



**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY
JUNE 30, 2022**

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MIAMI COUNTY
JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

Tipp City Exempted Village School District
Miami County
90 South Tippecanoe Drive
Tipp City, Ohio 45371

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 20 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

April 3, 2023

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TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

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

(Unaudited)

Our discussion and analysis of Tipp City Exempted Village School District's, (the District), financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at fiscal year-end, resulting in a net position of \$466,652. The \$16.3 million unrestricted net position reported deficit results from recognizing the proportionate share of the net pension and OPEB liabilities reported by the state retirement systems.
- The District's net position increased by \$1,224,014 ending in a positive net position of \$466,652 due to the significant decrease in the net pension liability reported for the current year.
- As of the close of the current fiscal year, the combined governmental fund balances of the District were \$16,447,242; including the \$13,581,559 reported in the general fund.
- At the end of the current fiscal year, the unassigned fund balance for the general fund, the District's operating fund, was \$8,654,628 or 30.2% of total general fund expenditures.
- The District's debt obligations decreased by \$1,649,724 during the year.

Using the Basic Financial Statements

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

Reporting the District as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting prescribed for governmental entities. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net position and changes in that position providing the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the District.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

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

(Unaudited)

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's different types of funds, governmental, proprietary and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

Governmental Funds

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

Proprietary Fund

The District has one proprietary fund which is an internal service fund established to accumulate monies from other funds to pay claims and other expenses associated with the District's self-insured medical benefits program. This fund is reported using the accrual basis of accounting, just like the government wide statements, and focus on the determination of operating income, the change in net position, financial position and cash flows. For presentation on the government wide statements, the assets and liabilities are included within governmental activities and the net revenue or expense of the internal service fund for the year is allocated among the participating functions within the governmental activities.

Fiduciary Funds

The District is the fiscal agent for the various State athletic tournament games held within the District. The District's only fiduciary fund is reported as a custodial fund. We exclude the financial activity from this fund from the District's other financial statements because the resources cannot be utilized by the District to finance its operations.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

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

(Unaudited)

The District as a Whole

The statement of net position provides the perspective of the District as a whole. A comparative analysis of fiscal year 2022 to 2021 follows:

TABLE 1
NET POSITION JUNE 30

	2022	2021
Assets:		
Current and Other Assets	\$ 37,608,462	37,704,787
Capital Assets	<u>23,682,910</u>	<u>23,680,785</u>
Total Assets	<u>61,291,372</u>	<u>61,385,572</u>
Deferred Outflows of Resources:		
Deferred Charge on Refunding	93,906	59,909
Pension and OPEB	<u>8,400,894</u>	<u>7,043,721</u>
Total Deferred Outflows of Resources	<u>8,494,800</u>	<u>7,103,630</u>
Liabilities:		
Current Liabilities	3,727,570	3,549,520
Long-Term Liabilities:		
Due Within One Year	1,999,450	1,750,224
Due in More than One Year:		
Net Pension Liability	17,322,209	31,921,184
Net OPEB Liability	1,973,161	2,204,566
Other Amounts Due in More than One Year	<u>11,262,465</u>	<u>11,909,388</u>
Total Liabilities	<u>36,284,855</u>	<u>51,334,882</u>
Deferred Inflows of Resources:		
Property Taxes	15,518,881	14,388,990
Pension and OPEB	<u>17,515,784</u>	<u>3,522,692</u>
Total Deferred Inflows of Resources	<u>33,034,665</u>	<u>17,911,682</u>
Net Position:		
Net Investment in Capital Assets	13,859,006	12,611,160
Restricted	2,937,242	2,391,008
Unrestricted	<u>(16,329,596)</u>	<u>(15,759,530)</u>
Total Net Position	<u>\$ 466,652</u>	<u>(757,362)</u>

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

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

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

(Unaudited)

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

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

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

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

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

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

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

(Unaudited)

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

The amount by which the District's assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources is called net position. As of June 30, 2022 the District's total net position was at a positive \$466,652. Of that amount, approximately \$13.9 million was the net investment in capital assets. Another \$2.9 million was subject to external restriction upon its use. The remainder is reported as unrestricted and is available for future use as directed by the Board of Education and the District's Administration. If the reported amounts related to the net pension and OPEB assets and liabilities calculations are excluded, the unrestricted net position reported by the District would be a positive \$9.8 million instead of the \$16.3 million deficit currently reported. As the operation of the state-wide pension systems are outside the control of the District and can vary significantly from year to year based on performance of investments; it is important to know how significant the recognition of the activity of the pension and OPEB plans have on the District's reported net position.

Total assets of governmental activities decreased the amount reported one year prior, but only slightly as the increase in net OPEB asset offset the majority of the decrease reported in pooled cash reported for the year. Total net capital assets amounts reported for the current year were virtually the same as the prior year total as the depreciation expense posted for the current year was almost equal to the capital asset additions for the year.

Total liabilities reported by the District decreased by nearly \$15.1 million from those reported one year prior. Decreases in the net pension and OPEB liabilities account for \$14.8 million of that change based on the positive annual earning results reported for the measurement period by the two State-wide pension plans. Deferred inflow of resources related to pension and OPEB increased by almost \$14 million which resulted from the better than expected earnings being amortized over the next few years by the retirement systems.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

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

(Unaudited)

A comparative analysis of the change in net position for fiscal year 2022 and 2021 follows:

**TABLE 2
CHANGE IN NET POSITION, JUNE 30**

	2022	2021
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,139,873	908,385
Operating Grants and Contributions	3,369,445	2,649,644
General Revenues:		
Property Taxes	16,760,163	19,205,027
Grants and Entitlements	10,697,320	10,445,884
Other	627,958	873,966
Total Revenues	32,594,759	34,082,906
Expenses:		
Instruction	19,146,030	22,169,032
Support Services:		
Pupils and Instructional Staff	2,096,966	2,172,389
Board of Education, Administration		
Fiscal and Business	3,413,702	3,722,542
Operation and Maintenance of Plant	2,259,786	2,135,750
Pupil Transportation	1,223,474	1,176,642
Central	534,237	530,203
Operation of Non-Instructional Services	1,006,780	918,798
Extracurricular Activities	1,419,619	1,117,407
Interest and Fiscal Charges	270,151	363,201
Total Expenses	31,370,745	34,305,964
Change in Net Position	1,224,014	(223,058)
Beginning Net Position	(757,362)	(534,304)
Ending Net Position	\$ 466,652	(757,362)

The table above indicates total expenses of the District decreased \$2.9 million, or 8.6%, over those reported for fiscal year 2021. The expense adjustments needed to record the net pension and OPEB amounts for the year was the single largest reason the decrease in expenses from the prior year. In the prior year, to record the net pension and OPEB amounts, the adjustment to the function expenses added an additional \$1.7 million of expense while for the current year, the adjustments resulted in reducing function expenses by \$2.6 million. If the expense adjustments for pension and OPEB amounts are excluded from the reported expenses of the District, total expenses reported for the current year would be \$34.0 million and the prior year's total would be \$32.6 million. The 4.5% increase in adjusted expenses for the current fiscal year compared with those of the prior year would be more in line with the actual experience of the District as wage increased due to salary increases and increases in cost of benefits, as well as general economic inflationary factors which increased the cost of goods and services utilized by the District during the year.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

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

(Unaudited)

Total revenues reported for fiscal year 2022 decreased \$1.5 million (4.4%) over those reported for the prior fiscal year. Program revenues totaled \$4.5 million for the current fiscal year compared to the \$3.6 million reported for prior year. The increase in program revenues resulted from the COVID related funding received by the District, primarily ESSER funding, to help offset the negative economic conditions caused by the pandemic. Program revenues represented 13.8% of the District's total revenues reported for fiscal year 2022. The remaining revenue sources, classified as general revenues, accounted for the remaining 86.2% of the total revenue sources and are comprised primarily of property tax and unrestricted intergovernmental revenues. Property tax revenues reported for the current year decreased \$2.4 million due to significant decrease in the amount reported as available for advance at year end. This amount, which is recorded as current year revenue, fluctuates from year to year depending on the timing tax receipts are received and processed by the County. Unrestricted grants and entitlements intergovernmental revenue increased by 2.4% over the prior year as the State changed its funding methodology for the current fiscal year. Combined, property taxes and unrestricted intergovernmental revenues account for 84.2% of the District's total revenue received for fiscal year 2022.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues for the governmental activities. General revenues including tax revenue, investment earnings and unrestricted State entitlements must support the net cost of program services. Comparisons to 2021 are as follows:

TABLE 3
TOTAL AND NET COST OF PROGRAM SERVICES
FOR THE FISCAL YEAR ENDED JUNE 30,

	2022		2021	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 19,146,030	(16,904,975)	22,169,032	(20,296,487)
Support Services	9,528,165	(9,337,448)	9,737,526	(9,420,724)
Non-Instructional Services	1,006,780	216,096	918,798	(128,384)
Extracurricular Activities	1,419,619	(564,949)	1,117,407	(539,139)
Interest and Fiscal Charges	270,151	(270,151)	363,201	(363,201)
Total Expenses	\$ 31,370,745	(26,861,427)	34,305,964	(30,747,935)

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

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

(Unaudited)

The District is heavily reliant upon general revenue resources to finance operations. During fiscal year 2022, general revenues accounted for 86.2% of total revenues, with property tax revenue accounting for 51.4% alone. The reliance on general revenues to support governmental activities is indicated by the net services column reflecting the need for \$26.9 million of general support to finance the total operation of the District. In total, general revenues were used to cover 85.6% of total expenses. The non-instructional services was the only functional area able to cover its entire cost of operation, due to food service, but this will be only temporary as the District received additional funding in the current year to assist with providing meals to students from the Federal government.

The District's Funds

The financial statements for the District's governmental funds (starting after the Statement of Activities) report major funds (general and permanent improvement funds) individually and combine all other governmental funds into one column for reporting purposes. Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$32.6 million and expenditures of \$34.2 million. Overall fund balance of governmental funds decreased \$1.2 million over those at June 30, 2021.

The general fund is the primary operating fund of the District. The general fund balance decreased by almost \$1.8 million during the year compared to the \$877,162 increase reported for the prior year. Total revenue for the general fund decreased by 6.7% over those reported for the prior year due primarily to the decrease in property taxes resulting from the decrease in the amount available for advance for the current year as previously discussed. General fund expenditures increased, but by only 3.0%. Increased expenditures related primarily from personnel and benefit costs increases, as well as additional expenditures incurred in reacting to the issues caused by the pandemic during the school year. Overall, the unassigned fund balance reported for the general fund at June 30, 2022 represents 30% of the total expenditures reported for the fund for the fiscal year compared with 38% for fiscal year 2021.

The other major governmental fund, the permanent improvement fund, reported an increase in fund balance of \$313,456 during the current fiscal year due to the issuance of tax anticipation notes during the year.

General Fund Budget Information

Prior to the start of the fiscal year, the District adopted the permanent budget which anticipated ending the year with an ending general fund budgetary fund balance of \$10.2 million. As the year progressed, the budget was amended several times as uncertainties that existed before the year became known. Overall, the effects of the various budgetary amendments only changed the anticipated ending budget fund balance slightly from that projected at the beginning of the year. The actual ending budgetary fund balance reported by the District at June 30, 2022 was \$12.6 million which was \$2.4 million more than the final amended budget as budgeted expenditures are based conservatively by the District. Actual budgetary expenditures (expenditures plus outstanding encumbrances) ended the year \$2.1 million less than those anticipated in the final budget.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

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

(Unaudited)

Actual budgetary revenues were \$19.6 million compared with original budgetary estimates of \$19.2 million. Actual budgetary expenditures (actual expenditures plus outstanding encumbrances) totaled \$21.1 million compared to the \$23.4 million anticipated in the initial appropriations adopted for the fiscal year.

Capital Assets

At the end of the fiscal year 2022, the District had \$23.7 million invested in land, land improvements, buildings and improvements, and equipment and machinery. Table 4 shows the fiscal year 2022 balances compared to fiscal year 2021.

TABLE 4
NET CAPITAL ASSETS, JUNE 30

	<u>2022</u>	<u>2021</u>
Land	\$ 2,278,313	2,278,313
Land Improvements	1,314,307	1,495,600
Buildings and Improvements	17,833,282	18,413,195
Machinery and Equipment	<u>2,257,008</u>	<u>1,493,677</u>
Total Net Capital Assets	\$ <u>23,682,910</u>	<u>23,680,785</u>

During the fiscal year, the District reported capital asset additions totaling \$1.2 million comprise mostly of two new school buses and new bleachers for the stadium as well as significant furniture and equipment purchased to address social distancing and student safety. Depreciation expense for the year totaled \$1.2 million as well, resulting in little overall change to the reported value of the District's capital assets. Additional information regarding capital assets can be found in Note 9 of this report.

Debt Administration

At June 30, 2022, the District reported \$9.9 million in long-term liabilities related to outstanding debt obligations; \$5.0 million of general obligation bonds, \$387,810 of energy conservation notes payable, \$438,000 of Tax Anticipation Notes and \$4.1 million of capital leases payable. Of the \$9.9 million outstanding at year end, \$1.9 million is scheduled for payment within the next fiscal year.

During the current year, the District made scheduled debt service payment which reduced the total outstanding debt obligations by \$1.6 million from the start of the fiscal year. In addition, the District undertook a debt refunding to achieve a debt service savings over the next four years by \$152,171.

Additional detailed information regarding long-term debt obligations is included in Note 10 to the basic financial statements.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

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

(Unaudited)

Contacting the District

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the District's financial position and to show the District's accountability for the funds it receives. Should you have any questions about this report or any other financial matter, contact the Treasurer's Office at Tipp City Exempted Village School District, 90 South Tippecanoe Drive, Tipp City, Ohio 45371.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Statement of Net Position
June 30, 2022*

	Governmental Activities
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$ 17,110,313
Materials and Supplies Inventory	6,602
Accounts Receivable	79,329
Intergovernmental Receivable	336,559
Prepaid Items	88,033
Property and Other Local Taxes Receivable	17,745,679
Net OPEB Asset	2,241,947
Capital Assets:	
Land	2,278,313
Depreciable Capital Assets, net	21,404,597
<i>Total Assets</i>	61,291,372
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Charge on Refunding Pension and OPEB	93,906
	8,400,894
<i>Total Deferred Outflows of Resources</i>	8,494,800
LIABILITIES:	
Accounts Payable	7,734
Accrued Wages and Benefits	2,458,901
Intergovernmental Payable	512,454
Accrued Interest Payable	16,389
Matured Compensated Absences Payable	58,092
Claims Payable	674,000
Long-Term Liabilities:	
Due Within One Year	1,999,450
Due in More Than One Year:	
Net Pension Liability	17,322,209
Net OPEB Liability	1,973,161
Other Amounts Due in More Than One Year	11,262,465
<i>Total Liabilities</i>	36,284,855
DEFERRED INFLOWS OF RESOURCES:	
Property Taxes not Levied to Finance Current Year Operations	15,518,881
Pension and OPEB	17,515,784
<i>Total Deferred Inflows of Resources</i>	33,034,665
NET POSITION:	
Net Investment in Capital Assets	13,859,006
Restricted for:	
Debt Service	1,742,113
Capital Projects	507,102
Other Purposes	688,027
Unrestricted	(16,329,596)
<i>Total Net Position</i>	\$ 466,652

The notes to the financial statements are an integral part of this statement.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

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

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 19,146,030	\$ 331,243	\$ 1,909,812	\$ (16,904,975)
Support Services:				
Pupils	1,604,348	-	-	(1,604,348)
Instructional Staff	492,618	-	9,000	(483,618)
Board of Education	29,280	-	-	(29,280)
Administration	2,501,323	-	-	(2,501,323)
Fiscal	740,713	-	-	(740,713)
Business	142,386	-	-	(142,386)
Operation and Maintenance of Plant	2,259,786	91,345	-	(2,168,441)
Pupil Transportation	1,223,474	2,679	87,693	(1,133,102)
Central	534,237	-	-	(534,237)
Operation of Non-Instructional Services	1,006,780	97,186	1,125,690	216,096
Extracurricular Activities	1,419,619	617,420	237,250	(564,949)
Interest and Fiscal Charges	270,151	-	-	(270,151)
<i>Total Governmental Activities</i>	<u>\$ 31,370,745</u>	<u>\$ 1,139,873</u>	<u>\$ 3,369,445</u>	<u>(26,861,427)</u>
General Revenues:				
Property Taxes Levied for:				
General Purposes				14,911,421
Debt Service				1,245,012
Capital Projects				603,730
Grants and Entitlements not Restricted to Specific Programs				10,697,320
Investment Earnings				14,185
Miscellaneous				613,773
<i>Total General Revenues</i>				<u>28,085,441</u>
<i>Change in Net Position</i>				1,224,014
<i>Net Position - Beginning of Year</i>				<u>(757,362)</u>
<i>Net Position - End of Year</i>				<u>\$ 466,652</u>

The notes to the financial statements are an integral part of this statement

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Balance Sheet
Governmental Funds
June 30, 2022*

	<u>General Fund</u>	<u>Permanent Improvement Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$ 13,738,285	\$ 744,709	\$ 2,352,985	\$ 16,835,979
Materials and Supplies Inventory	-	-	6,602	6,602
Accounts Receivable	79,329	-	-	79,329
Interfund Receivable	229,053	-	-	229,053
Intergovernmental Receivable	85,986	-	250,573	336,559
Prepaid Items	87,537	-	496	88,033
Property and Other Local Taxes Receivable	15,820,318	638,109	1,287,252	17,745,679
Advance to Other Funds	300,200	-	-	300,200
<i>Total Assets</i>	<u>\$ 30,340,708</u>	<u>\$ 1,382,818</u>	<u>\$ 3,897,908</u>	<u>\$ 35,621,434</u>
LIABILITIES:				
Accounts Payable	\$ 7,447	\$ -	\$ 287	\$ 7,734
Accrued Wages and Benefits	2,324,335	-	134,566	2,458,901
Interfund Payable	-	75,000	154,053	229,053
Intergovernmental Payable	497,573	-	14,881	512,454
Matured Compensated Absences	58,092	-	-	58,092
Advance from Other Funds	-	300,200	-	300,200
<i>Total Liabilities</i>	<u>2,887,447</u>	<u>375,200</u>	<u>303,787</u>	<u>3,566,434</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes not Levied to Finance				
Current Year Operations	13,838,856	557,805	1,122,220	15,518,881
Unavailable Revenue	32,846	1,325	54,706	88,877
<i>Total Deferred Inflows of Resources</i>	<u>13,871,702</u>	<u>559,130</u>	<u>1,176,926</u>	<u>15,607,758</u>
FUND BALANCES:				
Nonspendable:				
Prepaid Items	87,537	-	496	88,033
Long-Term Receivable	300,200	-	-	300,200
Restricted:				
Debt Service	-	-	1,741,875	1,741,875
Capital Outlay	-	448,488	-	448,488
Food Service Operations	-	-	243,462	243,462
Student Activities	-	-	407,227	407,227
State and Federal Grant Programs	-	-	16,153	16,153
Other Purposes	-	-	55,789	55,789
Assigned:				
School Supported Activities	174,092	-	-	174,092
School Supplies	207,818	-	-	207,818
Future Purchases	319,792	-	-	319,792
Subsequent Year Appropriations	3,837,492	-	-	3,837,492
Unassigned (Deficit)	8,654,628	-	(47,807)	8,606,821
<i>Total Fund Balances</i>	<u>13,581,559</u>	<u>448,488</u>	<u>2,417,195</u>	<u>16,447,242</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 30,340,708</u>	<u>\$ 1,382,818</u>	<u>\$ 3,897,908</u>	<u>\$ 35,621,434</u>

The notes to the financial statements are an integral part of this statement.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

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

Total Governmental Fund Balances	\$	16,447,242
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		23,682,910
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.		
Property Taxes Receivable		36,858
Intergovernmental Receivable		52,019
Certain items will not be recognized as expenditures for the current period and therefore are reported as deferred outflows of resources on the statement of net position.		
Deferred Charge on Refunding		93,906
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds		(4,972,000)
Energy Conservation Notes		(387,810)
Tax Anticipation Notes		(438,000)
Capital Leases Payable		(4,120,000)
Compensated Absences		(3,344,105)
Accrued Interest on Long-Term Debt		(16,389)
The net pension liability, as well as the net OPEB asset and liability, are not current resources; therefore, these assets, liabilities, and related deferred outflows and inflows of resources are not reported in the governmental funds.		
Net OPEB Asset		2,241,947
Deferred Outflows - Pension and OPEB		8,400,894
Deferred Inflows - Pension and OPEB		(17,515,784)
Net Pension Liability		(17,322,209)
Net OPEB Liability		(1,973,161)
Internal service funds are used by management to accumulate sufficient resources to make payments for medical benefits claims through payroll charges to the funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.		(399,666)
Net Position of Governmental Activities	\$	466,652

The notes to the financial statements are an integral part of this statement.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

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

	General Fund	Permanent Improvement Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:				
Property and Other Local Taxes	\$ 14,933,737	\$ 604,612	\$ 1,247,204	\$ 16,785,553
Intergovernmental	10,617,124	77,020	3,041,554	13,735,698
Interest	13,583	-	602	14,185
Tuition and Fees	333,922	-	-	333,922
Rent	91,345	-	-	91,345
Extracurricular Activities	193,780	-	417,206	610,986
Gifts and Donations	56,670	75,500	187,170	319,340
Customer Sales and Services	-	-	94,337	94,337
Miscellaneous	608,465	-	9,283	617,748
<i>Total Revenues</i>	<u>26,848,626</u>	<u>757,132</u>	<u>4,997,356</u>	<u>32,603,114</u>
EXPENDITURES:				
Current:				
Instruction	17,964,726	16,575	1,330,982	19,312,283
Support Services:				
Pupils	1,574,555	-	71,854	1,646,409
Instructional Staff	450,074	44,895	14,995	509,964
Board of Education	31,149	-	-	31,149
Administration	2,630,107	5,578	-	2,635,685
Fiscal	718,630	9,102	18,988	746,720
Business	135,116	-	-	135,116
Operation and Maintenance of Plant	2,372,499	37,187	217,140	2,626,826
Pupil Transportation	1,192,787	102,270	47,068	1,342,125
Central	563,925	-	-	563,925
Operation of Non-Instructional Services	29,374	-	1,028,170	1,057,544
Extracurricular Activities	865,657	-	571,342	1,436,999
Capital Outlay	-	270,658	-	270,658
Debt Service:				
Principal	71,724	220,000	1,358,000	1,649,724
Interest and Fiscal Charges	12,040	175,411	62,761	250,212
<i>Total Expenditures</i>	<u>28,612,363</u>	<u>881,676</u>	<u>4,721,300</u>	<u>34,215,339</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(1,763,737)</u>	<u>(124,544)</u>	<u>276,056</u>	<u>(1,612,225)</u>
OTHER FINANCING SOURCES AND USES:				
Proceeds from Sale of Capital Assets	5,308	-	-	5,308
Tax Anticipation Notes Issued	-	438,000	-	438,000
Refunding Bonds Issued	-	-	6,065,000	6,065,000
Payment to Refunding Bond Escrow Agent	-	-	(6,130,214)	(6,130,214)
Transfers In	-	-	60,000	60,000
Transfers Out	(60,000)	-	-	(60,000)
<i>Total Other Financing Sources and Uses</i>	<u>(54,692)</u>	<u>438,000</u>	<u>(5,214)</u>	<u>378,094</u>
<i>Net Change in Fund Balances</i>	<u>(1,818,429)</u>	<u>313,456</u>	<u>270,842</u>	<u>(1,234,131)</u>
<i>Fund Balance at Beginning of Year</i>	<u>15,399,988</u>	<u>135,032</u>	<u>2,146,353</u>	<u>17,681,373</u>
<i>Fund Balance at End of Year</i>	<u>\$ 13,581,559</u>	<u>\$ 448,488</u>	<u>\$ 2,417,195</u>	<u>\$ 16,447,242</u>

The notes to the financial statements are an integral part of this statement.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*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, 2022*

Net Change in Fund Balances - Total Governmental Funds \$ (1,234,131)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Asset Additions	1,159,488	
Depreciation Expense	<u>(1,157,363)</u>	2,125

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

Decrease in Unavailable Property Tax Revenue	(25,390)	
Increase in Unavailable Intergovernmental Revenue	<u>11,727</u>	(13,663)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, deferred loss on refunding debt when first issued, whereas these amounts are amortized in the statement of activities.

Repayment of Long-Term Bonds, Notes, and Capital Leases	1,649,724	
Tax Anticipation Notes Issued	(438,000)	
Payment to Refunding Bond Escrow Agent	6,130,214	
Current Year Amortization of Deferred Charge on Refunding	(31,217)	
General Obligation Bonds Issued	<u>(6,065,000)</u>	1,245,721

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expense is reported when due.

11,278

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

Increase in Compensated Absences Payable		(814,027)
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Contractually required pension and OPEB plan contributions are reported as expenditures in the governmental funds; however, the statement of activities reports these amounts as deferred outflows.

2,538,496

Except for amounts reported as deferred inflows and outflows of resources, changes in the net pension liability and OPEB assets and liabilities are reported as expenses in the statement of activities.

54,131

Internal service funds are used by management to accumulate sufficient resources to make payments for medical benefits claims through payroll charges to the funds. The net revenue or expense of the internal service fund is allocated among the governmental activities on the statement of activities.

(565,916)

Change in Net Positon of Governmental Activities

\$ 1,224,014

The notes to the financial statements are an integral part of this statement.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund*

For the Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Property Taxes	\$ 8,553,297	\$ 8,553,297	\$ 8,683,750	\$ 130,453
Intergovernmental	9,728,924	9,706,645	9,928,509	221,864
Interest	156,447	156,447	47,686	(108,761)
Tuition and Fees	214,522	214,522	104,499	(110,023)
Rent	140,000	140,000	91,345	(48,655)
Extracurricular Activities	106,000	106,000	104,872	(1,128)
Miscellaneous	340,368	340,368	610,837	270,469
<i>Total Revenues</i>	<u>19,239,558</u>	<u>19,217,279</u>	<u>19,571,498</u>	<u>354,219</u>
Expenditures:				
Current:				
Instruction	11,600,727	11,040,054	10,517,531	522,523
Support Services:				
Pupils	1,721,153	1,867,628	1,560,444	307,184
Instructional Staff	494,876	482,651	448,668	33,983
Board of Education	34,854	39,320	31,600	7,720
Administration	2,852,101	2,924,145	2,585,791	338,354
Fiscal	682,255	697,813	618,551	79,262
Business	148,082	231,620	134,255	97,365
Operation and Maintenance of Plant	2,542,980	2,653,611	2,305,534	348,077
Pupil Transportation	1,319,692	1,209,649	1,196,468	13,181
Central	620,903	680,702	562,927	117,775
Operation of Non-Instructional Services	16,565	142,820	15,018	127,802
Extracurricular Activities	886,789	888,860	803,987	84,873
Debt Service:				
Principal	79,111	84,000	71,724	12,276
Interest and Fiscal Charges	13,280	14,000	12,040	1,960
<i>Total Expenditures</i>	<u>23,013,368</u>	<u>22,956,873</u>	<u>20,864,538</u>	<u>2,092,335</u>
<i>Excess of Expenditures Over Revenues</i>	<u>(3,773,810)</u>	<u>(3,739,594)</u>	<u>(1,293,040)</u>	<u>2,446,554</u>
Other Financing Sources (Uses):				
Advances In	350,000	350,000	253,160	(96,840)
Proceeds From Sale of Capital Assets	-	-	5,308	5,308
Refund of Prior Year Expenditures	75,000	75,000	1,193	(73,807)
Transfers Out	(135,000)	(150,000)	(60,000)	90,000
Advances Out	(202,500)	(244,000)	(200,547)	43,453
<i>Total Other Financing Sources (Uses)</i>	<u>87,500</u>	<u>31,000</u>	<u>(886)</u>	<u>(31,886)</u>
<i>Net Change in Fund Balance</i>	<u>(3,686,310)</u>	<u>(3,708,594)</u>	<u>(1,293,926)</u>	<u>2,414,668</u>
Fund Balance, July 1	13,389,753	13,389,753	13,389,753	-
Prior Year Encumbrances	476,165	476,165	476,165	-
Fund Balance, June 30	<u>\$ 10,179,608</u>	<u>\$ 10,157,324</u>	<u>\$ 12,571,992</u>	<u>\$ 2,414,668</u>

The notes to the financial statements are an integral part of this statement.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Statement of Fund Net Position
Internal Service Fund
June 30, 2022*

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 274,334
<i>Total Assets</i>	<u>274,334</u>
LIABILITIES:	
Current Liabilities:	
Claims Payable	<u>674,000</u>
<i>Total Liabilities</i>	<u>674,000</u>
NET POSITION:	
Unrestricted	<u>(399,666)</u>
<i>Total Net Position</i>	<u><u>\$ (399,666)</u></u>

The notes to the financial statements are an integral part of this statement.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Statement of Revenues, Expenses and
Change in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2022*

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
Operating Revenues:	
Charges for Services	\$ 4,175,881
<i>Total Operating Revenues</i>	<u>4,175,881</u>
Operating Expenses:	
Purchased Services	786,062
Claims	<u>3,955,735</u>
<i>Total Operating Expenses</i>	<u>4,741,797</u>
<i>Operating Loss</i>	(565,916)
<i>Net Position at Beginning of Year</i>	<u>166,250</u>
<i>Net Position at End of Year</i>	<u>\$ (399,666)</u>

The notes to the financial statements are an integral part of this statement.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2022*

	<u>Governmental</u> <u>Activities</u>
	<u>Internal Service</u> <u>Fund</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	
Cash Flows from Operating Activities:	
Cash Received from Interfund Services Provided	\$ 4,175,881
Cash Paid for Purchased Services	(786,062)
Cash Paid for Settlement of Claims	(3,848,735)
<i>Net Cash Used by Operating Activities</i>	<u>(458,916)</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(458,916)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>733,250</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 274,334</u>
<u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u>	
Operating Loss	\$ (565,916)
Adjustments:	
Increase in Claims Payable	<u>107,000</u>
<i>Net Cash Used by Operating Activities</i>	<u>\$ (458,916)</u>

The notes to the financial statements are an integral part of this statement.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

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

	<u>Custodial Fund</u>
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 202
<i>Total Assets</i>	<u>\$ 202</u>
NET POSITION:	
Restricted for Individuals, Organizations, and Other Governments	<u>\$ 202</u>

The notes to the financial statements are an integral part of this statement.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2021*

	<u>Custodial Fund</u>
ADDITIONS:	
Extracurricular Amounts Collected for Other Organizations	\$ 2,415
<i>Total Additions</i>	<u>2,415</u>
DEDUCTIONS:	
Extracurricular Distributions to Other Organizations	<u>2,062</u>
<i>Total Deductions</i>	<u>2,062</u>
<i>Change in Net Position</i>	353
<i>Net Position at Beginning of Year</i>	<u>(151)</u>
<i>Net Position at End of Year</i>	<u>\$ 202</u>

The notes to the financial statements are an integral part of this statement.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

1. Description of the District and Reporting Entity

The Tipp City 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. The District is governed by a locally elected, five-member Board of Education (the Board) which provides educational service oversight.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading.

The primary government consists of all funds and departments, which provide various services including instruction, student guidance, extracurricular activities, food service, pre-school, educational media and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education.

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 body 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; (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations for which the District approves the budget, the issuance of debt or the levying of taxes. The District does not have any component units.

The District is associated with organizations which are defined as jointly governed organizations and a related organization. Additional details on the three organizations defined as jointly governed organizations (Southwestern Ohio Educational Purchasing Council, Miami Valley Career Technology Center, and META Solutions) can be found in Note 17 to the basic financial statements. Information on the Tipp City Public Library, defined as a related organization, can be located in Note 18 to the basic financial statements.

2. Summary of Significant Accounting Policies

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s policies are described below.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

2. Summary of Significant Accounting Policies (continued)

a. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are divided into the categories governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses 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 less liabilities and deferred inflows of resources is reported as fund balance. The following are the District's major governmental funds:

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

Permanent Improvement Fund - The permanent improvement fund is used to account for the resources generated by the 2.0 mill permanent improvement levy restricted for significant capital purchases or improvements and maintenance of District property.

Other governmental funds of the District may be used to account for specific resources that are restricted or committed to specified purposes.

Proprietary Fund

The proprietary fund focuses on the determination of operating income, the change in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the District has no enterprise funds.

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

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Custodial funds are used to report fiduciary activities not accounted for within trust funds. The District's only fiduciary fund, a custodial fund, accounts for the activity of State athletic tournament games held within the District for which the District acts as the fiscal agent.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

2. Summary of Significant Accounting Policies (continued)

b. Basis of Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. This approach differs from the manner in which governmental fund 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.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all non-major funds are aggregated into one column. Internal service and fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and liabilities, as well as deferred inflows of resources, are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in current fund balances. Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

2. Summary of Significant Accounting Policies (continued)

c. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The Fund financial statements are prepared using either modified accrual for governmental funds or accrual basis for proprietary and fiduciary funds.

Revenues, Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period of the District is sixty (60) days after year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, intergovernmental grants and student fees.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charge on refunding, pension, and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained further in Notes 12 and 13.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

2. Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources until that time. For the District, deferred inflows of resources include property taxes, unavailable revenue, pension, and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 12 and 13).

Expenditures/Expenses

The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities to the extent that payments come due each period upon the occurrence of employee resignations and retirements. Allocation of costs, such as depreciation and amortization, are not recognized in governmental funds.

The accrual basis of accounting utilized for the government-wide, as well as proprietary and fiduciary fund, financial statements recognize revenues when they are earned, and expenses are recognized at the time they are incurred.

Budgets and Budgetary Accounting

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

All funds, other than custodial funds, are legally required to be budgeted and appropriated, however the District elects to adopt appropriations and budgets for its custodial fund. The legal level of control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

2. Summary of Significant Accounting Policies (continued)

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing on the following July 1. As Miami County has waived the formal tax budget filing, an alternative tax budget is submitted to the County Auditor, as Secretary of the County Budget Commission, prior to the start of the fiscal year.

Estimated Resources

Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include unencumbered cash balances from the preceding year. The certificate may be further amended during the year if the fiscal officer determines that the revenue collected is greater or less than the current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2022.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal level of budgetary control.

Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenditures of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the legal level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriation by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. The budget figures, which appear in the statements of budgetary comparison, represent the final appropriation amounts, including all amendments and modifications.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

2. Summary of Significant Accounting Policies (continued)

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures from exceeding appropriations. On the fund financial statement encumbrances are reported within the restricted, committed or assigned fund balances depending on the restrictions placed upon the resources encumbered. For the general fund, encumbrances are reported as a component of assigned fund balance indicating that amount is not currently available. Encumbrances are reported as part of expenditures on a non-GAAP budgetary basis.

Lapsing of Appropriations

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

d. Cash and Investments

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each had maintained its own cash and investment account (See Note 5 for additional details).

Cash and cash equivalents include investments of the investment pool as well as individual investments with original maturities of three months or less.

Under existing Ohio statutes, all investment earnings accrue to the general fund unless specifically required to be allocated to other funds. Investment earnings credited to the general fund during the fiscal year amounted to \$13,583, which includes \$3,192 assigned from other District funds.

During fiscal year 2022, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants". The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

2. Summary of Significant Accounting Policies (continued)

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

e. **Inventory**

On government-wide financial statements, inventories are presented at the lower of cost or market using the first in, first out (FIFO) method and are expensed when used.

On fund financial statements, inventories of governmental funds are valued at cost. For all funds, cost is determined using the FIFO method, and are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption, and supplies held for resale. The cost is recorded as an expenditure when used. Reported inventories in these funds are reported as a non-spendable component of fund balance.

f. **Capital Assets and Depreciation**

General capital assets are reported in the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at the acquisition value as of the date received. The District follows the policy of not capitalizing assets with a cost of less than \$1,500 and a useful life of less than 1 year. The District does not possess any infrastructure.

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

<u>Description</u>	<u>Useful Life (years)</u>
Land Improvements	20
Buildings and Improvements	20 - 50
Machinery and Equipment	5 - 20

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

2. Summary of Significant Accounting Policies (continued)

g. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables. Long-term interfund loans are reported as advances to/from other funds and are equally offset by non-spendable fund balance to indicate they are not available financial resources, and therefore not available for appropriation. These amounts are eliminated in the statement of net position.

h. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. Employees may earn 15 days of sick leave per year up to a cumulative maximum of 210 days. Upon retirement, employees can receive a portion of the sick leave between 27% to 39%, depending on the type of employment contract. In addition, a Merit Service Retirement Award may be paid for sick leave balances in excess of the 210 days depending upon the type of employment contract.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

i. 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 from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension and OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension and OPEB plans' fiduciary net position is not sufficient for payment of those benefits. Long-term debt service paid from governmental funds is not recognized as a liability in the fund financial statements until they come due.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

2. Summary of Significant Accounting Policies (continued)

j. **Pensions/Other Postemployment Benefit (OPEB) Plans**

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

k. **Fund Balance**

The District reports classifications of fund balance based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact.

Restricted – amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the District's highest level of decision-making authority, the Board of Education.

Assigned – amounts that are constrained by the District's intent to be used for specific purpose, but are neither restricted or committed. Assigned amounts include those approved through the District's formal purchasing procedure by the Treasurer. Through the District's purchasing policy, the Board of Education has given the Treasurer the authority to constrain monies for intended purposes.

Unassigned – residual fund balance within the general fund that is in spendable form that is not restricted, committed or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The District applies restricted resources first when an expenditure is incurred for purposes for which restricted and unrestricted fund balance is available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

2. Summary of Significant Accounting Policies (continued)

I. Net Position

Net position represents the difference between assets and deferred outflows of resources compared with liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, regulations or other governments. There was no net position restricted by enabling legislation at June 30, 2022.

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

m. Interfund Activity

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements to avoid “doubling up” revenues and expenses. Flows of cash or goods from one fund to another without requirement of repayment are reported as interfund transfers. Transfers within governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are also eliminated. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Repayments from funds responsible for particular expenditures to the fund(s) that initially paid for them are not presented on the financial statements.

n. Estimates

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

3. Accountability – Deficit Fund Balances

Individual fund deficits reported at June 30, 2022 include the following: Elementary and Secondary School Emergency Relief (\$5,202), Title VI-B (\$38,998), and Title IIA (\$3,607).

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

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

4. Budgetary Basis of Accounting

While the District is reporting financial position, results of operations and changes in fund balance on the basis of 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 GAAP basis are that:

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

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

Budget Basis	\$	(1,293,926)
Adjustments:		
Revenue Accruals		(360,715)
Expenditure Accruals		(43,431)
Encumbrances		312,248
Other Financing Sources (Uses)		(53,806)
Perspective Budgeting Difference		<u>(378,799)</u>
GAAP Basis	\$	<u><u>(1,818,429)</u></u>

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

5. Deposits and Investments

State statutes require the classification of monies held by the District into three categories.

Active Monies - Those monies required to be kept in a “cash” or “near-cash” status for immediate use by the district. Such monies must be maintained either as cash in the District Treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive Monies - Those monies not required for use within the current five-year period of designation of depositories. Inactive monies may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

Interim Monies - Those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested in legal securities, as listed below.

- United States Treasury Notes, Bills, Bonds or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- The State Treasurer’s investment pool (STAR Ohio);
- Banker’s acceptance and commercial paper if training requirements have been met, and;
- Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

5. Deposits and Investments (continued)

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

Deposits

The carrying amount of all District deposits was \$7,328,391, which includes \$17,116 of cash on hand, and bank deposits totaled \$7,556,355 at June 30, 2022. At June 30, 2022, \$6,991,851 of the District's bank balances were covered by Federal Deposit Insurance Corporation and the remaining bank balance of \$564,504 was covered by pooled collateral as described below.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. The District's policy for deposits is that any balance not covered by depository insurance will be collateralized by the financial institution with pledged or pooled securities. Ohio law requires that deposits either be insured or be protected by:

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

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

Investments

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (in years)</u>		
		<u>less than 1</u>	<u>1-3</u>	<u>more than 3</u>
Negotiable Certificates of Deposits	\$ 757,647	\$ 421,218	\$ 336,429	\$ -
Money Market	79,716	79,716	-	-
STAR Ohio	<u>8,944,761</u>	<u>8,944,761</u>	-	-
Total	<u>\$ 9,782,124</u>	<u>\$ 9,445,695</u>	<u>\$ 336,429</u>	<u>\$ -</u>

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

5. Deposits and Investments (continued)

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

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 districts are legally allowed to participate in. The District has no policy limiting investments based on credit risk other than those established by ORC.

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 investment or collateral securities that are in the possession of an outside party. The District's investment in STAR Ohio was rated AAAM by Standard & Poor's. Investments in negotiable CDs and money market accounts are not rated.

Concentration of Credit Risk

The District places a limit on the percentage of the portfolio that may be held in the form of commercial paper, other than this stipulation, the District places no limit on the amount that may be invested in any one issuer. The investment in negotiable CDs, STAR Ohio, and money market accounts represented 8%, 91% and 1%, respectively, of the District's June 30, 2022 investment portfolio.

Fair Value Measurement

The District's investments measured and reported at fair value are classified according to the following hierarchy:

- Level 1 – Investments reflect prices quoted in active markets.
- Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 – Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the transparency of the instrument and should not be perceived as the particular investment's risk. The District's investment in negotiable certificates of deposits (noted above) are classified as level 2 based on the valuation based on pricing sources as provided by the investment managers. The District's investment in money market funds and STAR Ohio are measured at amortized cost and NAV, respectively.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

6. 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 collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar year 2022 represents collection of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2020, were levied after April 1, 2021 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The assessed values upon which fiscal year Miami County 2022 taxes were collected are:

	2022 First Half Collections	2021 Second Half Collections
Agricultural/Residential and Other Real Estate	\$ 468,372,250	\$ 457,783,800
Public Utility Personal	12,752,920	12,087,760
Total Assessed Value	\$ 481,125,170	\$ 469,871,560
Tax rate per \$1,000 of assessed valuation	\$54.19	\$54.82

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2022, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for the portion not intended to finance current year operations. On the accrual basis, total delinquent property tax amounts existing at year end have been recorded as revenue.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

7. Receivables

Receivables at June 30, 2022 consisted of taxes, accounts (tuition and student fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. Intergovernmental receivable consisted of the following:

	Amount
General Fund:	
Casino Tax	\$ 82,218
Medicaid Reimbursement	3,768
Non-Major Governmental Funds:	
ESSER	93,978
IDEA, Part B Grant	114,390
Title I Grant	29,045
Title IIA, Improving Teacher Quality Grant	13,160
Total	\$ 336,559

8. Interfund Transactions

Interfund balances on the fund statements at June 30, 2022 consist of the following receivables and payables:

Fund	Receivable	Payable
General Fund	\$ 229,053	-
Permanent Improvement Fund	-	\$ 75,000
Non-Major Governmental Funds:		
ESSER - CARES Act	-	97,484
Title VIB Grant	-	41,994
Title I Grant	-	11,070
Title II-A Grant	-	3,505
	\$ 229,053	\$ 229,053

All amounts reported as interfund receivables and payables are expected to be repaid to the general fund within one year from June 30, 2022. In a prior year, the general fund advanced funds to the permanent improvement fund to finance certain improvement projects. This advance is anticipated to be paid to the general fund over a ten-year period which started in fiscal year 2019. The amount expected to be repaid in the subsequent fiscal year is shown as “interfund receivable and payable” in the governmental fund while the long-term portion (greater than one year) is reported as “advance to and from other funds”. During fiscal year 2022, the District returned \$75,000 to the general fund.

In addition, during the fiscal year the general fund transferred \$60,000 to the district managed student activities (\$60,000) non-major funds to provide necessary operating resources.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

9. Capital Assets

A summary of capital asset activity during the fiscal year follows:

	Balance at 7/1/2021	Additions	Deductions	Balance at 6/30/2022
<u>Capital Assets, not being depreciated:</u>				
Land	\$ 2,278,313	\$ -	\$ -	\$ 2,278,313
<u>Capital Assets, being depreciated:</u>				
Land Improvements	5,370,614	69,299	-	5,439,913
Buildings and Improvements	31,953,127	72,160	-	32,025,287
Machinery and Equipment	5,924,993	1,018,029	(241,367)	6,701,655
Total Cost	<u>45,527,047</u>	<u>1,159,488</u>	<u>(241,367)</u>	<u>46,445,168</u>
<u>Less: Accumulated Depreciation:</u>				
Land Improvements	(3,875,014)	(250,592)	-	(4,125,606)
Buildings	(13,539,932)	(652,073)	-	(14,192,005)
Machinery and Equipment	(4,431,316)	(254,698)	241,367	(4,444,647)
Total Depreciation	<u>(21,846,262)</u>	<u>(1,157,363) *</u>	<u>241,367</u>	<u>(22,762,258)</u>
Total Capital Assets, net	<u>\$ 23,680,785</u>	<u>\$ 2,125</u>	<u>\$ -</u>	<u>\$ 23,682,910</u>

* - Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 917,964
Support Services:	
Instructional Support	7,739
Administrative	5,498
Business	1,198
Operation and Maintenance	35,334
Pupil Transportation	160,331
Central	5,409
Non-Instructional Services	3,162
Extracurricular Activities	20,728
Total Depreciation Expense	<u>\$ 1,157,363</u>

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

10. Long-Term Obligations

The activity of the District's long-term obligations during fiscal year 2022 was as follows:

	Balance 7/1/2021	Increase	Decrease	Balance 6/30/2022	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
2015 Refunding Bonds					
Serial Interest, 2.53%	\$ 6,065,000	\$ -	\$ (6,065,000)	\$ -	\$ -
2016 Refunding Bonds					
Term, 1.65%	110,000	-	(110,000)	-	-
2021 Refunding Bonds					
Term, 1.95%	-	6,065,000	(1,248,000)	4,817,000	1,522,000
2015 Land Acquisition					
Bonds, 1.95%	190,000	-	(35,000)	155,000	35,000
Total General Obligation Bonds	<u>6,365,000</u>	<u>6,065,000</u>	<u>(7,458,000)</u>	<u>4,972,000</u>	<u>1,557,000</u>
Energy Conservation Notes:					
HB 264 Improvements, 2.62%	459,534		(71,724)	387,810	73,603
Long Term Notes:					
Tax Anticipation Notes, Series 2022		438,000	-	438,000	38,000
Financed Purchase:					
Capital Leases Payable	4,305,000	-	(185,000)	4,120,000	190,000
Net Pension Liability:					
SERS	6,536,828	-	(2,810,263)	3,726,565	-
STRS	25,384,356	-	(11,788,712)	13,595,644	-
Total Net Pension Liability	<u>31,921,184</u>	<u>-</u>	<u>(14,598,975)</u>	<u>17,322,209</u>	<u>-</u>
Net OPEB Liability:					
SERS	2,204,566	-	(231,405)	1,973,161	-
Compensated Absences	2,530,078	922,527	(108,500)	3,344,105	140,847
Total Governmental Activities	<u>\$ 47,785,362</u>	<u>\$ 7,425,527</u>	<u>\$ (22,653,604)</u>	<u>\$ 32,557,285</u>	<u>\$ 1,999,450</u>

a. **General Obligations Bonds**

The \$6.9 million 2015 refunding bond issue consists of serial interest bonds bearing an interest rate of 2.53% that had a final maturity of December 1, 2024. These bonds were advanced refunded by the District through the issuance of refunding bonds in 2021.

In 2015, the District issued \$360,000 of land acquisition bonds to provide financing for the acquisition of real estate for District purposes. These bonds carry an interest rate of 1.95% and have interest payment dates of June 1st and December 1st each year, beginning June 1, 2016. Principal payment dates of December 1st each year have been established beginning on December 1, 2016 and concluding on December 1, 2025. These bonds are subject to optional redemption, at the option of the District, on any date on or after December 1, 2020 at a redemption price equal to 101% of the par value of the bonds to be redeemed.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

10. **Long-Term Obligations** (continued)

On November 4, 2021, the District issued \$6,065,000 of general obligation refunding bonds through a direct placement sale, to refund the remaining portion of the 2015 refunding bonds at the call date of November 4, 2021. The 2021 refunding bonds consist of one-year term bonds with a stated interest rate of 0.61 percent annually and a final maturity date of December 1, 2024. The proceed of this issuance, along with certain funds provided by the District, were used to satisfy the debt service requirements of the 2015 refunding bonds at the call date. As a result, the liability associated with the 2015 refunding bonds have been removed from the statement of net position.

The reacquisition price exceeded the net carrying value of the 2015 refunding bonds by \$65,214. This amount is being reported as a deferred charge on refunding on the statement of net position and is being amortized over the term of the 2021 refunding bonds. This refunding was undertaken to reduce total debt service payments over the next four years by \$152,171 and resulted in an economic gain of \$148,357.

A summary of the District's future debt service payments, including principal and interest payments, related to general obligation bonds are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 1,557,000	\$ 27,423	\$ 1,584,423
2024	1,734,000	16,883	1,750,883
2025	1,641,000	6,053	1,647,053
2026	<u>40,000</u>	<u>390</u>	<u>40,390</u>
Total	<u>\$ 4,972,000</u>	<u>\$ 50,749</u>	<u>\$ 5,022,749</u>

b. **Energy Conservation Notes**

In 2013, the District issued \$1,028,010 of energy conservation notes through the Ohio School Facilities Commission's Energy Conservation Program, commonly known as the HB 264 program. Improvements included lighting and building automation upgrades as well as air filtration and boiler optimization work. A summary of the District's future debt service payments, including principal and interest payments, related to the energy conservation notes payable are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 73,603	\$ 10,161	\$ 83,764
2024	75,531	8,232	83,763
2025	77,510	6,253	83,763
2026	79,541	4,223	83,764
2027	<u>81,625</u>	<u>2,138</u>	<u>83,763</u>
Total	<u>\$ 387,810</u>	<u>\$ 31,007</u>	<u>\$ 418,817</u>

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

10. Long-Term Obligations (continued)

c. **Financed Purchase – Lease Purchase Agreement**

The District entered into a lease purchase agreement in a prior year to provide financing for certain improvements to District facilities. The following is a schedule of the future principal and interest payments required by this agreement as of June 30, 2022:

Fiscal Year	Principal	Interest	Total
2023	\$ 190,000	\$ 150,535	\$ 340,535
2024	200,000	143,242	343,242
2025	205,000	135,669	340,669
2026	215,000	127,814	342,814
2027	220,000	119,680	339,680
2028 - 2032	1,250,000	464,695	1,714,695
2033 - 2037	1,505,000	207,477	1,712,477
2038	335,000	6,264	341,264
	\$ 4,120,000	\$ 1,355,376	\$ 5,475,376

d. **Tax Anticipation Notes**

On June 29, 2022 the District issued \$438,000 of permanent improvement levy tax anticipation notes. The notes are subject to a mandatory sinking fund redemption of the principal amount to be redeemed plus accrued interest beginning on June 1, 2023 and maturing on June 1, 2032. A summary of the District's future debt service payments, including principal and interest payments, related to the Tax Anticipation notes payable are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 38,000	\$ 13,330	\$ 51,330
2024	39,000	12,870	51,870
2025	40,000	11,583	51,583
2026	42,000	10,230	52,230
2027	43,000	8,844	51,844
2028 - 2032	236,000	21,912	257,912
	\$ 438,000	\$ 78,769	\$ 516,769

e. **Other Long-Term Liabilities**

The District pays obligations related to employee compensation (compensated absences as well as pension and OPEB plan contributions) from the fund benefitting from their service; specifically, the general fund, food service fund, IDEA Part B grant fund, and Title I grant fund.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

11. Risk Management

The District is exposed to various risks of loss related to torts, theft or, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2022, the District contracted with Ohio Casualty for fleet insurance coverage (deductible of \$1,000) as well as buildings and contents coverage (deductible of \$2,500). There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Effective October 1, 2019, the District started providing employee medical and prescription drug benefits through a self-insured program in which claims are processed by UMR, the third-party administrator. The District purchases stop loss insurance to cover catastrophic claims which exceed \$100,000 for individual claims and \$1.0 million in the aggregate. The Board contributes 81.5% of the premium for full-time classified employees and 80.0% for full-time certificated employees. The contribution percentage for employees that are less than full-time is based on a sliding scale based on hours worked per day.

The following table summarizes the medical and prescription benefit claims for the past two fiscal years.

<u>Fiscal Year</u>	<u>Beginning Claims Payable</u>	<u>Current Claims</u>	<u>Claims Payments</u>	<u>Ending Claims Payable</u>
2022	\$ 567,000	\$ 3,955,735	\$ 3,848,735	\$ 674,000
2021	\$ 355,047	\$ 3,829,036	\$ 3,617,083	\$ 567,000

12. Defined Benefit Pension 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.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

12. **Defined Benefit Pension Plans** (continued)

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

GASB Statement No. 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 contractually-required pension contributions outstanding at the end of the fiscal year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

12. **Defined Benefit Pension Plans** (continued)

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

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, and Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the 14% was allocated to only three of the funds (Pension Trust Fund, Death Benefit Fund and Medicare B Fund).

The District's contractually required contribution to SERS was \$546,755 for fiscal year 2022. Of this amount, \$104,216 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee 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.

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be 5 years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

12. Defined Benefit Pension Plans (continued)

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

The CO Plan offers features of both the DB Plan and the DC Plan. In the CO Plan, 12% of the 14% member rate is deposited into the member's DC account 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 CO Plan payment is payable to a member on or after age 60 with 5 years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

New members who choose the DC Plan or CO 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 CO Plan account to a lifetime benefit results in STRS Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

A DB or CO Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013 must have at least 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance.

Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2022, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2022 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was approximately \$1,920,423 for fiscal year 2022. Of this amount, \$316,384 is reported as an intergovernmental payable.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

12. Defined Benefit Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources for Pensions

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 3,726,565	\$ 13,595,644	\$ 17,322,209
Proportion of the net pension liability	0.100999%	0.106333%	
Change in proportionate share	0.002169%	0.001424%	
Pension expense	\$ (68,820)	\$ 134,571	\$ 65,751

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ 360	\$ 420,040	\$ 420,400
Net difference between projected and actual earnings on pension plan investments	-	-	-
Change in assumptions	78,470	3,771,676	3,850,146
Change in District's proportionate share and difference in employer contributions	82,302	696,861	779,163
District's contributions subsequent to the measurement date	<u>546,755</u>	<u>1,920,423</u>	<u>2,467,178</u>
Total	<u>\$ 707,887</u>	<u>\$ 6,809,000</u>	<u>\$ 7,516,887</u>
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ 96,645	\$ 85,218	\$ 181,863
Net difference between projected and actual earnings on pension plan investments	1,919,290	11,716,842	13,636,132
Change in District's proportionate share and difference in employer contributions	<u>15,490</u>	<u>-</u>	<u>15,490</u>
Total	<u>\$ 2,031,425</u>	<u>\$ 11,802,060</u>	<u>\$ 13,833,485</u>

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

12. Defined Benefit Pension Plans (continued)

\$2,467,178 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	\$ (436,299)	\$ (1,636,972)	\$ (2,073,271)
2024	(388,551)	(1,405,804)	(1,794,355)
2025	(456,338)	(1,610,249)	(2,066,587)
2026	(589,105)	(2,260,458)	(2,849,563)
	\$ (1,870,293)	\$ (6,913,483)	\$ (8,783,776)

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 consider the employee's entire career with the employer and 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.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

12. Defined Benefit Pension Plans (continued)

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

Inflation:	
Current measurement period	2.40 percent
Prior measurement period	3.00 percent
Future salary increases, including inflation	
Current measurement period	3.25 percent to 13.58 percent
Prior measurement period	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	
Current measurement period	2.00 percent, on and after 4/1/2018, COLA's for future retirees will be delayed for 3 years following retirement.
Prior measurement period	2.50 percent, on and after 4/1/2018, COLA's for future retirees will be delayed for 3 years following retirement.
Investment rate of return	
Current measurement period	7.00 percent net of System expenses
Prior measurement period	7.50 percent net of System expenses
Actuarial cost method	Entry Age Normal

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

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2015 to June 30, 2020 adopted by the Board on April 15, 2021.

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

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

12. Defined Benefit Pension Plans (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00%	-0.33%
US equity	24.75%	5.72%
Non-US equity developed	13.50%	6.55%
Non-US equity emerging	6.75%	8.54%
Fixed income/global bond	19.00%	1.14%
Private equity	11.00%	10.03%
Real estate/real assets	16.00%	5.41%
Multi-asset strategies	4.00%	3.47%
Private debt/private credit	<u>3.00%</u>	5.28%
	<u>100.00%</u>	

Discount Rate – Total pension liability was calculated using the discount rate of 7.0%. 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 (7.0%). 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 7.0%, 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 (6.0%), or one percentage point higher (8.0%) than the current rate.

	1% Decrease	Current	1% Increase
	(6.00%)	Discount Rate (7.00%)	(8.00%)
District's proportionate share of the net pension liability	\$ 6,200,089	\$ 3,726,565	\$ 1,640,534

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

12. Defined Benefit Pension Plans (continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	12.50% at age 20 to 2.50% at age 65
Payroll increases	3.00%
Investment rate of return, including inflation:	
Current measurement period	7.00%, net of investment expenses
Prior measurement period	7.45%, net of investment expenses
Discount rate of return	
Current measurement period	7.00%
Prior measurement period	7.45%
Cost-of-living adjustments (COLA)	0%

Post-retirement mortality rates for 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

The actuarial assumptions were based on the results of an actual experience study for the period July 1, 2011 through June 30, 2016.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Domestic equity	28.00%	7.35%
International equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed income	21.00%	3.00%
Real estate	10.00%	6.00%
Liquidity reserves	<u>1.00%</u>	2.25%
Total	<u>100.00%</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 investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

12. Defined Benefit Pension Plans (continued)

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 25,459,553	\$ 13,595,644	\$ 3,570,667

13. Other Post-Employment Benefits (OPEB) Plans

Net OPEB Asset/Liability

The net OPEB liability (asset) reported on the statement of net position represents a liability to (or assets for) 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 liability (asset) 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 liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments, health care cost trend rates and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

13. Other Post-Employment Benefits (OPEB) Plans (continued)

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

GASB Statement No. 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 (asset). Resulting adjustments to the net OPEB liability (asset) 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 liability or fully-funded benefits as a long-term net OPEB asset on the accrual basis of accounting. Any liability for contractually-required OPEB contributions outstanding at the end of the fiscal year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description—SERS' Health Care program provides health care 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. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. 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.

Funding Policy—State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, there was no portion allocated to health care.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

13. **Other Post-Employment Benefits (OPEB) Plans** (continued)

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, the minimum compensation amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the District’s surcharge obligation was \$71,318.

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 Board to offer this plan. Coverage under the current program includes hospitalization, physicians’ fees and prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS health care plans include creditable prescription drug coverage. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy—Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

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

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

	SERS	STRS	Total
Proportionate share of the net OPEB asset	\$ -	\$ 2,241,947	\$ 2,241,947
Proportionate share of the net OPEB liability	1,973,161	-	1,973,161
Proportion of the net OPEB asset/liability	0.104258%	0.106333%	
Change in proportionate share	0.002820%	0.001424%	
OPEB (negative) expense	\$ 22,319	\$ (142,201)	\$ (119,882)

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

13. Other Post-Employment Benefits (OPEB) Plans (continued)

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from various sources which are detailed in the following schedule:

	SERS	STRS	Total
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ 21,032	\$ 79,828	\$ 100,860
Change in assumptions	309,543	143,207	452,750
Difference between employer contributions and proportionate share of contributions	211,420	47,659	259,079
District contributions subsequent to the measurement date	71,318	-	71,318
Total	\$ 613,313	\$ 270,694	\$ 884,007
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ 982,725	\$ 410,763	\$ 1,393,488
Net difference between projected and actual earnings on OPEB plan investments	42,868	621,429	664,297
Change in assumptions	270,207	1,337,484	1,607,691
Difference between employer contributions and proportionate share of contributions	16,823	-	16,823
Total	\$ 1,312,623	\$ 2,369,676	\$ 3,682,299

\$71,318 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ (158,775)	\$ (597,977)	\$ (756,752)
2023	(159,076)	(582,424)	(741,500)
2024	(182,202)	(574,583)	(756,785)
2025	(169,305)	(258,484)	(427,789)
2026	(80,816)	(87,677)	(168,493)
2027	(20,454)	2,163	(18,291)
	\$ (770,628)	\$ (2,098,982)	\$ (2,869,610)

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

13. Other Post-Employment Benefits (OPEB) Plans (continued)

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 consider the employee's entire career with the employer and take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

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

Investment rate of return:	
Current measurement date	7.00% of net investment expense, including inflation
Prior measurement date	7.50% of net investment expense, including inflation
Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
Municipal bond index rate:	
Current measurement date	1.92%
Prior measurement date	2.45%

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

13. Other Post-Employment Benefits (OPEB) Plans (continued)

Single equivalent interest rate, net of plan investment expense:	
Current measurement date	2.27%, including price inflation
Prior measurement date	2.63%, including price inflation
Medical Trend Assumption:	
Current measurement date	
Pre-Medicare	6.75% - 4.40%
Medicare	5.125% - 4.40%
Prior measurement date	
Pre-Medicare	7.00% - 4.75%
Medicare	5.25% - 4.75%

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

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2015 to June 30, 2020 adopted by the Board on April 15, 2021.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	-0.33%
US equity	24.75%	5.72%
Non-US equity developed	13.50%	6.55%
Non-US equity emerging	6.75%	8.54%
Fixed income/global bonds	19.00%	1.14%
Private equity	11.00%	10.03%
Real estate/real assets	16.00%	5.41%
Multi-asset strategies	4.00%	3.47%
Private debt/private credit	<u>3.00%</u>	5.28%
Total	<u>100.00%</u>	

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

13. Other Post-Employment Benefits (OPEB) Plans (continued)

Discount Rate – The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 1.5% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and no contributions from 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, 2042. 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, 2041 and the Municipal Bond Index rate of 1.92% as of June 30, 2021 (i.e., municipal bond rate) was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rates – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability calculated using the discount rate of 2.27%, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.27%) and one percentage point higher (3.27%) than the current rate.

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
District's proportionate share of the net OPEB liability	\$ 2,444,986	\$ 1,973,161	\$ 1,596,234

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the District’s net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (5.75% decreasing to 3.40%) and one percentage point higher (7.75% decreasing to 5.40%) than the current rates:

	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
District's proportionate share of the net OPEB liability	\$ 1,519,173	\$ 1,973,161	\$ 2,579,551

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

13. Other Post-Employment Benefits (OPEB) Plans (continued)

Actuarial Assumptions - STRS

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	12.50% at age 20 to 2.50% at age 65	
Payroll increases	3.00%	
Investment rate of return:		
Current measurement date	7.00%, net of investment expenses, including inflation	
Prior measurement date	7.45%, net of investment expenses, including inflation	
Discount rate of return:		
Current measurement date	7.00%	
Prior measurement date	7.45%	
Health care cost trends:	Initial	Ultimate
Medical:		
Pre-Medicare	5.00%	4.00%
Medicare	-16.18%	4.00%
Prescription Drug		
Pre-Medicare	6.50%	4.00%
Medicare	29.98%	4.00%

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

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

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

13. Other Post-Employment Benefits (OPEB) Plans (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Domestic equity	28.00%	7.35%
International equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed income	21.00%	3.00%
Real estate	10.00%	6.00%
Liquidity reserves	<u>1.00%</u>	2.25%
Total	<u>100.00%</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 investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate – The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on OPEB plan assets of 7.00% was used to measure the total OPEB liability as of June 30, 2021.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and the Health Care Cost Trend Rates – The following table presents the District's proportionate share of the net OPEB asset calculated using the current period discount rate assumption of 7.00%, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) and one percentage point higher (8.00%) than the current rate. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net OPEB asset	\$ 1,891,856	\$ 2,241,947	\$ 2,534,394

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

13. Other Post-Employment Benefits (OPEB) Plans (continued)

	1% Decrease In Trend Rates	Current Trend Rates	1% Increase In Trend Rates
District's proportionate share of the net OPEB asset	\$ 2,522,545	\$ 2,241,947	\$ 1,894,961

14. 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits should become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2022, if applicable, cannot be determined at this time.

b. Litigation

The District is currently involved in various legal proceedings however management does not believe any will have a significant financial impact to the District's financial position.

15. Commitments - Encumbrances

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

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 327,239
Permanent improvement fund	183,277
Other governmental funds	115,808
Total	\$ 626,324

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

16. Statutory Reserve

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 or construction of capital improvements. Amounts not spent by the 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 this same purpose in future years. The following cash basis information describes the change in year-end set aside amounts. Disclosure of this information is required by State statute.

	Capital Acquisition
Set-aside cash balance as of June 30, 2021	\$ -
Current year set-aside requirements	436,304
Current year offset	(436,304)
Total	\$ -
Set-aside cash balance carried forward to FY 2023	\$ -

Although the District had current year offsets which exceeded the current year set-aside requirement, the excess amount may not be used to reduce the set-aside requirements of future fiscal years. Therefore, the excess is not presented as being carried forward to the next fiscal year.

17. Jointly Governed Organizations

a. **Southwestern Ohio Educational Purchasing Council**

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing council made up of 126 public school districts in 18 counties in southwestern Ohio. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group.

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. \$27,061 was paid to SOEPC by the District during fiscal year 2022. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, 303 Corporate Center, Suite 208, Vandalia, Ohio, 45377.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
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17. Jointly Governed Organizations (continued)

b. Miami Valley Career Technology Center

The Miami Valley Career Technology 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 fifteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following city and/or exempted village school districts: Carlisle, Miamisburg, Milton-Union, Northmont, Vandalia, Versailles, Huber Heights, Eaton, Trotwood, Tipp City, and West Carrollton. Three members are appointed from the Montgomery County Educational Service Center, one from the Miami County Educational Service Center, one from the Darke County Educational Service Center, and one from the Preble County Educational Service Center. During fiscal year 2022, there were no payments to this organization. To obtain financial information, write to the Miami Valley Career Technology Center, Bradley McKee, who serves as Treasurer, at 6800 Hoke Road, Clayton, Ohio 45315.

c. META Solutions

The District is a member of META Solutions which is an association of public entities throughout Ohio. Membership in META Solutions was due to the merger of the Metropolitan Dayton Educational Cooperative Association (MDECA) and META Solutions. META Solutions was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts while providing an open marketplace where choice is not limited by geography.

The governing board of META Solutions consists of a thirteen-person Board of Directors, with each of the directors elected by a majority vote of all members within each county in META Solutions membership. During fiscal year 2022, the District paid \$74,689 to META Solutions. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

18. Related Organization

The Tipp City Public Library (the Library) is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the District's Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. During fiscal year 2022, the District paid \$1,375 to this organization. Financial information can be obtained from the Tipp City Public Library, Fiscal Officer, 11 East Main Street, Tipp City, Ohio 45371.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

19. Tax Abatements

During fiscal year 2022, the District's property tax revenues were reduced by \$671,145 under nine Community Reinvestment Area (CRA) agreements which were entered into by the City of Tipp City.

Under Ohio Revised Code (ORC) Sections 3735 and 5709, municipalities may offer a property tax incentive to an individual or entity for improvements within certain targeted areas. The CRA program abates 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements, which are administered as a reduction in the property tax bill. Commercial and industrial project abatements may not exceed 15 years for CRAs.

The District and the City of Tipp City, in accordance with ORC Section 5709.82, have entered into agreements for payments in lieu of taxes when new income tax collections exceed \$1 million for a project granted a CRA abatement. Under these agreements, the City reimburses the District 50 percent of the municipal income tax revenue derived from the new investment in the community less an amount up to 35 percent of the capital infrastructure improvement costs paid by the City for the project. During fiscal year 2022, the District received \$551,311 from the City under these revenue sharing agreements.

20. COVID-19 Pandemic

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2022, the District received funding through the Consolidated Appropriations Act 2021, passed by Congress on December 1, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

During fiscal year 2022, the District received \$740,712 through the Elementary and Secondary School Emergency Relief Program.

21. Change in Accounting Policies

For fiscal year 2022, the District implemented GASB Statement No. 87, *Leases*; GASB Implementation Guide 2019-3, *Leases*; GASB Statement No. 92, *Omnibus 2020*; GASB Statement No. 93, *Replacement of Interbank Offered Rates*; and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

21. Change in Accounting Policies (continued)

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

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The District determined that any contract covered by GASB Statement No. 87 and the 2019-3 GASB Implementation Guide were insignificant and therefore were not incorporated into these financial statements. The implementation of GASB Statements No. 92, 93 and 97 did not have an effect on the financial statements.

Required Supplementary Information

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Schedule of the District's Proportionate Share of the Net Pension Liability
Last Nine Fiscal Years (1) (2)*

	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
School Employees Retirement System of Ohio:					
2014	0.090485%	\$ 5,380,583	\$ 2,746,084	195.94%	65.52%
2015	0.090485%	4,579,394	2,655,866	172.43%	71.70%
2016	0.090727%	5,176,971	2,901,290	178.44%	69.16%
2017	0.091584%	6,703,117	2,844,264	235.67%	62.98%
2018	0.090817%	5,426,115	2,977,229	182.25%	69.50%
2019	0.099930%	5,723,187	3,271,696	174.93%	71.36%
2020	0.099981%	5,982,038	3,429,911	174.41%	70.85%
2021	0.098830%	6,536,828	3,464,764	188.67%	68.55%
2022	0.100999%	3,726,565	3,486,221	106.89%	82.86%
State Teachers Retirement System of Ohio:					
2014	0.100056%	\$ 28,990,260	\$ 10,509,254	275.85%	69.30%
2015	0.100056%	24,337,155	11,009,377	221.06%	74.70%
2016	0.098810%	27,308,302	10,309,207	264.89%	72.09%
2017	0.099034%	33,149,792	10,420,321	318.13%	66.78%
2018	0.099266%	23,580,839	10,913,071	216.08%	75.30%
2019	0.101203%	22,252,376	11,505,129	193.41%	77.30%
2020	0.102910%	22,757,987	12,082,064	188.36%	77.40%
2021	0.104909%	25,384,356	12,660,929	200.49%	75.50%
2022	0.106333%	13,595,644	13,120,807	103.62%	87.80%

(1) Information prior to 2014 is not available. The District will continue to present information for years available until a full ten-year trend is compiled.

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

See accompanying notes to the required supplementary information.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Schedule of the District's Contributions - Pension Plans
Last Ten Fiscal Years*

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
School Employees Retirement System of Ohio:					
2013	\$ 380,058	\$ (380,058)	\$ -	\$ 2,746,084	13.84%
2014	368,103	(368,103)	-	2,655,866	13.86%
2015	382,390	(382,390)	-	2,901,290	13.18%
2016	398,197	(398,197)	-	2,844,264	14.00%
2017	416,812	(416,812)	-	2,977,229	14.00%
2018	441,679	(441,679)	-	3,271,696	13.50%
2019	463,038	(463,038)	-	3,429,911	13.50%
2020	485,067	(485,067)	-	3,464,764	14.00%
2021	488,071	(488,071)	-	3,486,221	14.00%
2022	546,755	(546,755)	-	3,905,393	14.00%
State Teachers Retirement System of Ohio:					
2013	\$ 1,366,203	\$ (1,366,203)	\$ -	\$ 10,509,254	13.00%
2014	1,431,219	(1,431,219)	-	11,009,377	13.00%
2015	1,443,289	(1,443,289)	-	10,309,207	14.00%
2016	1,458,845	(1,458,845)	-	10,420,321	14.00%
2017	1,527,830	(1,527,830)	-	10,913,071	14.00%
2018	1,610,718	(1,610,718)	-	11,505,129	14.00%
2019	1,691,489	(1,691,489)	-	12,082,064	14.00%
2020	1,772,530	(1,772,530)	-	12,660,929	14.00%
2021	1,836,913	(1,836,913)	-	13,120,807	14.00%
2022	1,920,423	(1,920,423)	-	13,717,307	14.00%

See accompanying notes to the required supplementary information.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Schedule of the District's Proportionate Share of the Net OPEB Liability (Asset)
Last Six Fiscal Years (1) (2)*

District's Proportion of the Net OPEB Liability or Asset	District's Proportionate Share of the Net OPEB Liability or (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset
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School Employees Retirement System of Ohio:

2017	0.092861%	\$ 2,646,889	\$ 2,844,264	93.06%	11.49%
2018	0.092123%	2,472,334	2,977,229	83.04%	12.46%
2019	0.101337%	2,811,357	3,271,696	85.93%	13.57%
2020	0.102621%	2,580,707	3,429,911	75.24%	15.57%
2021	0.101437%	2,204,566	3,464,764	63.63%	18.17%
2022	0.104258%	1,973,161	3,486,221	56.60%	24.08%

State Teachers Retirement System of Ohio:

2017	0.099497%	\$ 5,296,384	\$ 10,420,321	50.83%	37.30%
2018	0.099266%	3,872,991	10,913,071	35.49%	47.10%
2019	0.101203%	(1,626,237)	11,505,129	-14.13%	176.00%
2020	0.102910%	(1,704,441)	12,082,064	-14.11%	174.70%
2021	0.104909%	(1,843,781)	12,660,929	-14.56%	182.10%
2022	0.106333%	(2,241,947)	13,120,807	-17.09%	174.70%

(1) Information prior to 2017 is not available. The District will continue to present information for years available until a full ten-year trend is compiled.

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

See accompanying notes to the required supplementary information.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Schedule of the District's Contributions - OPEB Plans
Last Seven Fiscal Years (1)*

	Contractually Required Contributions (2)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
School Employees Retirement System of Ohio:					
2016	\$ 47,204	\$ (47,204)	\$ -	2,844,264	1.66%
2017	50,045	(50,045)	-	2,977,229	1.68%
2018	70,946	(70,946)	-	3,271,696	2.17%
2019	80,538	(80,538)	-	3,429,911	2.35%
2020	59,876	(59,876)	-	3,464,764	1.73%
2021	67,505	(67,505)	-	3,486,221	1.94%
2022	71,318	(71,318)	-	3,905,393	1.83%
State Teachers Retirement System of Ohio:					
2016	\$ -	\$ -	\$ -	10,420,321	0.00%
2017	-	-	-	10,913,071	0.00%
2018	-	-	-	11,505,129	0.00%
2019	-	-	-	12,082,064	0.00%
2020	-	-	-	12,660,929	0.00%
2021	-	-	-	13,120,807	0.00%
2022	-	-	-	13,717,307	0.00%

(1) The District elected not to present information prior to 2016. The District will continue to present information for years available until a full ten-year trend is compiled.

(2) Includes Surcharge for School Employees Retirement System of Ohio.

See accompanying notes to the required supplementary information.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

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

A. Pension Plans:

School Employees Retirement System of Ohio:

Change in assumptions. In 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2015. Significant changes included a reduction of the discount rate from 7.75% to 7.50%, a reduction in the wage inflation rate from 3.25% to 3.00%, a reduction in the payroll growth assumption used from 4.00% to 3.50%, reduction in the assumed real wage growth rate from 0.75% to 0.50%, update of the rates of withdrawal, retirement and disability to reflect recent experience, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables for active members and service retired members and beneficiaries.

In measurement year 2021, changes in assumptions were made based upon the latest actuarial valuation. Significant changes included reduction of the discount rate from 7.5% to 7%, a reduction in the rate of inflation from 3% to 2.4%, an increase in the real wage growth from 0.5% to 0.85%, a reduction in COLA from 2.5% to 2%, rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience and mortality among active members, service retirees and beneficiaries, and disabled members were updated.

Change in benefit and funding terms. In measurement year 2018, post-retirement increases in benefits included the following changes: 1) members, or their survivors, retiring prior to January 1, 2018, receive a COLA increase of 3.0% of their base benefit on the anniversary of their initial date of retirement; 2) members, or their survivors, retiring on and after January 1, 2018, receive a COLA increase on each anniversary of their initial date of retirement equal to the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0%, nor greater than 2.5%. COLAs are suspended for calendar years 2018, 2019 and 2020; 3) members, or their survivors, retiring on or after April 1, 2018, will have their COLA delayed for three years following their initial date of retirement.

State Teachers Retirement System of Ohio:

Change in assumptions. In 2018, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0/25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For measurement period 2021, the discount rate was adjusted to 7.00% from 7.45%.

Change in benefit and funding terms. Effective July 1, 2017, the COLA was reduced to zero.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

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

B. Other Postemployment Benefit (OPEB) Plans:

School Employees Retirement System of Ohio:

Change in assumptions. In measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2015. Significant changes included a reduction in the rate of inflation from 3.25% to 3.00%, a reduction in the payroll growth assumption from 4.00% to 3.50%, a reduction in assumed real wage growth from 0.75% to 0.50%, an update in rates of withdrawal, retirement and disability, and transitioning to the following mortality tables: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age setback for both active male and female members; RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB (120% of male rates, and 110% of female rates) for service retired members and beneficiaries; and 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 among disabled members.

In measurement year 2018, medical trend rates have been adjusted to reflect premium decreases.

In measurement year 2021, changes in assumptions were made based upon an updated actuarial valuation. Significant changes included a reduction in the inflation rate from 3% to 2.4%, a reduction in the payroll growth assumption from 3.5% to 1.75%, an increase in real wage growth from 0.5% to 0.85%, rates of withdrawal, retirement, and disability were updated to reflect recent experience, rates of health care participation for future retirees and spouses was updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries, and disabled members were updated.

Change in benefit and funding terms. In measurement year 2018, SERS' funding policy allowed a 2.0% health care contribution rate to be allocated to the Health Care Fund. The 2.0% is a combination of 0.5% employer contributions and 1.5% surcharge.

For measurement period 2021, the discount rate was adjusted to 7.00% from 7.45%.

State Teachers Retirement System of Ohio:

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

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

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

B. Other Postemployment Benefit (OPEB) Plans:

For measurement year 2018, the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74. Valuation year per capital health care costs were updated.

Change in benefit and funding terms. For measurement year 2017, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 % to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For measurement year 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For measurement year 2019, there was no change to the claims costs process. Claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For measurement year 2020, there was no change to the claims costs process. Claims curves were trended to the fiscal year ending June 30, 2021 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For measurement year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.10% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Assistance Listing Number	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
National School Lunch Program	10.555	\$939,167	\$64,523
COVID-19 Special Milk Program for Children	10.556	59,833	
Total Child Nutrition Cluster		<u>999,000</u>	<u>64,523</u>
COVID-19 State Pandemic Electronic Benefit Transfer Administrative Costs Grants	10.649	614	
Total U.S. Department of Agriculture		<u>999,614</u>	<u>64,523</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	162,597	
Special Education Cluster			
Special Education Grants to States	84.027	524,325	
COVID-19 Special Education Grants to States		78,192	
		<u>602,517</u>	
COVID-19 Special Education Preschool Grants	84.173	8,264	
Total Special Education Cluster		<u>610,781</u>	
Supporting Effective Instruction State Grants	84.367	33,386	
Student Support and Academic Enrichment Program	84.424	12,664	
COVID-19 Education Stabilization Fund	84.425D	76,204	
	84.425U	574,856	
Total COVID-19 Education Stabilization Fund		<u>651,060</u>	
Total U.S. Department of Education		<u>1,470,488</u>	
Total Expenditures of Federal Awards		<u>\$2,470,102</u>	<u>\$64,523</u>

The accompanying notes are an integral part of this schedule.

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Tipp City Exempted Village School District (the District) under programs of the federal government for the fiscal year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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



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

Tipp City Exempted Village School District
Miami County
90 South Tippecanoe Drive
Tipp City, Ohio 45371

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tipp City Exempted Village School District, Miami County, (the District) as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 3, 2023, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

April 3, 2023

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Tipp City Exempted Village School District
Miami County
90 South Tippecanoe Drive
Tipp City, Ohio 45371

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

April 3, 2023

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**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	COVID-19 Education Stabilization Fund (AL #84.425)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

FINDING NUMBER 2022-001

Material Weakness – Adjusted Financial Statement Errors

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

FINDING NUMBER 2022-001
(Continued)

The District's financial statements contained the following errors, which were adjusted on the financial statements:

- The District incorrectly reported the fund balance of the permanent improvement fund, resulting in an overstatement of fund balance restricted for debt service and an understatement of fund balance restricted for capital outlay in the amount of \$518,870.
- The District incorrectly reported governmental activities net position, resulting in an overstatement in unrestricted net position in the amount of \$632,051 and an understatement in net position restricted for capital projects and net position restricted for other purposes in the amounts of \$423,500 and \$208,551, respectively.
- Due to an adjustment related to a prior year expense (which included a prior audit adjustment), fund balance at the beginning of year and capital outlay expenditures were understated in the amount of \$27,950 in the permanent improvement fund. This error also resulted in an overstatement of fund balance at the beginning of year and an overstatement of capital outlay expenditures in non-major governmental funds in the same amount.
- Due to an error in the accrued wages calculation, accrued wages and related expenditures were overstated by \$83,295 for governmental activities and the general fund.
- The District issued a tax anticipation note (TAN) in fiscal year 2022 for a stadium bleacher project in the amount of \$438,000. The statement of sources and uses of funds within the TAN issuance document identifies that the proceeds of the TAN were for demolition, leveling, and pad pouring (\$143,516), bleachers (\$279,984), and fees related to the cost of issuance (\$14,500). The proceeds of the TAN were recorded in the permanent improvement fund. However, the District recorded certain disbursements related to the stadium bleacher project in the general fund rather than the permanent improvement fund, resulting in an overstatement of expenditures and an understatement of cash at end of year-end in the amount of \$70,382 for the general fund. This error also resulted in the understatement of expenditures and an overstatement of cash at end of year in the amount of \$70,382 for the permanent improvement fund. Certain additional disbursements related to the stadium bleacher project in the amount of \$107,515 were also incorrectly charged to the general fund rather than the permanent improvement fund in fiscal year 2023. These errors have been corrected in the District's accounting system.
- The District incorrectly reported restricted fund balance in the non-major governmental funds resulting in an overstatement of restricted for student activities in the amount of \$55,789, an overstatement of restricted for other purposes in the amount of \$187,673, and an understatement in restricted for food service operations in the amount of \$243,462.

The above errors occurred when posting transactions to the accounting system and when reporting financial activity and information on the financial statements. Failure to properly record and report financial activity and balances could lead to material financial statement errors and users of the financial statements basing their conclusions on incorrect information. Failure to record expenditures related to a project for which debt has been issued in the proper fund could lead to illegal expenditures and debt covenant violations.

The District should establish and implement procedures to verify that all financial activity is properly recorded and accurately reported on the financial statements. In addition, the District should establish and implement procedures to ensure that all relevant expenditures related to a project for which debt has been issued are recorded to the proper fund.

Officials' Response: While the corrections noted during the audit have no impact on the day-to-day accounting practices or results at the District, we have reviewed the adjustments noted during the audit and concur with them. While the majority of the adjustments represent reclassifications from one line to another line within the same category within the financial statements, the District will communicate these issues with the Firm completing the GAAP conversion/financial statements to ensure adjustments are corrected for subsequent fiscal years.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2022

District Office
90 S. Tippecanoe Dr.
Tipp City, Ohio 45371
(937) 667-8444
(937) 667-6886 Fax
www.tippcityschools.com

**District
Administration**

Mark J. Stefanik
Superintendent

Melanie Fox
Treasurer

Finding Number: 2022-001
Planned Corrective Action: While the corrections noted during the audit have no impact on the day-to-day accounting practices or results at the District, we have reviewed the adjustments noted during the audit and concur with them. While the majority of the adjustments represent reclassifications from one line to another line within the same category within the financial statements, the District will communicate these issues with the Firm completing the GAAP conversion/financial statements to ensure adjustments are corrected for subsequent fiscal years.

Anticipated Completion Date: 6/30/2023 and all subsequent fiscal years
Responsible Contact Person: Melanie Fox, Treasurer

OHIO AUDITOR OF STATE KEITH FABER



TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

MIAMI COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/4/2023

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