxes, income taxes and intergovernmental revenues. Revenues were less than expenditures and other financing uses in the general fund by \$640,721 creating a year end fund balance of \$4,609,781. 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 \$1,240,486 in current liabilities for fiscal year 2020. Accrued wages and benefits accounted for 69.73% of those liabilities. Taxes receivable accounted for 98.69% of the \$4,902,236 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 2020 fiscal year.

General Fund Budgetary

Table 4 compares the original and final general fund revenue budgets for the fiscal year ended June 30, 2020.

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

	Budget		
	Original	Final	Variance
<u>Revenues</u>			
Property/Income Taxes	\$6,088,545	\$6,063,685	(\$24,860)
Intergovernmental	1,983,140	1,957,052	(26,088)
Other	1,300,000	1,396,000	96,000
Total Revenues	<u>9,371,685</u>	<u>9,416,737</u>	<u>\$45,052</u>

The original revenue estimates come from September 2019 Amended Certificate of Estimated Resources, which is based on the Tax Budget also completed in January, 2018. 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 \$96,248 over the final budgeted figures.

Table 5 compares the original and final general fund expenditure budgets for the fiscal year ended June 30, 2020.

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

	Budget		
	Original	Final	Variance
<u>Expenditures</u>			
Instruction	\$5,727,166	\$5,718,051	(\$9,115)
Support Services	3,900,108	3,995,671	95,563
Other	351,912	350,485	(1,427)
Total Expenditures	<u>9,979,186</u>	<u>10,064,207</u>	<u>85,021</u>

Yellow Springs Exempted Village School District
Greene County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The original budget comes for the Tax Budget filed in January of 2019. 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 3.31% under the final budget, which is \$333,560.

Capital Assets

At the end of the year, the District had \$4,281,741 invested in land, 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>2020</u>	<u>2019</u>	<u>Change</u>
Land	\$ 1,238,340	\$ 1,238,340	0.00%
Land Improvements	537,457	537,457	0.00%
Buildings and Building Improvements	7,143,917	7,143,917	0.00%
Furniture, Fixtures, Equipment	912,821	869,464	4.99%
Vehicles	379,042	329,726	14.96%
Total at Historical Cost	<u>10,211,577</u>	<u>10,118,904</u>	<u>0.92%</u>
Less: Accumulated Depreciation	<u>(5,929,836)</u>	<u>(5,722,157)</u>	<u>3.63%</u>
Capital Assets, Net	<u>\$4,281,741</u>	<u>\$4,396,747</u>	<u>(2.62)%</u>

The increase in equipment is for technology used in instruction and the District purchased a new bus. 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 retire March 1, 2021 with annual payments being made from the cost savings realized in the general fund. The remaining balance at June 30, 2020 is \$76,000.

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, 2020 is \$1,872,690. 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, 2020
Unaudited

For the Future

The District maintained its solid financial state through the end of fiscal year 2019-20. The additional emergency levy passed in 2012 and sizable increases in state funding have bolstered the cash carryover balance. With negotiated raises, the addition of staffing positions, high insurance premium increases, the need for more technology, increasing legal fees, and the purchase of a school bus, deficit spending occurred in the 2019-20 fiscal year. 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. For FY 2019-20 the District received \$2,323 more than was spent, however, with growing areas such as special education, technology, and project based learning (PBL), the district has had to increase spending on staffing, contracted services, and equipment. These added costs will likely remain in the budget permanently and the District will need to look at long-term solutions to covering these costs with additional revenues or expenditure offsets.

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. The District will continue to discuss future building needs and possibly conduct 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. School districts from all over the area are still sending 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. As of October 2020 the District is still on an online learning plan with the requirement of teachers being in their classroom to guide the learning process. The District also has Safe Centers for Online Learning for families of essential employees and single parents who need to have their children in a school building setting.

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 Tammy Emrick - Treasurer, Yellow Springs Schools, 201 S. Walnut Street, Yellow Springs, OH 45387. 937.767.7381 Also see: www.ysschools.org

This page intentionally left blank.

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

**Statement of Net Position
June 30, 2020**

		<u>Governmental Activities</u>
Assets:		
Equity in Pooled Cash and Investments	\$	5,589,897
Accounts Receivable		10,133
Intergovernmental Receivable		78,925
Accrued Interest Receivable		2,322
Income Taxes Receivable		523,149
Property Taxes Receivable		4,692,355
Materials and Supplies Inventory		248
Net OPEB Asset		601,427
Capital Assets:		
Non-Depreciable Capital Assets		1,238,340
Depreciable Capital Assets, net		3,043,401
Total Assets		<u>15,780,197</u>
Deferred Outflows of Resources		
OPEB		310,108
Pension		2,172,286
Total Deferred Outflows		<u>2,482,394</u>
Liabilities		
Accounts Payable		234,103
Accrued Wages and Benefits		890,753
Intergovernmental Payable		195,064
Accrued Interest Payable		5,998
Long-Term Liabilities:		
Due Within One Year		164,431
Due in More Than One Year		
Net Pension Liability		10,419,400
Net OPEB Liability		1,032,996
Other Long-Term Liabilities		2,709,938
Total Liabilities		<u>15,652,683</u>
Deferred Inflows of Resources:		
OPEB		1,077,033
Pension		619,929
Property Taxes		4,299,863
Total Deferred Inflows of Resources		<u>5,996,825</u>
Net Position:		
Net investment in Capital Assets		2,190,387
Restricted for Debt Service		206,237
Restricted for Capital		167,585
Restricted for Other Purposes		99,044
Unrestricted (Deficit)		(6,050,170)
Total Net Position	\$	<u><u>(3,386,917)</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, 2020**

	Program Revenues			net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities:				
Instruction:				
Regular	\$ 4,703,908	\$ 1,393,401	\$ 165,696	\$ (3,144,811)
Special	1,794,475	0	206,576	(1,587,899)
Other	233,143	0	0	(233,143)
Support Services:				
Pupils	721,196	2,034	94,240	(624,922)
Instructional Staff	441,837	0	0	(441,837)
Board of Education	94,859	0	0	(94,859)
Administration	1,026,538	720	0	(1,025,818)
Fiscal	373,758	0	0	(373,758)
Business	95,988	0	0	(95,988)
Operation and Maintenance of Plant	860,938	0	0	(860,938)
Pupil Transportation	265,324	0	0	(265,324)
Central	129,363	0	3,600	(125,763)
Operation of Non-Instructional Services	316,736	95,980	196,102	(24,654)
Extracurricular Activities	318,060	49,603	6,844	(261,613)
Debt Service:				
Interest and Fiscal Charges	131,163	0	0	(131,163)
Totals	\$ 11,507,286	\$ 1,541,738	\$ 673,058	(9,292,490)
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				4,323,333
Property Taxes, Levied for Capital				137,494
Property Taxes, Levied for Debt Service				246,757
Income Taxes				1,330,814
Grants and Entitlements not Restricted to Specific Programs				2,001,937
Investment Earnings				93,253
Miscellaneous				21,248
Total General Revenues				8,154,836
Change in Net Position				(1,137,654)
Net Position Beginning of Year				(2,249,263)
Net Position End of Year				\$ (3,386,917)

See Accompanying Notes to the Basic Financial Statements

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

**Balance Sheet
Governmental Funds
June 30, 2020**

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Current Assets:				
Equity in Pooled Cash and Investments	\$ 5,102,158	188,622	299,117	\$ 5,589,897
Materials and Supplies Inventory	0	0	248	248
Accrued Interest Receivable	2,322	0	0	2,322
Accounts Receivable	10,133	0	0	10,133
Intergovernmental Receivable	0	0	78,925	78,925
Interfund Receivable	51,700	0	0	51,700
Property Taxes Receivable	4,314,932	251,329	126,094	4,692,355
Income Taxes Receivable	523,149	0	0	523,149
Total Assets	\$ 10,004,394	\$ 439,951	\$ 504,384	\$ 10,948,729
Liabilities				
Current Liabilities:				
Accounts Payable	177,857	0	56,246	234,103
Accrued Wages and Benefits	864,931	0	25,822	890,753
Intergovernmental Payable	187,658	0	7,406	195,064
Interfund Payable	0	0	51,700	51,700
Matured Compensated Absences Payable	10,040	0	0	10,040
Total Liabilities	1,240,486	0	141,174	1,381,660
Deferred Inflows of Resources				
Property Taxes	4,023,349	233,714	117,385	4,374,448
Income Taxes	130,778	0	0	130,778
Total Deferred Inflows of Resources	4,154,127	233,714	117,385	4,505,226
Fund Balances				
Restricted	0	206,237	255,599	461,836
Assigned	956,591	0	0	956,591
Unassigned (Deficit)	3,653,190	0	(9,774)	3,643,416
Total Fund Balances	4,609,781	206,237	245,825	5,061,843
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,004,394	\$ 439,951	\$ 504,384	\$ 10,948,729

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, 2020**

Total Governmental Fund Balances	\$	5,061,843
<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.		4,281,741
Revenues that do not provide current financial resources are not reported as revenues in governmental funds.		205,363
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.		(8,867,043)
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.		(1,198,494)
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:		
Accrued Interest Payable	(5,998)	
General Obligation Bonds and Notes Payable	(2,253,251)	
Compensated Absences Payable	(611,078)	
	(2,870,327)	
Net Position of Governmental Activities	\$	(3,386,917)

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, 2020**

	General Fund	Bond Retirement Fund	All Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property and Other Local Taxes	\$ 4,335,952	\$ 247,333	\$ 137,854	\$ 4,721,139
Income Taxes	1,309,911	0	0	1,309,911
Intergovernmental	1,901,032	44,527	699,144	2,644,703
Interest	93,253	0	0	93,253
Tuition and Fees	1,393,401	0	800	1,394,201
Rent	720	0	0	720
Extracurricular Activities	5,000	0	34,075	39,075
Gifts and Donations	47,676	0	2,122	49,798
Customer Sales and Services	2,034	0	94,584	96,618
Miscellaneous	3,966	0	453	4,419
Total Revenues	9,092,945	291,860	969,032	10,353,837
EXPENDITURES:				
Current:				
Instruction:				
Regular	4,001,986	0	138,558	4,140,544
Special	1,474,676	0	198,218	1,672,894
Other	233,143	0	0	233,143
Support Services:				
Pupils	597,691	0	73,230	670,921
Instructional Staff	385,407	0	33,679	419,086
Board of Education	94,859	0	0	94,859
Administration	953,959	0	0	953,959
Fiscal	355,087	3,171	1,579	359,837
Business	28,151	0	0	28,151
Operation and Maintenance of Plant	817,129	0	0	817,129
Pupil Transportation	220,681	0	108,553	329,234
Central	111,146	0	3,600	114,746
Operation of Non-Instructional Services	2,753	0	313,488	316,241
Extracurricular Activities	243,548	0	37,837	281,385
Capital Outlay	4,475	0	85,981	90,456
Debt Service:				
Principal	75,900	52,309	0	128,209
Interest	2,119	254,666	0	256,785
Total Expenditures	9,602,710	310,146	994,723	10,907,579
Excess of Revenues Over (Under) Expenditures	(509,765)	(18,286)	(25,691)	(553,742)
OTHER FINANCING SOURCES (USES)				
Transfers In	0	0	130,956	130,956
Transfers Out	(130,956)	0	0	(130,956)
Total Other Financing Sources (Uses)	(130,956)	0	130,956	0
Net Change in Fund Balances	(640,721)	(18,286)	105,265	(553,742)
Fund Balance at Beginning of Year	5,250,502	224,523	140,560	5,615,585
Fund Balance at End of Year	\$ 4,609,781	\$ 206,237	\$ 245,825	\$ 5,061,843

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, 2020**

Net Change in Fund Balances - Total Governmental Funds	\$	(553,742)
<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	163,785	
Depreciation	<u>(278,791)</u>	(115,006)
<p>Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:</p>		
Grants	(9,385)	
Income Taxes	20,903	
Delinquent Property Taxes	<u>(13,555)</u>	(2,037)
<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	(33,432)	
Change in accretion on bonds	<u>125,622</u>	92,190
<p>Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.</p>		
		863,377
<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>		
		(1,568,477)
<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	
Bond payments	52,309	
Note payments	<u>75,900</u>	146,041
Change in Net Position of Governmental Activities	\$	<u><u>(1,137,654)</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, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 4,354,685	\$ 4,450,808	\$ 4,450,808	\$ 0
Income Tax	1,733,860	1,612,877	1,634,528	21,651
Intergovernmental	1,983,140	1,957,052	1,913,117	(43,935)
Interest	115,000	95,000	102,351	7,351
Tuition and Fees	1,180,000	1,256,500	1,368,220	111,720
Rent	2,500	2,500	720	(1,780)
Gifts and Donations	0	39,500	39,677	177
Miscellaneous	2,500	2,500	3,564	1,064
Total Revenues	<u>9,371,685</u>	<u>9,416,737</u>	<u>9,512,985</u>	<u>96,248</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	4,191,435	4,171,018	4,130,668	40,350
Special	1,311,731	1,321,683	1,385,031	(63,348)
Other	224,000	225,350	228,376	(3,026)
Support Services:				
Pupils	592,803	601,246	593,082	8,164
Instructional Staff	370,475	379,648	378,132	1,516
Board of Education	143,188	142,518	148,030	(5,512)
Administration	1,076,494	1,030,276	976,139	54,137
Fiscal	435,220	457,206	377,807	79,399
Business	46,125	46,125	39,651	6,474
Operation and Maintenance of Plant	856,990	893,735	825,678	68,057
Pupil Transportation	270,905	284,206	226,204	58,002
Central	107,908	160,711	120,874	39,837
Operation of Non-Instructional Services	3,500	3,500	3,314	186
Extracurricular Activities	261,912	261,985	215,167	46,818
Capital Outlay	10,000	8,500	4,475	4,025
Debt Service				
Principal	75,900	75,900	75,900	0
Interest	600	600	2,119	(1,519)
Total Expenditures	<u>9,979,186</u>	<u>10,064,207</u>	<u>9,730,647</u>	<u>333,560</u>
Excess of Revenues (Under) Expenditures	<u>(607,501)</u>	<u>(647,470)</u>	<u>(217,662)</u>	<u>429,808</u>
OTHER FINANCING SOURCES (USES)				
Advances In	136,000	136,000	136,000	0
Refund of Prior Year Expenditures	3,500	54,380	107,326	52,946
Transfers Out	(127,000)	(167,000)	(130,956)	36,044
Advances Out	(35,000)	(35,000)	(51,700)	(16,700)
Total Other Financing Sources and Uses	<u>(22,500)</u>	<u>(11,620)</u>	<u>60,670</u>	<u>72,290</u>
Net Change in Fund Balances	(630,001)	(659,090)	(156,992)	502,098
Fund Balance at Beginning of Year	4,880,386	4,880,386	4,880,386	0
Prior Year Encumbrances Appropriated	134,585	134,585	134,585	0
Fund Balance at End of Year	<u>\$ 4,384,970</u>	<u>\$ 4,355,881</u>	<u>\$ 4,857,979</u>	<u>\$ 502,098</u>

See Accompanying Notes to the Basic Financial Statements

YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY

*Statement of Fiduciary Assets and Liabilities -
Agency Fund
June 30, 2020*

	<u>Agency Fund</u>
Assets	
Current Assets:	
Equity in Pooled Cash and Investments	\$ <u>51,941</u>
Total Assets	<u>51,941</u>
Liabilities	
Current Liabilities:	
Undistributed Monies	<u>51,941</u>
Total Liabilities	<u>\$ <u>51,941</u></u>

See Accompanying Notes to the Basic Financial Statements

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 34 non-certified and 62 certified full-time teaching personnel who provide services to 744 students and 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, 2020
(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, 2020
(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 District maintains two fiduciary funds. An agency fund known as the Students Activities Fund, which was established to account for revenues generated by student managed activities. The second agency fund accounts for OHSAA programs. The District's agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

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. Fiduciary funds use 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, 2020
(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, 2020, but which were levied to finance fiscal year 2021 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, 2020
(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, except agency 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 2020, investments were limited to STAR Ohio, money market funds, certificate of deposits, and sweep accounts. 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, 2020
(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 NVA 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 \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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 2020 amounted to \$93,253 with \$10,416 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, 2020
(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, 2020
(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 \$472,866 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, 2020
(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 \$6,567 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	(\$640,721)
Revenue Accruals	453,049
Expenditure Accruals	107,561
GASB 54 Funds	(1,882)
Encumbrances	(159,299)
Advances	84,300
Budget Basis	<u><u>(\$156,992)</u></u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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 five years 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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the agreement be 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;
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; and
7. The State Treasurer's investment pool (STAR Ohio).

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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, \$272,554 of the District's bank balance of \$558,346 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

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, 2020, 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>
Fifth Third Government Money Market funds	\$676,297	\$676,297	\$0
Federal Home Loan Mortgage Corp Notes	399,604	0	399,604
STAR Ohio	4,108,191	4,108,191	0
Total	<u>\$5,184,092</u>	<u>\$4,784,488</u>	<u>\$399,604</u>

The District's investments with the exception of STAR Ohio are valued using quoted market prices (Level 1 inputs). STAR Ohio is valued at amortized cost.

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. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

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 Fifth Third Government Money Market funds is not rated. Federal Home Loan Mortgage Corporation Notes were rated AA+ by Standards and Poors, Aaa by Moody's and AAA by Fitch.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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 Fifth Third Government Money Market fund and the sweep account 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 25 percent of the interim monies available for investment at any one time. The District's has 13.05% of its investments in the Fifth Third Government Money Market funds, 7.71% of its investments in FHLMC note, and 79.24% of its investments in STAR Ohio.

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 2020 represent the collection of calendar year 2019 taxes. Real property taxes for 2020 were levied after April 1, 2019, on the assessed values as of January 1, 2019, 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 2020 were levied after April 1, 2019, on the assessed values as of December 31, 2018, 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 2020 (other than public utility property) represent the collection of calendar year 2020 taxes. Tangible personal property taxes for 2020 were levied after April 1, 2019, on the value as of December 31, 2019. 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, 2020, are available to finance fiscal year 2020 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

5. PROPERTY TAXES (Continued)

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, 2020 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 2020 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, 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 amount available as an advance at June 30, 2019, was \$406,439 in the General Fund, \$23,830 in the Bond Retirement fund and \$12,068 in the Non-major Governmental Funds. The assessed values upon which the fiscal year 2019 taxes were collected are:

	2019 Second- Half Collections		2020 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$125,979,760	89.03%	\$126,684,500	87.92%
Industrial/Commercial	13,634,660	9.64%	15,350,550	10.65%
Public Utility	1,889,530	1.33%	2,056,870	1.43%
Total Assessed Value	<u>\$141,503,950</u>	<u>100.00%</u>	<u>\$144,091,920</u>	<u>100.00%</u>
Full Tax rate per \$1,000 of assessed valuation	\$68.92		\$68.92	

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 \$1,309,911 were credited to the General Fund during fiscal year 2020.

7. RECEIVABLES

Receivables at June 30, 2020, 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
Governmental Activities:	
Federal and State Subsidies	\$22,650
Miscellaneous State Grants	39,593
Title VI-B Grant	8,736
Title I Grant	7,946
Total Intergovernmental Receivables	<u>\$78,925</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

8. CAPITAL ASSETS

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

	<u>Balance at 6/30/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/20</u>
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$1,238,340	\$0	\$0	\$1,238,340
Total Nondepreciable Capital Assets	<u>1,238,340</u>	<u>0</u>	<u>0</u>	<u>1,238,340</u>
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	869,464	52,982	(9,625)	912,821
Vehicles	329,726	110,803	(61,487)	379,042
Total Depreciable Capital Assets	<u>8,880,564</u>	<u>163,785</u>	<u>(71,112)</u>	<u>8,973,237</u>
Less Accumulated Depreciation				
Land Improvements	(435,402)	(19,975)	0	(455,377)
Buildings and Building Improvements	(4,538,180)	(203,042)	0	(4,741,222)
Furniture, Fixtures, and Equipment	(495,554)	(27,710)	9,625	(513,639)
Vehicles	(253,021)	(28,064)	61,487	(219,598)
Total Accumulated Depreciation	<u>(5,722,157)</u>	<u>(278,791)</u>	<u>71,112</u>	<u>(5,929,836)</u>
Depreciable Capital Assets, Net	<u>3,158,407</u>	<u>(115,006)</u>	<u>0</u>	<u>3,043,401</u>
Governmental Activities Capital Assets, Net	<u>\$4,396,747</u>	<u>(\$115,006)</u>	<u>\$0</u>	<u>\$4,281,741</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$183,609
Support Services:	
Business	51,219
Operation and Maintenance of Plant	1,775
Pupil Transportation	24,125
Central	6,652
Operation of Non-Instructional Services	374
Extracurricular Activities	11,037
Total Depreciation Expense	<u>\$278,791</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

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 2020, 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 \$26,249,980 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 2020, 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.

C. Medical Benefits

For fiscal year 2020, 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.

YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

10. DEFINED PENSION BENEFIT PLANS (Continued)

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	Age 65 with 5 years of service credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit 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 year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30 or \$86 multiplied by the years of service. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 13.5 percent. 0.5 percent was allocated to the Health Care Fund for fiscal year 2020.

The District's contractually required contribution to SERS was \$204,911 for fiscal year 2020. Of this amount \$13,051 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

10. DEFINED PENSION BENEFIT PLANS (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65 or 35 years of service and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 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% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS Ohio 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 Ohio bearing the risk of investment gain or loss on the account. STRS Ohio has therefore included all three plan options as one defined benefit plan for GASB 68 schedules of employer allocations and pension amounts by employer.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

10. DEFINED PENSION BENEFIT PLANS (Continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2020, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The District’s contractually required contribution to STRS was \$625,068 for fiscal year 2020. Of this amount \$102,298 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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

Proportion of the Net Pension Liability - prior measurement date	0.0429024%	0.03640773%	
Proportion of the Net Pension Liability - current measurement date	<u>0.0399293%</u>	<u>0.03631281%</u>	
Change in proportionate share	<u><u>-0.002973%</u></u>	<u><u>-0.000095%</u></u>	
Proportionate Share of the Net Pension Liability	\$2,389,040	\$8,030,360	\$10,419,400
Pension Expense	\$404,371	\$1,251,357	\$1,655,728

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

10. DEFINED PENSION BENEFIT PLANS (Continued)

At June 30, 2020, 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	\$60,404	\$65,380	\$125,784
Changes in proportion share	56,200	217,002	273,202
Changes in assumptions	0	943,321	943,321
District contributions subsequent to the measurement date	<u>204,911</u>	<u>625,068</u>	<u>829,979</u>
Total Deferred Outflows of Resources	<u><u>\$321,515</u></u>	<u><u>\$1,850,771</u></u>	<u><u>\$2,172,286</u></u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$30,667	\$392,479	\$423,146
Differences between expected and actual experience	0	34,761	34,761
Changes in proportion share	<u>96,841</u>	<u>65,181</u>	<u>162,022</u>
Total Deferred Inflows of Resources	<u><u>\$127,508</u></u>	<u><u>\$492,421</u></u>	<u><u>\$619,929</u></u>

\$829,979 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	\$58,502	\$587,575	\$646,077
2022	(84,757)	113,533	28,776
2023	(2,041)	(11,806)	(13,847)
2024	<u>17,392</u>	<u>43,980</u>	<u>61,372</u>
Total	<u><u>(\$10,904)</u></u>	<u><u>\$733,282</u></u>	<u><u>\$722,378</u></u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2019, are presented below:

Wage Inflation	3 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement.
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results on an experience study that was completed June 30, 2015. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability were the same as the prior measurement date: (a) the assumed rate of inflation was 3.00%, (b) payroll growth assumption was 3.50%, (c) assumed real wage growth was 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members used to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was followed RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disabled members used the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

10. DEFINED PENSION BENEFIT PLANS (Continued)

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

The target allocation and best estimates of arithmetic real rates of return for each major 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	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
 Total	 <u>100.00 %</u>	

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

Sensitivity of the 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.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
District's proportionate share of the net pension liability	\$3,347,899	\$2,389,040	\$1,584,917

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

10. DEFINED PENSION BENEFIT PLANS (Continued)

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2019, 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	7.45 percent, net of investment expenses, including inflation
Payroll increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0% effective July 1, 2017

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% 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, 2018, valuation are based on the results of an actuarial experience study, effective June 30, 2016.

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

<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><u>100.00 %</u></u>	<u><u>6.25 %</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
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2019. 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, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

Sensitivity of the 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	\$11,735,476	\$8,030,360	\$4,893,789

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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 2020, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the District paid \$24,039 for the SERS surcharge.

The District's contractually required contribution to SERS was \$33,398 for fiscal year 2020. Of this amount \$483 is reported as 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, 2020, 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
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2019, 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 Liability - prior measurement date	0.0434261%	0.03640773%	
Proportion of the Net OPEB Asset/Liability - current measurement date	<u>0.0410769%</u>	<u>0.03631281%</u>	
Change in proportionate share	<u><u>-0.002349%</u></u>	<u><u>-0.0000949%</u></u>	
Proportionate Share of the Net OPEB Liability/(Asset)	\$1,032,996	(\$601,427)	\$431,569
OPEB Expense (Income)	\$90,111	(\$177,362)	(\$87,251)

At June 30, 2019, 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	\$15,164	\$54,524	\$69,688
Changes of assumptions	75,449	12,642	88,091
Net difference between projected and actual earnings on pension plan investments	2,475	0	2,475
Changes in proportion share	78,320	38,136	116,456
District contributions subsequent to the measurement date	<u>33,398</u>	<u>0</u>	<u>33,398</u>
Total Deferred Outflows of Resources	<u><u>\$204,806</u></u>	<u><u>\$105,302</u></u>	<u><u>\$310,108</u></u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$0	\$37,863	\$37,863
Differences between expected and actual experience	226,942	30,599	257,541
Changes in assumptions	62,435	659,396	721,831
Changes in proportion share	<u>59,251</u>	<u>547</u>	<u>59,798</u>
Total Deferred Inflows of Resources	<u><u>\$348,628</u></u>	<u><u>\$728,405</u></u>	<u><u>\$1,077,033</u></u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

11. DEFINED BENEFIT OPEB PLAN (Continued)

\$33,398 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	(\$51,120)	(\$136,839)	(\$187,959)
2022	(25,272)	(136,839)	(162,111)
2023	(24,542)	(121,655)	(146,197)
2024	(24,661)	(116,344)	(141,005)
2025	(33,165)	(113,063)	(146,228)
Thereafter	(18,460)	1,637	(16,823)
Total	(\$177,220)	(\$623,103)	(\$800,323)

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

11. DEFINED BENEFIT OPEB PLAN (Continued)

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

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.22 percent
Prior Measurement Date	3.70 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
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2015 five-year experience study, are summarized in the following table:

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

11. DEFINED BENEFIT OPEB PLAN (Continued)

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 (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
District's proportionate share of the net OPEB liability	\$1,253,863	\$1,032,996	\$857,384
	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	\$827,640	\$1,032,996	\$1,305,457

Actuarial Assumptions – STRS

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

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
Cost-of-Living Adjustments	0.0 percent, effective July 1, 2017 (COLA)
Discount Rate of Return	7.45 percent
Health Care Cost Trends	4.00 to 9.62 percent initial, 4 percent ultimate

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

11. DEFINED BENEFIT OPEB PLAN (Continued)

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

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

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

Also since the prior measurement date, 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, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for Medicare Plan. The Medicare Part B premium reimbursements elimination date was postponed to January 1, 2021.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity	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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

11. DEFINED BENEFIT OPEB PLAN (Continued)

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. 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, 2019.

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

	<u>1% Decrease (6.45%)</u>	<u>Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
District's proportionate share of the net OPEB asset	(\$513,198)	(\$601,427)	(\$675,607)
	<u>1% Decrease</u>	<u>Current Trent Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB asset	(\$681,991)	(\$601,427)	(\$502,756)

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

12. COMPENSATED ABSENCES (continued)

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 Assurant, 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

During the year ended June 30, 2020, the following changes occurred in obligations reported in the Government -Wide Financial Statements:

	Balance at 6/30/19	Additions	Deductions	Balance at 6/30/20	Due Within One Year
Refunding Permanent Improvement Bonds 2012 Variable Rate	\$1,924,999	\$0	\$52,309	\$1,872,690	\$42,690
Accretion on Capital Appreciation Bonds Premium	287,519	57,069	182,691	161,897	0
	160,496	0	17,832	142,664	0
Energy Conservation Notes Payable	151,900	0	75,900	76,000	76,000
Compensated Absences Payable	598,485	373,833	351,200	621,118	45,741
Net OPEB Liability					
SERS	1,204,757	0	171,761	1,032,996	0
Net Pension Liability					
SERS	2,457,100	0	68,060	2,389,040	0
STRS	8,005,242	25,118	0	8,030,360	0
Total	<u>\$14,790,498</u>	<u>\$456,020</u>	<u>\$919,753</u>	<u>\$14,326,765</u>	<u>\$164,431</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.

Capital appreciation bonds were issued at \$94,999. The one capital appreciation bond matured in fiscal year 2020 and the other capital appreciation bond will mature in fiscal year 2021 and will bear interest compounded semiannually on June 1 and December 1 of each year and began in fiscal year 2012. The maturity amount of the capital appreciation bonds is \$465,000. For fiscal year 2020, the capital appreciation bonds were accreted \$57,069.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

13. LONG-TERM OBLIGATIONS – (Continued)

Principal and interest requirements to retire the permanent improvement bonds outstanding at June 30, 2020, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$42,690	\$259,285	\$301,975
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
2026-2028	845,000	51,700	896,700
Total	<u>\$1,872,690</u>	<u>\$524,448</u>	<u>\$2,397,138</u>

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.

Principal requirements to retire the energy conservation notes outstanding at June 30, 2020, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2021	\$76,000

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 \$11,301,820, energy conservation debt margin of \$1,220,827 with an unvoted debt margin of \$144,092 at June 30, 2020.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2019	\$0
Current Year Set-aside Requirement	128,163
Offset for permanent improvement levy	(137,854)
Qualifying Disbursements	(201,027)
Total	(\$210,718)

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	Transfers In	Transfers Out
General Fund	\$51,700	\$0	\$0	\$130,956
Non-Major Special Revenue	0	51,700	130,956	0
Total All Funds	\$51,700	\$51,700	\$130,956	\$130,956

The interfund payables from the General Fund to the nonmajor funds relate to short term advances to the Food Service, District Managed Activities, Miscellaneous State Grants, and Title VI-B, Title I, and Miscellaneous Federal Grant 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, 2020
(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	\$206,237	\$0
Capital Improvements	0	0	167,585
Contributor restrictions	0	0	4,952
Student activities	0	0	51,988
Federal grants	0	0	31,074
Assigned to:			
Budgeted Appropriations	759,678	0	0
Encumbrances	159,299	0	0
Public School Support	37,614	0	0
Unassigned	3,653,190	0	(9,774)
Total Fund Balances	\$4,609,781	\$206,237	\$245,825

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 \$107,113 for services provided during the year. Financial information can be obtained from Thor Sage, who serves as Director, at 330 East Enon Road, 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

17. JOINTLY GOVERNED ORGANIZATIONS – (Continued)

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 and Federal Title Funds. During fiscal year 2020, the Yellow Springs Exempted Village School District paid \$15 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.

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, 2020.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

19. CONTINGENCIES – (Continued)

B. Litigation

The District is currently involved in litigation with the District as defendant although the impact on the financial statements can not be determined by June 30, 2020.

20. ACCOUNTABILITY

At June 30, 2020, the following funds had a deficit fund balance:

<u>Funds</u>	<u>Amounts</u>
Title VI-B Grants	\$ 4,024
Title I Grants	5,750

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. COVID - 19

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

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 Seven Fiscal Years (1)

	2019	2018
The District's Proportion of the Net Pension Liability	0.0399293%	0.0429024%
The District's Proportion Share of the Net Pension Liability	2,389,040	2,457,100
The District's Covered Payroll	1,509,556	1,421,074
The District's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	158.26%	172.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%

(1) Information prior to 2013 is not available

2017	2016	2015	2014	2013
0.0391702%	0.0380606%	0.0357680%	0.0350930%	0.0350930%
2,340,333	2,785,685	2,040,934	1,776,037	2,086,868
1,379,464	1,322,043	1,294,886	1,147,973	989,328
169.66%	210.71%	157.61%	154.71%	210.94%
69.50%	62.98%	69.16%	71.70%	65.52%

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 Seven Fiscal Years (1)

	<u>2019</u>	<u>2018</u>
The District's Proportion of the Net Pension Liability	0.03631281%	0.03640773%
The District's Proportion Share of the Net Pension Liability	8,030,360	8,005,242
The District's Covered Payroll	4,379,621	4,076,600
The District's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	183.36%	196.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.30%

(1) Information prior to 2013 is not available

2017	2016	2015	2014	2013
0.03512352%	0.03555583%	0.03425705%	0.03398337%	0.03398337%
8,343,667	11,901,608	9,467,647	8,265,932	9,846,324
3,903,507	4,145,179	3,605,657	3,875,477	3,562,769
213.75%	287.12%	262.58%	213.29%	276.37%
75.30%	66.80%	72.10%	74.70%	69.30%

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contributions	\$ 204,911	\$ 203,790	\$ 191,845
Contributions in Relation to the Contractually Required Contribution	<u>(204,911)</u>	<u>(203,790)</u>	<u>(191,845)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The District Covered Payroll	\$ 1,517,859	\$ 1,509,556	\$ 1,421,074
Contributions as a Percentage of Covered Payroll	13.50%	13.50%	13.50%

2017	2016	2015	2014	2013	2012	2011
\$ 193,125	\$ 185,086	\$ 170,666	\$ 159,109	\$ 136,923	\$ 146,636	\$ 189,493
(193,125)	(185,086)	(170,666)	(159,109)	(136,923)	(146,636)	(189,493)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,379,464	\$ 1,322,043	\$ 1,294,886	\$ 1,147,973	\$ 989,328	\$ 1,090,230	\$ 1,507,502
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contributions	\$ 625,068	\$ 613,147	\$ 570,724
Contributions in Relation to the Contractually Required Contribution	<u>(625,068)</u>	<u>(613,147)</u>	<u>(570,724)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The District Covered Payroll	\$ 4,464,771	\$ 4,379,621	\$ 4,076,600
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 546,491	\$ 580,325	\$ 504,792	\$ 503,812	\$ 463,160	\$ 472,547	\$ 539,860
<u>(546,491)</u>	<u>(580,325)</u>	<u>(504,792)</u>	<u>(503,812)</u>	<u>(463,160)</u>	<u>(472,547)</u>	<u>(539,860)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,903,507	\$ 4,145,179	\$ 3,605,657	\$ 3,875,477	\$ 3,562,769	\$ 3,634,977	\$ 4,152,769
14.00%	14.00%	14.00%	13.00%	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 Four Fiscal Years (1)

	2019	2018	2017	2016
The District's Proportion of the Net OPEB Liability	0.4107690%	0.0434261%	0.0399317%	0.0399317%
The District's Proportion Share of the Net OPEB Liability	\$ 1,032,996	\$ 1,204,757	\$ 1,071,662	\$ 1,138,201
The District's Covered Payroll	\$ 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	68.43%	84.78%	77.69%	86.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2016 is not available

Amount presented as of the School 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 Liability
 State Teachers Retirement System of Ohio
 Last Four Fiscal Years (1)

	2019	2018	2017	2016
The District's Proportion of the Net OPEB (Asset)/Liability	0.03631281%	0.03640773%	0.03512352%	0.03512352%
The District's Proportion Share of the Net OPEB (Asset)/Liability	\$ (601,427)	\$ (585,000)	\$ 1,370,390	\$ 1,878,415
The District's Covered Payroll	\$ 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	-13.73%	-14.35%	35.11%	45.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.74%	176.00%	47.10%	37.30%

(1) Information prior to 2016 is not available

Amount presented as of the School 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

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

2016	2015	2014	2013	2012	2011
\$ 19,796	\$ 25,691	\$ 8,101	\$ 6,657	\$ 7,399	\$ 9,757
(19,796)	(25,691)	(8,101)	(6,657)	(7,399)	(9,757)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,322,043	1,294,886	1,147,973	989,328	1,090,230	1,507,502
1.50%	1.98%	0.71%	0.67%	0.68%	0.65%

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The District Covered Payroll	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%

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ -	\$ -	\$ 38,755	\$ 35,628	\$ 36,350	\$ 41,528
-	-	(38,755)	(35,628)	(36,350)	(41,528)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4,145,179	3,605,657	3,875,477	3,562,769	3,634,977	4,152,769
0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

Yellow Springs Exempted Village School District
Greene County, Ohio
Notes to the Required Supplementary Information
For the Year Ended June 30, 2020

Net OPEB Liability

Changes in Assumptions – SERS

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	7.00 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 – STRS

The discount rate as of June 30, 2019 is 7.45%, which is the assumed long-term expected rate of return on plan investments. Projections of the Plan's fiduciary net position have indicated that is expected to be sufficient to make projected benefit payments for current plan members following the procedures described in paragraphs 48-53 of GASB Statement 74. As such, the single rate of return, as required by the Statement, is equal to the long-term expected rate of return on the Plan's assets, which is 7.45%. The prior year's discount was 7.45% based on the assumed long-term expected rate of return on plan investments of 7.45%.

Yellow Springs Exempted Village School District
Greene County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
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, 2019. 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 2019 are as follows:

- The net position at the close of the most recent fiscal year was (\$2,249,263). 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 liability. These additional pension/OPEB items are responsible for reducing the net position by \$9,360,437. Without these items, the net position for the District would be \$7,111,174.
- General revenues accounted for \$8,751,166 in revenue or 82.45 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$1,862,328 or 17.55 percent of total revenues of \$10,613,494.
- The District had \$9,902,973 in expenses related to governmental activities; only \$1,862,328 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$8,751,166 were adequate to provide for these programs. The District does report a negative OPEB expense of \$1,162,723 that reduced the statement of activities expenses from \$11,065,696.
- The general fund and the bond retirement fund are the District's major funds. The general fund had \$9,491,488 in revenues and \$9,775,192 in expenditures and other financing uses. The general fund balance decreased (\$283,704) from the prior fiscal year. The bond retirement fund had \$299,316 in revenues and \$302,718 in expenditures. The bond retirement fund balance decreased (\$3,402) from the prior fiscal year based on expenditures exceeding revenues.

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 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.)

Yellow Springs Exempted Village School District
Greene County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

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 can be divided into two categories: governmental funds and fiduciary 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 sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances for the District's major funds. The general fund and bond retirement fund are the District's major funds. Data from the other fourteen 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.

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

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, 2019
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 2018 to 2019.

Table 1
Net Position
Governmental Activities

	2019	2018	Change
<u>Assets</u>			
Current and other assets	\$11,155,269	\$11,458,561	(\$303,292)
Net OPEB asset	585,000	0	585,000
Capital assets, net	4,396,747	4,557,526	(160,779)
Total assets	<u>16,137,016</u>	<u>16,016,087</u>	<u>120,929</u>
<u>Deferred Outflows of Resources</u>			
OPEB	268,590	113,475	155,115
Pension	3,143,187	3,507,419	(364,232)
Total Deferred Outflows of Resources	<u>3,411,777</u>	<u>3,620,894</u>	<u>(209,117)</u>
<u>Liabilities</u>			
Current liabilities	1,389,840	1,138,271	251,569
Long-term liabilities			
Net Pension Liability	10,462,342	10,684,000	(221,658)
Net OPEB Liability	1,204,755	2,442,052	(1,237,297)
Other Long-term liabilities	2,950,732	3,393,911	(443,179)
Total liabilities	<u>16,007,669</u>	<u>17,658,234</u>	<u>(1,650,565)</u>
<u>Deferred Inflows of Resources</u>			
Property Taxes	4,100,270	4,214,583	(114,313)
OPEB	1,008,267	273,497	734,770
Pensions	681,850	450,451	231,399
Total Deferred Inflows of Resources	<u>5,790,387</u>	<u>4,938,531</u>	<u>851,856</u>
<u>Net Position</u>			
Net investment in capital assets	2,159,352	2,001,399	157,953
Restricted	438,156	407,994	30,162
Unrestricted (deficit)	(4,846,771)	(5,369,177)	522,406
Total net position	<u>(\$2,249,263)</u>	<u>(\$2,959,784)</u>	<u>\$710,521</u>

Yellow Springs Exempted Village School District
Greene County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
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
Greene County**

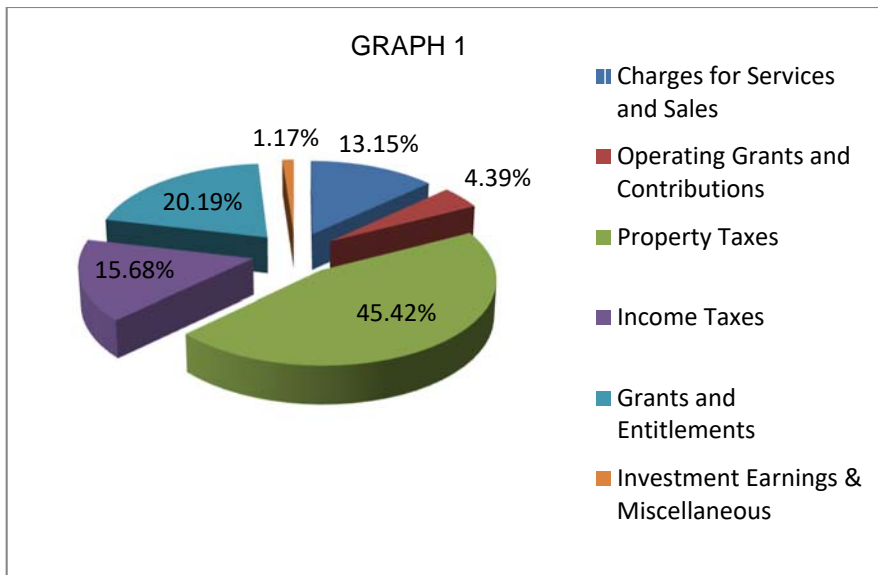
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

The District continues to generate additional revenue from the prior year tax levy but the cash balance across all funds decreased over \$360,000 as the District spent more on facilities assessments and saw personnel costs increase. The long-term liabilities decreased by \$300,900 as the District continues to pay down the two long term debt obligations. 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 the fiscal year.

Table 2 shows the change in revenue from fiscal year 2018 to 2019.

**Table 2
Changes in Revenue
Governmental Activities**

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Revenues:			
<i>Program Revenues:</i>			
Charges for Services and Sales	\$1,396,053	\$1,532,897	(\$136,844)
Operating Grants and Contributions	466,275	525,721	(59,446)
<i>Total Program Revenues</i>	<u>1,862,328</u>	<u>2,058,618</u>	<u>(196,290)</u>
<i>General Revenues:</i>			
Property Taxes	4,820,243	4,393,553	426,690
Income Taxes	1,664,036	1,716,980	(52,944)
Grants and Entitlements	2,142,223	2,126,237	15,986
Investment Earnings	81,075	57,597	23,478
Miscellaneous	43,589	44,379	(790)
<i>Total General Revenues</i>	<u>8,751,166</u>	<u>8,338,746</u>	<u>412,420</u>
Total Revenues	<u><u>10,613,494</u></u>	<u><u>\$10,397,364</u></u>	<u><u>\$216,130</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
For the Fiscal Year Ended June 30, 2019
Unaudited

Table 3 shows the change in program expenses from 2018 to 2019.

Table 3
Total Program Expenses
Governmental Activities

	<u>2019</u>	<u>2018</u>	<u>Change</u>
<u>Expenses:</u>			
Instruction:			
Regular	\$3,652,985	\$2,008,305	\$1,644,680
Special	1,354,100	685,234	668,866
Other	223,878	212,463	11,415
Support Services:			
Pupils	540,423	352,430	187,993
Instructional Staff	244,098	148,262	95,836
Board of Education	219,536	111,677	107,859
Administration	977,806	421,430	556,376
Fiscal/Business	554,243	310,986	243,257
Operation/Maintenance of Plant	823,271	485,968	337,303
Pupil Transportation	294,986	164,554	130,432
Central	169,511	167,827	1,684
Non-Instructional	301,942	283,906	18,036
Extracurricular Activities	409,638	202,205	207,433
Debt Service: Interest & Fiscal Charges	136,556	133,395	3,161
Total Expenses	<u>9,902,973</u>	<u>5,688,642</u>	<u>4,214,331</u>
Net Change	710,521	4,708,722	<u><u>(\$3,998,201)</u></u>
Beginning Net Position	(2,959,784)	(4,651,890)	
Restatement	0	(3,016,616)	
Ending Net Position	<u><u>(\$2,249,263)</u></u>	<u><u>(\$2,959,784)</u></u>	

The increase in the property taxes is due to larger amount available for advance in the current year compared to prior year. Income taxes decreased about \$53,000 as less money was received on a GAAP basis which could be the result of higher refunds, back taxes being paid and recognized in the prior year or higher delinquencies for the current year. The intergovernmental revenue increased \$15,000 due to amount available for collection in the respective third quarter compared to the prior year. As stated above for the decrease is the cash balance, the District spent more funds on operations during the year.

Yellow Springs Exempted Village School District
Greene County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
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 89.84% of the \$10,564,778 in total revenue and other financing sources and 89.95% of the \$10,866,887 in total expenditures. The general fund received a majority of its revenues from property taxes, income taxes and intergovernmental revenues. Revenues were less than expenditures in the general fund by \$283,704 creating a year end fund balance of \$5,250,502. 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 \$1,149,615 in current liabilities for fiscal year 2019. Accrued wages and benefits accounted for 77.57% of those liabilities. Taxes receivable accounted for 96.57% of the \$5,247,628 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 2019 fiscal year.

General Fund Budgetary

Table 4 compares the original and final general fund revenue budgets for the fiscal year ended June 30, 2019.

Table 4
Original Budget versus Final Budget for General Fund Revenues

	Budget		
	Original	Final	Variance
<u>Revenues</u>			
Property/Income Taxes	\$4,489,692	\$5,867,135	\$1,377,443
Intergovernmental	1,595,121	2,084,506	489,385
Other	1,041,912	1,361,573	319,661
Total Revenues	<u>7,126,725</u>	<u>9,313,214</u>	<u>\$2,186,489</u>

The original revenue estimates come from September 2018 Amended Certificate of Estimated Resources, which is based on the Tax Budget also completed in January, 2018. The District made several changes to the certificate during the year.

The actual revenues were only (\$2,189) under the final budgeted figures.

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

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

Table 5 compares the original and final general fund expenditure budgets for the fiscal year ended June 30, 2019.

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

	Budget		Variance
	Original	Final	
<u>Expenditures</u>			
Instruction	\$5,082,816	\$5,609,364	\$526,548
Support Services	3,753,629	4,477,652	724,023
Other	89,742	96,600	6,858
Total Expenditures	<u>\$8,926,187</u>	<u>\$10,183,616</u>	<u>\$1,257,429</u>

The original budget comes for the Tax Budget filed in January of 2018. 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 3.33% under the final budget, which is \$338,550.

Capital Assets

At the end of the year, the District had \$4,396,747 invested in land, 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>2019</u>	<u>2018</u>	<u>Change</u>
Land	\$ 1,238,340	\$ 1,238,340	0.00%
Land Improvements	537,457	537,457	0.00%
Buildings and Building Improvements	7,143,917	7,137,020	0.10%
Furniture, Fixtures, Equipment	869,464	848,701	2.45%
Vehicles	329,726	253,744	29.94%
Total at Historical Cost	<u>10,118,904</u>	<u>10,015,262</u>	<u>1.03%</u>
Less: Accumulated Depreciation	<u>(5,722,157)</u>	<u>(5,457,736)</u>	<u>4.84%</u>
Capital Assets, Net	<u><u>\$4,396,747</u></u>	<u><u>\$4,557,526</u></u>	<u><u>(3.53)%</u></u>

The increase in equipment is for technology used in instruction and the District purchased a new bus. 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 retire March 1, 2021 with annual payments being made from the cost savings realized in the general fund. The remaining balance at June 30, 2019 is \$151,900.

Yellow Springs Exempted Village School District
Greene County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

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, 2019 is \$1,924,999. 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 2018-19. The additional emergency levy passed in 2012 and sizable increases in state funding have bolstered the cash carryover balance. With negotiated raises, the addition of staffing positions, high insurance premium increases, the need for more technology, increasing legal fees, and the purchase of a school bus, deficit spending occurred in the 2018-19 fiscal year. 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. However, with growing areas such as special education, technology, and project based learning (PBL), the District has had to increase spending on staffing, contracted services, and equipment. These added costs will likely remain in the budget permanently and the District will need to look at long-term solutions to covering these costs with additional revenues or expenditure offsets.

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. The District will continue to discuss future building needs and possibly conduct 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. School districts from all over the area are still sending 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.

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 Treasurer, Yellow Springs Schools, 201 S. Walnut Street, Yellow Springs, OH 45387. 937.767.7381 Also see: www.ysschools.org

This page intentionally left blank.

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

**Statement of Net Position
June 30, 2019**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$ 5,605,791
Cash in Segregated Accounts	3,024
Accounts Receivable	34,364
Intergovernmental Receivable	44,699
Accrued Interest Receivable	9,533
Income Taxes Receivable	826,863
Property Taxes Receivable	4,630,747
Materials and Supplies Inventory	248
Net OPEB Asset	585,000
Capital Assets:	
Non-Depreciable Capital Assets	1,238,340
Depreciable Capital Assets, net	3,158,407
Total Assets	16,137,016
 Deferred Outflows of Resources	
OPEB	268,590
Pension	3,143,187
Total Deferred Outflows	3,411,777
 Liabilities	
Accounts Payable	107,661
Accrued Wages and Benefits	916,081
Intergovernmental Payable	187,431
Accrued Interest Payable	5,998
Long-Term Liabilities:	
Due Within One Year	172,669
Due in More Than One Year	
Net Pension Liability	10,462,342
Net OPEB Liability	1,204,755
Other Long-Term Liabilities	2,950,732
Total Liabilities	16,007,669
 Deferred Inflows of Resources:	
OPEB	1,008,267
Pension	681,850
Property Taxes	4,100,270
Total Deferred Inflows of Resources	5,790,387
 Net Position:	
Net investment in Capital Assets	2,159,352
Restricted for Debt Service	222,967
Restricted for Capital	212,917
Restricted for Other Purposes	2,272
Unrestricted (Deficit)	(4,846,771)
Total Net Position	\$ (2,249,263)

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, 2019**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net(Expense)</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
				<u>Governmental Activities</u>
Governmental Activities:				
Instruction:				
Regular	\$ 3,652,985	1,196,523	142,991	\$ (2,313,471)
Special	1,354,100	0	111,962	(1,242,138)
Other	223,878	0		(223,878)
Support Services:				
Pupils	540,423	19,166	40,606	(480,651)
Instructional Staff	244,098	0	8,438	(235,660)
Board of Education	219,536	0	0	(219,536)
Administration	977,806	4,414	0	(973,392)
Fiscal	449,117	0	0	(449,117)
Business	105,126	0	0	(105,126)
Operation and Maintenance of Plant	823,271	0	0	(823,271)
Pupil Transportation	294,986	0	0	(294,986)
Central	169,511	0	3,600	(165,911)
Operation of Non-Instructional Services	301,942	105,825	145,689	(50,428)
Extracurricular Activities	409,638	70,125	12,989	(326,524)
Debt Service:				
Interest and Fiscal Charges	136,556	0	0	(136,556)
Totals	\$ <u>9,902,973</u>	\$ <u>1,396,053</u>	\$ <u>466,275</u>	<u>(8,040,645)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				4,432,082
Property Taxes, Levied for Capital				130,081
Property Taxes, Levied for Debt Service				258,080
Income Taxes				1,664,036
Grants and Entitlements not Restricted to Specific Programs				2,142,223
Investment Earnings				81,075
Miscellaneous				43,589
Total General Revenues				<u>8,751,166</u>
Change in Net Position				710,521
Net Position Beginning of Year				<u>(2,959,784)</u>
Net Position End of Year				\$ <u><u>(2,249,263)</u></u>

See Accompanying Notes to the Basic Financial Statements

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

**Balance Sheet
Governmental Funds
June 30, 2019**

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Current Assets:				
Equity in Pooled Cash and Investments	\$ 5,096,793	\$ 200,693	\$ 308,305	\$ 5,605,791
Cash in Segregated Accounts	0	0	3,024	3,024
Materials and Supplies Inventory	0	0	248	248
Accrued Interest Receivable	9,533	0	0	9,533
Accounts Receivable	34,364	0	0	34,364
Intergovernmental Receivable	0	0	44,699	44,699
Interfund Receivable	136,000	0	0	136,000
Property Taxes Receivable	4,240,868	267,414	122,465	4,630,747
Income Taxes Receivable	826,863	0	0	826,863
Total Assets	\$ 10,344,421	\$ 468,107	\$ 478,741	\$ 11,291,269
Liabilities				
Current Liabilities:				
Accounts Payable	59,436	0	48,225	107,661
Accrued Wages and Benefits	891,731	0	24,350	916,081
Intergovernmental Payable	177,607	0	9,824	187,431
Interfund Payable	0	0	136,000	136,000
Matured Compensated Absences Payable	20,841	0	0	20,841
Total Liabilities	1,149,615	0	218,399	1,368,014
Deferred Inflows of Resources				
Property Taxes	3,834,429	243,584	110,397	4,188,410
Income Taxes	109,875	0	0	109,875
Intergovernmental Revenue	0	0	9,385	9,385
Total Deferred Inflows of Resources	3,944,304	243,584	119,782	4,307,670
Fund Balances				
Restricted	0	224,523	215,174	439,697
Assigned	810,357	0	0	810,357
Unassigned (Deficit)	4,440,145	0	(74,614)	4,365,531
Total Fund Balances	5,250,502	224,523	140,560	5,615,585
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,344,421	\$ 468,107	\$ 478,741	\$ 11,291,269

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, 2019**

Total Governmental Fund Balances	\$	5,615,585
<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.		4,396,747
Revenues that do not provide current financial resources are not reported as revenues in governmental funds.		207,400
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.		(8,001,005)
The OPEB asset/liability is not due and payables in the current period; therefore, the liability and related deferred inflows/outflows are not reporting in governmental funds.		(1,359,432)
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:		
Accrued Interest Payable	(5,998)	
General Obligation Bonds and Notes Payable	(2,524,914)	
Compensated Absences Payable	(577,646)	
	(3,108,558)	
Net Position of Governmental Activities	\$	(2,249,263)

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, 2019**

	General Fund	Bond Retirement Fund	All Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property and Other Local Taxes	\$ 4,407,687	257,019	129,369	\$ 4,794,075
Income Taxes	1,668,670	0	0	1,668,670
Intergovernmental	2,082,063	42,297	474,753	2,599,113
Interest	81,075	0	0	81,075
Tuition and Fees	1,196,523	0	90	1,196,613
Rent	4,414	0	0	4,414
Extracurricular Activities	6,133	0	59,894	66,027
Gifts and Donations	11,859	0	4,008	15,867
Customer Sales and Services	19,166	0	103,825	122,991
Miscellaneous	13,898	0	2,000	15,898
Total Revenues	9,491,488	299,316	773,939	10,564,743
EXPENDITURES:				
Current:				
Instruction:				
Regular	4,039,155	0	61,853	4,101,008
Special	1,272,603	0	191,565	1,464,168
Other	223,598	0	280	223,878
Support Services:				
Pupils	525,480	0	44,981	570,461
Instructional Staff	271,718	0	22,727	294,445
Board of Education	219,536	0	0	219,536
Administration	1,090,159	0	0	1,090,159
Fiscal	432,284	2,368	1,191	435,843
Business	43,044	0	0	43,044
Operation and Maintenance of Plant	793,141	0	4,433	797,574
Pupil Transportation	333,644	0	0	333,644
Central	154,657	0	3,600	158,257
Operation of Non-Instructional Services	3,500	0	297,328	300,828
Extracurricular Activities	284,606	0	90,442	375,048
Capital Outlay	11,525	0	70,577	82,102
Debt Service:				
Principal	75,900	225,000	0	300,900
Interest	642	75,350	0	75,992
Total Expenditures	9,775,192	302,718	788,977	10,866,887
Excess of Revenues Over (Under) Expenditures	(283,704)	(3,402)	(15,038)	(302,144)
OTHER FINANCING SOURCES				
Proceeds from Sale of Capital Assets	0	0	35	35
Total Other Financing Sources	0	0	35	35
Net Change in Fund Balances	(283,704)	(3,402)	(15,003)	(302,109)
Fund Balance at Beginning of Year	5,534,206	227,925	155,563	5,917,694
Fund Balance at End of Year	\$ 5,250,502	\$ 224,523	\$ 140,560	\$ 5,615,585

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, 2019**

Net Change in Fund Balances - Total Governmental Funds \$ (302,109)

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

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.

Capital additions	115,712	
Depreciation	<u>(276,491)</u>	(160,779)

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

Grants	9,385	
Income Taxes	(4,634)	
Delinquent Property Taxes	<u>26,168</u>	30,919

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:

Change in compensated absences payable	15,653	
Decrease in accrued interest payable	562	
Accretion on bonds	<u>(61,126)</u>	(44,911)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

847,509

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.

21,160

Issuance and repayment of long-term debt is reported as an expenditure or other financing sources in governmental funds, but the issuance or repayment impacts long-term liabilities in the Statement of Net Position. In the current fiscal year, these amounts consist of:

Premium on refunding bonds	17,832	
Bond payments	225,000	
Note payments	<u>75,900</u>	318,732

Change in Net Position of Governmental Activities \$ 710,521

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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 3,212,424	\$ 4,198,000	\$ 4,271,810	\$ 73,810
Income Tax	1,277,268	1,669,135	1,711,828	42,693
Intergovernmental	1,595,121	2,084,506	2,067,857	(16,649)
Interest	38,261	50,000	71,670	21,670
Tuition and Fees	993,994	1,298,953	1,181,389	(117,564)
Rent	3,061	4,000	4,414	414
Miscellaneous	6,596	8,620	2,057	(6,563)
Total Revenues	<u>7,126,725</u>	<u>9,313,214</u>	<u>9,311,025</u>	<u>(2,189)</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	3,749,591	4,057,234	4,006,025	51,209
Special	1,137,202	1,316,130	1,304,309	11,821
Other	196,023	236,000	229,598	6,402
Support Services:				
Pupils	472,080	528,650	522,202	6,448
Instructional Staff	278,784	297,585	278,642	18,943
Board of Education	124,559	232,076	227,236	4,840
Administration	1,054,895	1,144,502	1,138,850	5,652
Fiscal	398,439	459,772	447,343	12,429
Business	27,871	43,100	43,044	56
Operation and Maintenance of Plant	717,432	836,329	815,436	20,893
Pupil Transportation	292,960	428,229	338,035	90,194
Central	148,050	153,712	142,465	11,247
Operation of Non-Instructional Services	2,601	3,800	3,500	300
Extracurricular Activities	235,958	349,897	259,714	90,183
Capital Outlay	18,580	20,000	12,125	7,875
Debt Service				
Principal	70,512	75,900	75,900	0
Interest	650	700	642	58
Total Expenditures	<u>8,926,187</u>	<u>10,183,616</u>	<u>9,845,066</u>	<u>338,550</u>
Excess of Revenues (Under) Expenditures	<u>(1,799,462)</u>	<u>(870,402)</u>	<u>(534,041)</u>	<u>336,361</u>
OTHER FINANCING SOURCES (USES)				
Advances In	10,640	10,640	13,051	2,411
Insurance Recoveries	0	0	10,650	10,650
Refund of Prior Year Expenditures	53,000	53,000	43,799	(9,201)
Refund of Prior Year Receipts	(650)	(650)	(650)	0
Transfers Out	(25,000)	(35,000)	(27)	34,973
Advances Out	(10,000)	(136,000)	(136,000)	0
Total Other Financing Sources and Uses	<u>27,990</u>	<u>(108,010)</u>	<u>(69,177)</u>	<u>38,833</u>
Net Change in Fund Balances	(1,771,472)	(978,412)	(603,218)	375,194
Fund Balance at Beginning of Year	5,388,727	5,388,727	5,388,727	0
Prior Year Encumbrances Appropriated	94,877	94,877	94,877	0
Fund Balance at End of Year	<u>\$ 3,712,132</u>	<u>\$ 4,505,192</u>	<u>\$ 4,880,386</u>	<u>\$ 375,194</u>

See Accompanying Notes to the Basic Financial Statements

YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
GREENE COUNTY

*Statement of Fiduciary Assets and Liabilities -
Agency Fund
June 30, 2019*

	<u>Agency Fund</u>
Assets	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 46,964
Total Assets	<u>46,964</u>
Liabilities	
Current Liabilities:	
Undistributed Monies	<u>46,964</u>
Total Liabilities	<u>\$ 46,964</u>

See Accompanying Notes to the Basic Financial Statements

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 35 non-certified and 62 certified full-time teaching personnel who provide services to 751 students and other community members.

The Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure 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, 2019
(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, 2019
(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 District maintains two fiduciary funds. An agency fund known as the Students Activities Fund, which was established to account for revenues generated by student managed activities. The second agency fund accounts for OHSAA programs. The District's agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

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. Fiduciary funds use 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, 2019
(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, 2019, but which were levied to finance fiscal year 2020 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, 2019
(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, except agency 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. "Cash in segregated accounts" relates to the balance available in the District's athletic fund account.

During fiscal year 2019, investments were limited to STAR Ohio, money market funds, certificate of deposits, and sweep accounts. 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, 2019
(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 NVA 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 \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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 2019 amounted to \$81,075 with \$8,129 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 fair market 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, 2019
(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:

Description	Estimated Lives
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, 2019
(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 \$438,156 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, 2019
(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 \$7,574 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	(\$283,704)
Revenue Accruals	(53,393)
Expenditure Accruals	(6,529)
GASB 54 Funds	(2,047)
Encumbrances	(134,569)
Transfers	(27)
Advances	(122,949)
Budget Basis	(\$603,218)

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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 five years 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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the agreement be 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;
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; and
7. The State Treasurer's investment pool (STAR Ohio).

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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, \$415,945 of the District's bank balance of \$668,969 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

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, 2019, the District had the following investments and maturities:

<u>Measurement/Investment Type</u>	<u>Fair Value</u>	<u>Maturities Less than One Year</u>
Fifth Third Government Money Market funds	\$822,882	\$822,882
Certificates of Deposit	1,151,491	1,151,491
STAR Ohio	1,000,904	1,000,904
Sweep Account	2,048,908	2,048,908
Total	\$5,024,185	\$5,024,185

The District's investments are valued using quoted market prices (Level 1 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. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

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 Fifth Third Government Money Market funds, certificates of deposit and sweep account are not rated.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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 Fifth Third Government Money Market fund and the sweep account 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. The Certificate of Deposits are 100% FDIC insured.

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 25 percent of the interim monies available for investment at any one time. The District's has 16.38% of its investments in the Fifth Third Government Money Market funds, 22.92% of its investments in Certificate of Deposits, 19.92% of its investments in STAR Ohio and remaining 40.78% were invested in sweep account.

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 2019 represent the collection of calendar year 2018 taxes. Real property taxes for 2019 were levied after April 1, 2018, on the assessed values as of January 1, 2018, 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 2019 were levied after April 1, 2018, on the assessed values as of December 31, 2017, 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 2019 (other than public utility property) represent the collection of calendar year 2019 taxes. Tangible personal property taxes for 2019 were levied after April 1, 2018, on the value as of December 31, 2018. 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, 2019, are available to finance fiscal year 2019 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

5. PROPERTY TAXES (Continued)

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, 2019 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 2019 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, 2019, was \$406,439 in the General Fund, \$23,830 in the Bond Retirement fund and \$12,068 in the Non-major Governmental Funds. The amount available as an advance at June 30, 2018, was \$270,562 in the General Fund, \$15,994 in the Bond Retirement fund and \$7,997 in the Non-major Governmental Funds. The assessed values upon which the fiscal year 2019 taxes were collected are:

	2018 Second- Half Collections		2019 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$124,931,330	89.29%	\$125,979,760	89.03%
Industrial/Commercial	13,255,970	9.47%	13,634,660	9.64%
Public Utility	1,734,400	1.24%	1,889,530	1.33%
Total Assessed Value	<u>\$139,921,700</u>	<u>100.00%</u>	<u>\$141,503,950</u>	<u>100.00%</u>
Full Tax rate per \$1,000 of assessed valuation	\$69.15		\$68.92	

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 \$1,668,670 were credited to the General Fund during fiscal year 2019.

7. RECEIVABLES

Receivables at June 30, 2019, 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
Governmental Activities:	
Title VI-B Grant	\$23,393
Title I Grant	20,151
Miscellaneous Federal Grants	1,155
Total Intergovernmental Receivables	<u>\$44,699</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

8. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	<u>Balance at 6/30/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/19</u>
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$1,238,340	\$0	\$0	\$1,238,340
Total Nondepreciable Capital Assets	<u>1,238,340</u>	<u>0</u>	<u>0</u>	<u>1,238,340</u>
Depreciable Capital Assets				
Land Improvements	537,457	0	0	537,457
Buildings and Building Improvements	7,137,020	6,897	0	7,143,917
Furniture, Fixtures, and Equipment	848,701	32,833	(12,070)	869,464
Vehicles	253,744	75,982	0	329,726
Total Depreciable Capital Assets	<u>8,776,922</u>	<u>115,712</u>	<u>(12,070)</u>	<u>8,880,564</u>
Less Accumulated Depreciation				
Land Improvements	(415,427)	(19,975)	0	(435,402)
Buildings and Building Improvements	(4,333,716)	(204,464)	0	(4,538,180)
Furniture, Fixtures, and Equipment	(480,536)	(27,088)	12,070	(495,554)
Vehicles	(228,057)	(24,964)	0	(253,021)
Total Accumulated Depreciation	<u>(5,457,736)</u>	<u>(276,491)</u>	<u>12,070</u>	<u>(5,722,157)</u>
Depreciable Capital Assets, Net	<u>3,319,186</u>	<u>(160,779)</u>	<u>0</u>	<u>3,158,407</u>
Governmental Activities Capital Assets, Net	<u>\$4,557,526</u>	<u>(\$160,779)</u>	<u>\$0</u>	<u>\$4,396,747</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$184,021
Support Services:	
Business	51,219
Operation and Maintenance of Plant	1,618
Pupil Transportation	21,025
Central	6,652
Operation of Non-Instructional Services	919
Extracurricular Activities	11,037
Total Depreciation Expense	<u>\$276,491</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

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 2019, 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 \$26,249,980 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 2019, 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.

C. Medical Benefits

For fiscal year 2019, 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

10. DEFINED PENSION BENEFIT PLANS (Continued)

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	Age 65 with 5 years of service credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit 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 year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30 or \$86 multiplied by the years of service. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2019, the allocation to pension, death benefits, and Medicare B was 13.5 percent. 0.5 percent was allocated to the Health Care Fund for fiscal year 2019.

The District's contractually required contribution to SERS was \$203,790 for fiscal year 2019. Of this amount \$14,225 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

10. DEFINED PENSION BENEFIT PLANS (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65 or 35 years of service and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 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% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS Ohio 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 Ohio bearing the risk of investment gain or loss on the account. STRS Ohio has therefore included all three plan options as one defined benefit plan for GASB 68 schedules of employer allocations and pension amounts by employer.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

10. DEFINED PENSION BENEFIT PLANS (Continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2019, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The District’s contractually required contribution to STRS was \$613,147 for fiscal year 2019. Of this amount \$99,819 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, 2018, 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>
Proportion of the Net Pension Liability - prior measurement date	0.0391702%	0.03512352%	
Proportion of the Net Pension Liability - current measurement date	<u>0.0429024%</u>	<u>0.03640773%</u>	
Change in proportionate share	<u>0.003732%</u>	<u>0.001284%</u>	
Proportionate Share of the Net Pension Liability	\$2,457,100	\$8,005,242	\$10,462,342
Pension Expense	\$330,803	\$853,080	\$1,183,883

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

10. DEFINED PENSION BENEFIT PLANS (Continued)

At June 30, 2019, 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	\$134,390	\$184,785	\$319,175
Changes in proportion share	181,184	351,725	532,909
Changes in assumptions	55,486	1,418,680	1,474,166
District contributions subsequent to the measurement date	<u>203,790</u>	<u>613,147</u>	<u>816,937</u>
Total Deferred Outflows of Resources	<u><u>\$574,850</u></u>	<u><u>\$2,568,337</u></u>	<u><u>\$3,143,187</u></u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$68,080	\$485,428	\$553,508
Differences between expected and actual experience	0	52,278	52,278
Changes in proportion share and difference between District contribution and proportionate share of contributions	<u>0</u>	<u>76,064</u>	<u>76,064</u>
Total Deferred Inflows of Resources	<u><u>\$68,080</u></u>	<u><u>\$613,770</u></u>	<u><u>\$681,850</u></u>

\$816,937 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	\$305,766	\$783,037	\$1,088,803
2021	98,726	544,761	643,487
2022	(80,635)	69,678	(10,957)
2023	<u>(20,877)</u>	<u>(56,056)</u>	<u>(76,933)</u>
Total	<u><u>\$302,980</u></u>	<u><u>\$1,341,420</u></u>	<u><u>\$1,644,400</u></u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2018, are presented below:

Wage Inflation	3 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement.
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results on an experience study that was completed June 30, 2015. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability were the same as the prior measurement date: (a) the assumed rate of inflation was 3.00%, (b) payroll growth assumption was 3.50%, (c) assumed real wage growth was 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members used to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was followed RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disabled members used the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

10. DEFINED PENSION BENEFIT PLANS (Continued)

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

The target allocation and best estimates of arithmetic real rates of return for each major 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	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
 Total	 <u>100.00 %</u>	

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

Sensitivity of the 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.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
District's proportionate share of the net pension liability	\$3,461,010	\$2,457,100	\$1,615,388

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

10. DEFINED PENSION BENEFIT PLANS (Continued)

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2018, 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	7.45 percent, net of investment expenses, including inflation
Payroll increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0% effective July 1, 2017

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% 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, 2018, valuation are based on the results of an actuarial experience study, effective June 30, 2016.

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

<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><u>100.00 %</u></u>	<u><u>6.25 %</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
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2018. 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, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

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	\$11,690,603	\$8,005,242	\$4,886,085

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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 2019, 0.5 percent of covered payroll 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 2019, this amount was \$21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the District paid \$25,807 for the SERS surcharge.

The District's contractually required contribution to SERS was \$30,572 for fiscal year 2019. Of this amount \$527 is reported as 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 will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS 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, 2019, 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
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2018, 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 Pension Liability - prior measurement date	0.0434261%	0.03640773%	
Proportion of the Net OPEB Asset/Liability - current measurement date	<u>0.0399317%</u>	<u>0.03512352%</u>	
Change in proportionate share	<u><u>-0.003494%</u></u>	<u><u>-0.001284%</u></u>	
Proportionate Share of the Net OPEB Liability/(Asset)	\$1,204,757	(\$585,000)	\$619,757
OPEB Expense (Income)	\$82,609	(\$1,245,332)	(\$1,162,723)

At June 30, 2019, 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	\$19,666	\$68,333	\$87,999
Changes in proportion share	104,256	45,763	150,019
District contributions subsequent to the measurement date	<u>30,572</u>	<u>0</u>	<u>30,572</u>
Total Deferred Outflows of Resources	<u><u>\$154,494</u></u>	<u><u>\$114,096</u></u>	<u><u>\$268,590</u></u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$1,815	\$66,970	\$68,785
Differences between expected and actual experience	0	34,086	34,086
Changes in assumptions	<u>108,239</u>	<u>797,157</u>	<u>905,396</u>
Total Deferred Inflows of Resources	<u><u>\$110,054</u></u>	<u><u>\$898,213</u></u>	<u><u>\$1,008,267</u></u>

\$30,572 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

11. DEFINED BENEFIT OPEB PLAN (Continued)

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	(\$18,118)	(\$140,795)	(\$158,913)
2021	(10,873)	(140,795)	(151,668)
2022	12,075	(140,793)	(128,718)
2023	12,846	(125,749)	(112,903)
2024	12,721	(120,424)	(107,703)
Thereafter	5,217	(115,561)	(110,344)
Total	\$13,868	(\$784,117)	(\$770,249)

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

11. DEFINED BENEFIT OPEB PLAN (Continued)

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

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.62 percent
Prior Measurement Date	3.56 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.70 percent
Prior Measurement Date	3.63 percent
Medical Trend Assumption	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 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
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2015 five-year experience study, are summarized in the following table:

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63 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 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62 percent, as of June 30, 2018 (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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

11. DEFINED BENEFIT OPEB PLAN (Continued)

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 (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25% decreasing to 3.75%) and higher (8.25% decreasing to 5.75%) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
District's proportionate share of the net OPEB liability	\$1,461,878	\$1,204,757	\$1,001,166

	1% Decrease (6.25% decreasing to 3.75%)	Current Trend Rate (7.25% decreasing to 4.75%)	1% Increase (8.25% decreasing to 5.75%)
District's proportionate share of the net OPEB liability	\$972,018	\$1,204,757	\$1,512,946

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2018, 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	7.45 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	4.13 percent
Health Care Cost Trends	-5.23 to 9.62 percent initial, 4 percent ultimate

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

11. DEFINED BENEFIT OPEB PLAN (Continued)

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, 2018, 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, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45% based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*. Valuation year per capita health care costs were updated.

Also since the prior measurement date, 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.

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 %	6.25 %

*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
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

11. DEFINED BENEFIT OPEB PLAN (Continued)

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2018. 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, 2018.

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, 2018, 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%)	Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net OPEB asset	(\$501,430)	(\$585,000)	(\$655,301)
	1% Decrease	Current Trent Rate	1% Increase
District's proportionate share of the net OPEB asset	(\$651,335)	(\$585,000)	(\$517,703)

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

12. COMPENSATED ABSENCES (continued)

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 Assurant, 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

During the year ended June 30, 2019, the following changes occurred in obligations reported in the Government -Wide Financial Statements:

	Balance at 6/30/18	Additions	Deductions	Balance at 6/30/19	Due Within One Year
Refunding Permanent Improvement Bonds 2012 Variable Rate	\$2,149,999	\$0	\$225,000	\$1,924,999	\$52,309
Accretion on Capital Appreciation Bonds Premium	226,393	61,126	0	287,519	0
Energy Conservation Notes Payable	178,328	0	17,832	160,496	0
Compensated Absences Payable	227,800	0	75,900	151,900	75,900
Compensated Absences Payable	611,391	329,479	342,385	598,485	44,460
Net OPEB Liability					
SERS	1,071,662	133,095	0	1,204,757	0
STRS	1,370,390	0	1,370,390	0	0
Net Pension Liability					
SERS	2,340,333	116,767	0	2,457,100	0
STRS	8,343,667	0	338,425	8,005,242	0
Total	<u>\$16,519,963</u>	<u>\$640,467</u>	<u>\$2,369,932</u>	<u>\$14,790,498</u>	<u>\$172,669</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.

Capital appreciation bonds were issued at \$94,999. The capital appreciation bonds mature in fiscal year 2020 and 2021 and will bear interest compounded semiannually on June 1 and December 1 of each year and began in fiscal year 2012. The maturity amount of the capital appreciation bonds is \$465,000. For fiscal year 2019, the capital appreciation bonds were accreted \$61,126.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

13. LONG-TERM OBLIGATIONS – (Continued)

Principal and interest requirements to retire the permanent improvement bonds outstanding at June 30, 2019, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$52,309	\$254,666	\$306,975
2021	42,690	259,285	301,975
2022	235,000	67,275	302,275
2023	245,000	58,288	303,288
2024	250,000	49,000	299,000
2025-2028	1,100,000	90,600	1,190,600
Total	<u>\$1,924,999</u>	<u>\$779,114</u>	<u>\$2,704,113</u>

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.

Principal requirements to retire the energy conservation notes outstanding at June 30, 2019, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2020	\$75,900
2021	76,000
Total	<u>\$151,900</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 \$11,034,880, energy conservation debt margin of \$1,116,998 with an unvoted debt margin of \$140,989 at June 30, 2019.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2018	\$0
Current Year Set-aside Requirement	134,810
Offset for permanent improvement levy	(125,298)
Qualifying Disbursements	(176,837)
Total	(\$167,325)

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	\$136,000	\$0
Non-Major Special Revenue	0	136,000
Total All Funds	\$136,000	\$136,000

The interfund payables from the General Fund to the nonmajor funds relate to short term advances to the Food Service, District Managed Activities, Miscellaneous State Grants, and Miscellaneous Federal Grant 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, 2019
(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	\$224,523	\$0
Capital Improvements	0	0	212,917
Contributor restrictions	0	0	1,117
Federal grants	0	0	1,140
Assigned to:			
Encumbrances	134,569		
Public School Support	45,787	0	0
Budgeted Appropriation	630,001	0	0
Unassigned	4,440,145	0	(74,614)
Total Fund Balances	<u>\$5,250,502</u>	<u>\$224,523</u>	<u>\$140,560</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.

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 \$177,131 for services provided during the year. Financial information can be obtained from Thor Sage, who serves as Director, at 330 East Enon Road, 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

17. JOINTLY GOVERNED ORGANIZATIONS – (Continued)

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 and Federal Title Funds. During fiscal year 2019, the Yellow Springs Exempted Village School District paid \$0 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, 303 Corporate Center Drive, 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.

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, 2019.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

19. CONTINGENCIES – (Continued)

B. Litigation

The District is currently involved in litigation with the District as defendant although the impact on the financial statements can not be determined by June 30, 2019.

20. ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principle

For fiscal year 2019, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*. The implementation of the standard had no impact on the financial statements of the District.

B. Deficit Fund Balances

At June 30, 2019, the following funds had a deficit fund balance:

<u>Funds</u>	<u>Amounts</u>
Food Service	\$ 51,159
Distict Managed Activities	5,393
Miscellaneous State Grants	6,067
Title VI-B Grants	5,174
Title I Grants	6,821

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. SUBSEQUENT EVENTS

COVID – 19 pandemic

The financial impact of COVID-19 and the continuing emergency measures may impact subsequent period of the District. The District's investment portfolio and the investments of the pension and other employee benefit plan in which the District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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 Six Fiscal Years (1)

	2018	2017
The District's Proportion of the Net Pension Liability	0.0429024%	0.0391702%
The District's Proportion Share of the Net Pension Liability	2,457,100	2,340,333
The District's Covered Payroll	1,421,074	1,379,464
The District's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	172.90%	169.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.36%	69.50%

(1) Information prior to 2013 is not available

2016	2015	2014	2013
0.0380606%	0.0357680%	0.0350930%	0.0350930%
2,785,685	2,040,934	1,776,037	2,086,868
1,322,043	1,294,886	1,147,973	989,328
210.71%	157.61%	154.71%	210.94%
62.98%	69.16%	71.70%	65.52%

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 Six Fiscal Years (1)

	<u>2018</u>	<u>2017</u>
The District's Proportion of the Net Pension Liability	0.03640773%	0.03512352%
The District's Proportion Share of the Net Pension Liability	8,005,242	8,343,667
The District's Covered Payroll	4,076,600	3,903,507
The District's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	196.37%	213.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.30%	75.30%

(1) Information prior to 2013 is not available

2016	2015	2014	2013
0.03555583%	0.03425705%	0.03398337%	0.03398337%
11,901,608	9,467,647	8,265,932	9,846,324
4,145,179	3,605,657	3,875,477	3,562,769
287.12%	262.58%	213.29%	276.37%
66.80%	72.10%	74.70%	69.30%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$ 203,790	\$ 191,845	\$ 193,125
Contributions in Relation to the Contractually Required Contribution	<u>(203,790)</u>	<u>(191,845)</u>	<u>(193,125)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The District Covered Payroll	\$ 1,509,556	\$ 1,421,074	\$ 1,379,464
Contributions as a Percentage of Covered Payroll	13.50%	13.50%	14.00%

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 185,086	\$ 170,666	\$ 159,109	\$ 136,923	\$ 146,636	\$ 189,493	\$ 174,931
<u>(185,086)</u>	<u>(170,666)</u>	<u>(159,109)</u>	<u>(136,923)</u>	<u>(146,636)</u>	<u>(189,493)</u>	<u>(174,931)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,322,043	\$ 1,294,886	\$ 1,147,973	\$ 989,328	\$ 1,090,230	\$ 1,507,502	\$ 1,291,957
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$ 613,147	\$ 570,724	\$ 546,491
Contributions in Relation to the Contractually Required Contribution	<u>(613,147)</u>	<u>(570,724)</u>	<u>(546,491)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The District Covered Payroll	\$ 4,379,621	\$ 4,076,600	\$ 3,903,507
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%

2016	2015	2014	2013	2012	2011	2010
\$ 580,325	\$ 504,792	\$ 503,812	\$ 463,160	\$ 472,547	\$ 539,860	\$ 529,272
(580,325)	(504,792)	(503,812)	(463,160)	(472,547)	(539,860)	(529,272)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 4,145,179	\$ 3,605,657	\$ 3,875,477	\$ 3,562,769	\$ 3,634,977	\$ 4,152,769	\$ 4,071,323
14.00%	14.00%	13.00%	13.00%	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 Three Fiscal Years (1)

	2018	2017	2016
The District's Proportion of the Net OPEB Liability	0.0434261%	0.0399317%	0.0399317%
The District's Proportion Share of the Net OPEB Liability	\$ 1,204,757	\$ 1,071,662	\$ 1,138,201
The District's Covered Payroll	\$ 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	84.78%	77.69%	86.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.57%	12.46%	11.49%

(1) Information prior to 2016 is not available

Amount presented as of the School 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 Liability
 State Teachers Retirement System of Ohio
 Last Three Fiscal Years (1)

	2018	2017	2016
The District's Proportion of the Net OPEB (Asset)/Liability	0.03640773%	0.03512352%	0.03512352%
The District's Proportion Share of the Net OPEB (Asset)/Liability	\$ (585,000)	\$ 1,370,390	\$ 1,878,415
The District's Covered Payroll	\$ 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	-14.35%	35.11%	45.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	176.00%	47.10%	37.30%

(1) Information prior to 2016 is not available

Amount presented as of the School 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

	2019	2018	2017	2016
Contractually Required Contributions	\$ 30,572	\$ 7,105	\$ 22,611	\$ 19,796
Contributions in Relation to the Contractually Required Contribution	(30,572)	(7,105)	(22,611)	(19,796)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The District Covered Payroll	1,509,556	1,421,074	1,379,464	1,322,043
Contributions as a Percentage of Covered Payroll	2.03%	0.50%	1.64%	1.50%

2015	2014	2013	2012	2011	2010
\$ 25,691	\$ 8,101	\$ 6,657	\$ 7,399	\$ 9,757	\$ 9,007
(25,691)	(8,101)	(6,657)	(7,399)	(9,757)	(9,007)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,294,886	1,147,973	989,328	1,090,230	1,507,502	1,291,957
1.98%	0.71%	0.67%	0.68%	0.65%	0.70%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contributions	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The District Covered Payroll	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%

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ -	\$ 38,755	\$ 35,628	\$ 36,350	\$ 41,528	\$ 40,713
<u>-</u>	<u>(38,755)</u>	<u>(35,628)</u>	<u>(36,350)</u>	<u>(41,528)</u>	<u>(40,713)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
3,605,657	3,875,477	3,562,769	3,634,977	4,152,769	4,071,323
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Yellow Springs Exempted Village School District
Greene County, Ohio
Notes to the Required Supplementary Information
For the Year Ended June 30, 2019

Net OPEB Liability

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:	
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Medical Trend Assumption:	
Fiscal year 2019	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 4.75 percent
Fiscal year 2018	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 4.00 percent

The discount rate used to measure the total OPEB asset/liability at June 30, 2018 was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63 percent.

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 4.13 percent to 7.45 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*.

OHIO AUDITOR OF STATE KEITH FABER



One First National Plaza
130 West Second Street, Suite 2040
Dayton, Ohio 45402-1502
(937) 285-6677 or (800) 443-9274
WestRegion@ohioauditor.gov

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
201 South Walnut Street
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 the Yellow Springs Exempted Village School District, Greene County, (the District) as of and for the fiscal years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 15, 2021, wherein we noted that the financial impact of COVID-19 and the ensuing emergency measures will impact the operations of the District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

January 15, 2021

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 2/11/2021

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

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