

# **TRI-VILLAGE LOCAL SCHOOL DISTRICT**

**DARKE COUNTY, OHIO**

**REGULAR AUDIT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2020**



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Education  
Tri-Village Local School District  
P.O. Box 31  
New Madison, Ohio 45346

We have reviewed the *Independent Auditor's Report* of the Tri-Village Local School District, Darke County, prepared by Julian & Grube, Inc., for the audit period July 1, 2019 through June 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Tri-Village Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

January 23, 2021

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**TRI-VILLAGE LOCAL SCHOOL DISTRICT  
DARKE COUNTY, OHIO**

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## Independent Auditor's Report

Tri-Village Local School District  
Darke County  
P.O. Box 31  
New Madison, Ohio 45346

To the Board of Education:

### *Report on the Financial Statements*

We have audited the accompanying cash-basis financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Tri-Village Local School District, Darke County, Ohio, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Tri-Village Local School District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Tri-Village Local School District's preparation and fair presentation of the financial statements 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 Tri-Village Local School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Tri-Village Local School District, Darke County, Ohio, as of June 30, 2020, and the respective changes in cash basis financial position thereof and the budgetary comparison for the general fund, for the fiscal year then ended in accordance with the cash basis of accounting described in Note 2.

***Basis of Accounting***

Ohio Administrative Code § 117-2-03 (B) requires the Tri-Village Local School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. Our opinions are not modified with respect to this matter.

***Emphasis of Matters***

As described in Note 18 to the financial statements, in 2020, the Tri-Village Local School District adopted new accounting guidance, GASBS No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. As described in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Tri-Village Local School District. Our opinions are not modified with respect to these matters.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2020, on our consideration of the Tri-Village Local School District's internal control over financial reporting and on 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 Tri-Village Local School 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 Tri-Village Local School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
November 6, 2020



**Tri-Village Local School District**  
**Darke County**  
*Statement of Net Position - Cash Basis*  
*June 30, 2020*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$11,742,379</u>
<b>Net Position</b>	
Restricted for:	
Debt Service	\$539,302
Capital Outlay	68,559
Other Purposes	678,125
Unrestricted	<u>10,456,393</u>
<i>Total Net Position</i>	<u>\$11,742,379</u>

See accompanying notes to the basic financial statements

**Tri-Village Local School District**  
**Darke County**  
*Statement of Activities - Cash Basis*  
*For the Fiscal Year Ended June 30, 2020*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$4,429,019	\$1,301,758	\$82,252	\$0	(\$3,045,009)
Special	1,124,672	65,393	384,936	-	(674,343)
Support Services:					
Pupil	715,504	-	268,672	-	(446,832)
Instructional Staff	298,864	-	15,192	-	(283,672)
Board of Education	31,839	-	-	-	(31,839)
Administration	677,985	-	15,330	-	(662,655)
Fiscal	342,018	-	-	-	(342,018)
Operation and Maintenance of Plant	680,098	3,283	43,659	-	(633,156)
Pupil Transportation	602,447	6,981	15,457	-	(580,009)
Central	16,605	-	3,600	-	(13,005)
Operation of Non-Instructional Services	574,226	84,238	150,837	-	(339,151)
Extracurricular Activities	435,717	190,495	31,909	6,200	(207,113)
Capital Outlay	96,825	-	-	-	(96,825)
Principal Retirement	447,000	-	-	-	(447,000)
Interest and Fiscal Charges	108,844	-	-	-	(108,844)
<i>Total Governmental Activities</i>	<u>\$10,581,663</u>	<u>\$1,652,148</u>	<u>\$1,011,844</u>	<u>\$6,200</u>	<u>(7,911,471)</u>
<b>General Receipts</b>					
Property Taxes Levied for:					
					2,589,115
					40,912
					284,245
					1,362,688
					4,277,924
					7,868
					230,327
					37,053
					<u>8,830,132</u>
					918,661
					<u>10,823,718</u>
					<u>\$11,742,379</u>

See accompanying notes to the basic financial statements

**Tri-Village Local School District**  
**Darke County**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*June 30, 2020*

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$10,456,393	\$1,285,986	\$11,742,379
<i>Total Assets</i>	<u>\$10,456,393</u>	<u>\$1,285,986</u>	<u>\$11,742,379</u>
<b>Fund Balances</b>			
Restricted	\$17	\$1,195,256	\$1,195,273
Committed	-	90,730	90,730
Assigned	760,034	-	760,034
Unassigned	9,696,342	-	9,696,342
<i>Total Fund Balances</i>	<u>\$10,456,393</u>	<u>\$1,285,986</u>	<u>\$11,742,379</u>

See accompanying notes to the basic financial statements

**Tri-Village Local School District**

**Darke County**

*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis*

*Governmental Funds*

*For the Fiscal Year Ended June 30, 2020*

	General	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>			
Property Taxes	\$2,589,115	\$325,157	\$2,914,272
Income Taxes	1,362,688	-	1,362,688
Intergovernmental	4,520,553	730,574	5,251,127
Interest	219,270	12,714	231,984
Tuition and Fees	1,213,399	81,698	1,295,097
Rent	3,000	-	3,000
Extracurricular Activities	28,460	166,432	194,892
Contributions and Donations	14,033	37,019	51,052
Charges for Services	-	82,955	82,955
Miscellaneous	111,119	2,138	113,257
<i>Total Receipts</i>	<u>10,061,637</u>	<u>1,438,687</u>	<u>11,500,324</u>
<b>Disbursements</b>			
Current:			
Instruction:			
Regular	4,265,073	163,946	4,429,019
Special	1,006,146	118,526	1,124,672
Support Services:			
Pupil	543,371	172,133	715,504
Instructional Staff	292,434	6,430	298,864
Board of Education	24,684	7,155	31,839
Administration	670,371	7,614	677,985
Fiscal	335,031	6,987	342,018
Operation and Maintenance of Plant	639,679	40,419	680,098
Pupil Transportation	590,717	11,730	602,447
Central	15,605	1,000	16,605
Operation of Non-Instructional Services	310,480	263,746	574,226
Extracurricular Activities	266,397	169,320	435,717
Capital Outlay	85,825	11,000	96,825
Debt Service:			
Principal Retirement	102,000	345,000	447,000
Interest and Fiscal Charges	75,294	33,550	108,844
<i>Total Disbursements</i>	<u>9,223,107</u>	<u>1,358,556</u>	<u>10,581,663</u>
<i>Net Change in Fund Balances</i>	838,530	80,131	918,661
<i>Fund Balances Beginning of Year</i>	<u>9,617,863</u>	<u>1,205,855</u>	<u>10,823,718</u>
<i>Fund Balances End of Year</i>	<u>\$10,456,393</u>	<u>\$1,285,986</u>	<u>\$11,742,379</u>

See accompanying notes to the basic financial statements

**Tri-Village Local School District**  
**Darke County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2020*

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<b>Receipts</b>				
Property Taxes	\$2,627,898	\$2,627,898	\$2,589,115	(\$38,783)
Income Taxes	1,275,000	1,275,000	1,362,688	87,688
Intergovernmental	4,754,210	4,754,210	4,520,553	(233,657)
Interest	175,000	175,000	219,270	44,270
Tuition and Fees	1,020,000	1,020,000	1,178,579	158,579
Rent	3,000	3,000	3,000	-
Contributions and Donations	5,000	8,000	10,868	2,868
Miscellaneous	9,000	9,000	13,622	4,622
<i>Total Receipts</i>	<u>9,869,108</u>	<u>9,872,108</u>	<u>9,897,695</u>	<u>25,587</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	4,359,924	4,387,364	4,241,569	145,795
Special	932,519	1,019,019	1,006,953	12,066
Support Services:				
Pupil	534,314	605,014	555,949	49,065
Instructional Staff	325,982	328,882	296,371	32,511
Board of Education	29,950	33,200	24,684	8,516
Administration	697,055	697,555	674,777	22,778
Fiscal	338,954	344,173	336,668	7,505
Operation and Maintenance of Plant	752,834	789,834	666,995	122,839
Pupil Transportation	655,423	661,873	591,908	69,965
Central	16,500	18,500	15,605	2,895
Operation of Non-Instructional Services	321,232	322,882	311,801	11,081
Extracurricular Activities	255,802	270,369	238,926	31,443
Capital Outlay	15,000	387,000	347,325	39,675
Debt Service:				
Principal Retirement	102,000	102,000	102,000	-
Interest and Fiscal Charges	80,295	75,295	75,294	1
<i>Total Disbursements</i>	<u>9,417,784</u>	<u>10,042,960</u>	<u>9,486,825</u>	<u>556,135</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>451,324</u>	<u>(170,852)</u>	<u>410,870</u>	<u>581,722</u>
<b>Other Financing Sources (Uses)</b>				
Refund of Prior Year Expenditures	50,000	50,000	95,929	45,929
Refund of Prior Year Receipts	(15,000)	(15,000)	(3,165)	11,835
<i>Total Other Financing Sources (Uses)</i>	<u>35,000</u>	<u>35,000</u>	<u>92,764</u>	<u>57,764</u>
<i>Net Change in Fund Balance</i>	486,324	(135,852)	503,634	639,486
<i>Fund Balance Beginning of Year</i>	9,534,550	9,534,550	9,534,550	-
Prior Year Encumbrances Appropriated	21,357	21,357	21,357	-
<i>Fund Balance End of Year</i>	<u>\$10,042,231</u>	<u>\$9,420,055</u>	<u>\$10,059,541</u>	<u>\$639,486</u>

See accompanying notes to the basic financial statements

**Tri-Village Local School District**  
**Darke County**  
*Statement of Fiduciary Net Position - Cash Basis*  
*Fiduciary Funds*  
*June 30, 2020*

	Private Purpose Trust	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$2,568	\$55,055
<b>Liabilities</b>		
Due to Students	\$0	\$55,055
<b>Net Position:</b>		
Held in Trust for Scholarship	\$2,568	

See accompanying notes to the basic financial statements

**Tri-Village Local School District**  
**Darke County**

*Statement of Changes in Fiduciary Net Position - Cash Basis*  
*Fiduciary Fund*  
*For the Fiscal Year Ended June 30, 2020*

	<u>Private Purpose Trust</u>
<b>Additions</b>	
Gifts and Contributions	<u>\$0</u>
<b>Deductions</b>	
Scholarships	<u>700</u>
Change in Net Position	(700)
Net Position - Beginning of Year	<u>3,268</u>
Net Position - End of Year	<u><u>\$2,568</u></u>

See accompanying notes to the basic financial statements

**Tri-Village Local School District**  
**Darke County**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 1 - Description of the School District and Reporting Entity**

The Tri-Village Local School District (The School District) is a body politic and corporate established to exercise the rights and privileges the constitution and laws of the State of Ohio convey to it. A locally-elected five-member Board governs the School District, which provides educational services mandated by the State and federal agencies.

The School District was established in 1972 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 82 square miles. It is located in Darke County, and includes the Village of New Madison and portions of Butler, Harrison, Liberty, Neave and Washington Townships. The Board of Education controls the School District's instructional building and administrative building that are staffed by 32 classified employees and 58 certificated full-time personnel. The School District's average daily membership (ADM) for fiscal year 2020 was 680.05.

***A. Primary Government***

The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Tri-Village Local School District, this includes general operations, food service, preschool, and student related activities of the School District.

***B. Component Units***

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; (3) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; (4) or the School District is obligated for the debt of the organization. The School District is also financially accountable for any organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the School District, are accessible to the School District, and are significant in amount to the School District. The School District has no component units.

The School District participates in three jointly governed organizations, one related organization and three insurance purchasing pools. Note 13 to the basic financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

- META Solutions
- Southwestern Ohio Educational Purchasing Council (EPC)
- Southwestern Ohio Instructional Technology Association

Related Organization:

- New Madison Public Library

Insurance Purchasing Pools:

- EPC Workers' Compensation Group Rating Plan
- EPC Medical Benefits Plan
- EPC Property, Fleet and Liability Insurance Program



**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

***A. Basis of Presentation***

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

***Government-wide Financial Statements:***

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds. The statements distinguish between those activities that are governmental in nature and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The School District does not have any business-type activities.

The statement of net position presents the cash balance of the governmental activities of the School District at fiscal year-end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash basis or draws from the School District's general receipts.

***Fund Financial Statements:***

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

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 2 - Summary of Significant Accounting Policies** (Continued)

***B. Fund Accounting***

The School District uses funds to maintain its financial records during the fiscal year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The School District classifies each fund as either governmental or fiduciary.

***Governmental:*** The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other nonexchange transactions as governmental funds. The following is the School District's major governmental fund:

***General Fund*** The general fund accounts for all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to Ohio law.

The other governmental funds of the School District account for grants and other resources whose use is restricted, committed or assigned to a particular purpose.

***Fiduciary Funds:*** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District's private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature. The School District's agency fund accounts for various student-managed activities.

***C. Basis of Accounting***

The School District's financial statements are prepared using the basis of cash accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when paid rather than when a liability is incurred. Any such modifications made by the School District are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

***D. Cash, Cash Equivalents and Investments***

To improve cash management, cash received by the School District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records.

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 2 - Summary of Significant Accounting Policies** (Continued)

Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

Investments of the cash management pool and investments with an original maturity of three months or less when purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investment are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of the sale are recorded as receipts or negative receipts (contra revenue), respectively.

The School District invested funds in negotiable and nonnegotiable certificates of deposit, commercial paper, Federal Home Loan Mortgage Corporation MTN, Federal National Mortgage Association Bonds, First American Government Money Market Fund and STAR Ohio during fiscal year 2020.

During fiscal year 2020, the School 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 School District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized costs basis that provides an NAV per share that approximates fair value. For fiscal year 2020, 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 \$25 million. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2020 was \$219,270, including \$23,508 assigned from other School District funds.

***E. Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 2 - Summary of Significant Accounting Policies** (Continued)

***F. Inventory and Prepaid Items***

On the cash-basis of accounting, inventories of supplies and prepaid items are reported as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

***G. Capital Assets***

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

***H. Interfund Receivables/Payables***

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

***I. Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the School District's cash basis of accounting.

***J. Employer Contributions to Cost-Sharing Pension/OPEB Plans***

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

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

***K. Long-term Obligations***

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash-basis of accounting. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is recorded at inception. Lease payments are reported when paid.

***L. Fund Balance***

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

**Tri-Village Local School District**  
**Darke County**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 2 - Summary of Significant Accounting Policies** (Continued)

Non-spendable – The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The ‘not in spendable form’ includes items that are not expected to be converted to cash.

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

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

Assigned – Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District’s Board of Education. In the General Fund, assigned amounts represent intended uses established by the Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education or a School District official delegated by that authority by resolution or by State Statute. State Statute authorizes the School District’s Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The School District’s Board of Education assigned fund balance to cover a gap between estimated receipts and appropriations in the subsequent year’s appropriated budget, for unpaid obligations, public school support and school supplies.

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

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

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 2 - Summary of Significant Accounting Policies** (Continued)

***M. Net Position***

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes primarily includes resources restricted for food service operations, classroom facilities, preschool, student wellness and athletic programs, and federal and state grants. The School District first applies restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position is available. The School District did not have any assets restricted by enabling legislation at June 30, 2020.

***N. Interfund Transactions***

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

***O. Budgetary Data***

Ohio law requires all funds, other than agency funds, to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which use the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The Board of Education uses the first digit of the object level within each fund and function as its legal level of control. Budgetary allocations at the object level within all funds are made by the Treasurer.

The certificate of estimated resources may be amended during the fiscal year if the School District Treasurer projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budget in the budgetary statements reflect the amounts in the amended certificate of estimated resources in effect at the time the final appropriations were passed by the Board.

The Board may amend appropriations throughout the fiscal year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation for that fund covering the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budget represent the final appropriation the Board passed during the fiscal year.

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 3 - Deposits and Investments**

***Investment Policies***

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

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

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

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

Interim monies must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts including but not limited to passbook accounts. Interim monies are to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

**Tri-Village Local School District**  
**Darke County**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 3 - Deposits and Investments** (Continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School 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. At fiscal year end, the School District had \$5,205 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

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***

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by (1) eligible securities pledged to and deposited with either the School District or a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of deposits being secured (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of the State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of the State. For 2020, certain School District financial institutions did not participate in the OPCS while certain other financial institutions did participate in the OPCS. Those financial institutions that did participate were approved for a reduced collateral rate of 102 percent through the OPCS.



**Tri-Village Local School District**  
**Darke County**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

**Note 3 - Deposits and Investments** (Continued)

At fiscal year-end, the carrying amount of the School District’s deposits was \$6,582,449 and the bank balance was \$6,767,426. \$1,082,192 of the School District’s deposits was insured by federal depository insurance. The bank balance is insured by the FDIC or collateralized through OPCS or through securities pledged by the financial institution to the School District.

**Investments**

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The School District had the following investments at fiscal year-end:

<u>Investments:</u>	<u>Maturities</u>	<u>Amount</u>
Federal Home Loan Mortgage Corporation MTN	2025	\$ 164,531
Federal National Mortgage Association	2025	\$ 309,923
Commercial Paper	2020	1,120,154
First American Government Money Market Fund	43 days	16,205
STAR Ohio	41.5 days	1,208,169
Negotiable CD's	2020-2025	<u>2,393,412</u>
		<u>\$ 5,212,394</u>

*Interest Rate Risk* – Interest rate risk arises because the potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District’s investment policy does not further limit its investment choices.

*Credit Risk* – State law limits investments in commercial paper, federal agency securities and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District’s investment policy does not further limit its investment choices. Standard & Poor’s rates the School District’s investment in STAR Ohio and the First American Government money market fund AAAM. Moody’s rates the Federal Home Loan Mortgage Corporation MTN, Federal National Mortgage Association bonds Aaa. Moody’s rates the commercial paper P-1. The negotiable CD’s are covered by FDIC.

*Custodial Credit Risk* - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirements of ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee.

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 3 - Deposits and Investments** (Continued)

If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

*Concentration of Credit Risk* - The School District places no limits on the amount the School District may invest in any one issuer. The School District had the following credit risk allocation:

Federal Home Loan Mortgage Corporation MTN	23.18%
Federal National Mortgage Association	21.49%
Commercial Paper	0.31%
First American Government Money Market Fund	3.16%
STAR Ohio	5.94%
Negotiable CD's	45.92%
	<u>100.00%</u>

**Note 4 - Property Taxes**

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School 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 School District. Real property tax revenue received in calendar 2020 represents collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of January 1, 2019, 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 revenue received in calendar 2020 represents collections of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien December 31, 2018, were levied after April 1, 2019 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 School District receives property taxes from Darke County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**Tri-Village Local School District**  
**Darke County**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

**Note 4 - Property Taxes** (Continued)

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

	2019 Second- Half Collections		2020 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$102,927,560	78.4 %	\$103,577,540	78.4 %
Public Utility Personal	28,386,790	21.6 %	28,544,490	21.6 %
Total	\$131,314,350	100.0 %	\$132,122,030	100.0 %
Tax rate per \$1,000 of assessed valuation	\$32.02		\$32.02	

**Note 5 - Income Tax**

The School District levies a voted tax of one and one-half percent for general operations on the income of residents and of estates. The original one percent tax was effective on January 1, 1991, and is a continuing tax. In May 1999, the voters of the School District approved an increase of one-half percent for a total continuing income tax of one and one-half percent, effective January 1, 2000. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

**Note 6 - Risk Management**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2020, the School District participated in the Southwestern Ohio EPC Liability, Fleet and Property Insurance program administered by Arthur J. Gallagher Risk Management Services, Inc.

Coverage provided is as follows:

Building and Contents – replacement cost (\$5,000 deductible)	\$44,086,460
Boiler & Machinery (\$3,500 deductible)	250,000,000
Crime (\$5,000 deductible)	1,000,000
Automobile Liability (per occurrence, \$1,000 deductible)	1,000,000
Medical Payments Occurrence/Aggregate	5,000
Education General Liability:	
Occurrence	1,000,000

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
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**Note 6 - Risk Management** (Continued)

Aggregate	3,000,000
Employee Benefit Liability	
Occurrence	1,000,000
Aggregate	3,000,000
School Board Legal Liability (\$10,000 deductible)	1,000,000
Umbrella Policy/Excess Liability	5,000,000
Excess Property	
Occurrence	350,000,000
Flood/Earthquake	
Annual Aggregate	25,000,000
Violent Event Extra Expense Coverage	
Occurrence (\$5,000 deductible)	1,000,000
Aggregate	20,000,000
Site Pollution Incident (\$25,000 deductible)	1,000,000
Cyber/Identity Theft (\$10,000 deductible)	5,000,000

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

***B. Workers' Compensation***

For fiscal year 2020, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 13). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting provides administrative, cost control and actuarial services to the GRP.

***C. Employee Medical Benefits***

For fiscal year 2020, the School District participated in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP), an insurance purchasing pool (Note 13). The intent of the MBP is to achieve the benefit of reduced health insurance premiums for the School District by virtue of its grouping and representation with other participants in the MBP. The health insurance experience of the participating school districts is calculated and a premium rate is applied to all school districts in the MBP. Each participant pays its health insurance premiums to Southwestern Ohio Educational Purchasing Council Medical Benefits Plan. Participation in the MBP is limited to school districts that can meet the MBP's selection criteria.

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
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**Note 7 - Defined Benefit Pension Plans**

The net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the cash basis framework.

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

***Net Pension Liability/Net OPEB Liability***

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 8 for the required OPEB disclosures.

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

**Note 7 - Defined Benefit Pension Plans** (Continued)

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

Plan Description – School 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](http://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; or Age 65 with 5 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

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

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

For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14 percent; 0 percent was allocated to the Health Care Fund.

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 7 - Defined Benefit Pension Plans** (Continued)

The School District's contractually required contribution to SERS was \$165,633 for fiscal year 2020.

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

Plan Description – School 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](http://www.strsoh.org).

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

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

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

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

**Tri-Village Local School District**  
**Darke County**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

**Note 7 - Defined Benefit Pension Plans** (Continued)

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

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

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

The School District’s contractually required contribution to STRS was \$582,430 fiscal year 2020.

***Net Pension Liability***

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School 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:

	SERS	STRS	Total
Proportion of the Net Pension Liability			
Prior Measurement Date	0.0331939%	0.0291186%	
Current Measurement Date	0.0322054%	0.0306233%	
Change in Proportionate Share	-0.0009885%	0.001505%	
Proportionate Share of the Net Pension Liability	\$1,926,906	\$6,772,168	\$8,699,074



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**Note 7 - Defined Benefit Pension Plans** (continued)

**Actuarial Assumptions - SERS**

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

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

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

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

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

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

Actuarial assumptions used in the July 1, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015 adopted by the Board on April 21, 2016.

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**Note 7 - Defined Benefit Pension Plans** (continued)

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

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

**Discount Rate** The total pension liability was calculated using the discount rate of 7.5 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.5 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School 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 7.5 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent), or one percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
School District's proportionate share of the net pension liability	\$2,700,284	\$1,926,906	\$1,278,331

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**Note 7 - Defined Benefit Pension Plans** (continued)

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation.

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

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79 and 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 the 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.

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

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

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected 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>	

\* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

\*\* 10- Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, but does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target

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**Note 7 - Defined Benefit Pension Plans** (continued)

**Discount Rate** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$9,896,768	\$6,772,168	\$4,127,033

**Note 8 – Defined Benefit OPEB Plans**

The net OPEB liability (asset) is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the cash basis framework.

See Note 7 for a description of the net OPEB liability.

**A. Plan Description - School Employees Retirement System**

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

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**Note 8 - Defined Benefit OPEB Plans** (continued)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, 0 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the School District's surcharge obligation was \$21,754.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$21,754 for fiscal year 2020.

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

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

***Funding Policy*** Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. The statutory employer rate is 14% and the statutory member rate is 14% of covered payroll effective July 1, 2016. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For the year ended June 30, 2020, no employer allocation was made to the post-employment health care fund.

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**Note 8 - Defined Benefit OPEB Plans** (continued)

*Net OPEB Liability (Asset)*

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB asset/liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB (Asset) Liability			
Prior Measurement Date	0.0332663%	0.02911856%	
Current Measurement Date	<u>0.0327687%</u>	<u>0.03062334%</u>	
Change in Proportionate Share	-0.0004976%	0.001505%	
Proportionate Share of the Net OPEB (Asset) Liability	\$824,064	(\$507,196)	\$316,868

*Actuarial Assumptions - SERS*

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

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

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

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

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**Note 8 - Defined Benefit OPEB Plans** (continued)

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate, net of investment expense, including prince inflation	
Measurement Date	3.22 percent
Prior Measurement Date	3.70 percent
Medical Trend Assumption	
Medicare	5.25-4.75 percent
Pre-Medicare	7.0-4.45 percent

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

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

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

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

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**Note 8 - Defined Benefit OPEB Plans** (continued)

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

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

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
School District's proportionate share of the net OPEB liability	\$1,000,257	\$824,064	\$683,970



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**Note 8 - Defined Benefit OPEB Plans** (continued)

	1% Decrease	Current Trend Rate	1% Increase
	6.00% decreasing to 3.75%	7.00% decreasing to 4.75%	8.00% decreasing to 5.75%
School District's proportionate share of the net OPEB liability	\$660,242	\$824,064	\$1,041,416

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation.

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.87 percent initial, 4 percent ultimate
Medicare	4.93 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	7.73 percent initial, 4 percent ultimate
Medicare	9.62 percent initial, 4 percent ultimate

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

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

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

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

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**Note 8 - Defined Benefit OPEB Plans** (continued)

Also, since the prior measurement date, claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

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

\* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

\*\* 10- Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2019.

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**Note 8 - Defined Benefit OPEB Plans** (continued)

***Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*** The following tables represents the net OPEB liability as of June 30, 2019, calculated using the current period discount rate assumption of 7.45%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45%) or one-percentage-point higher (8.45%) than the current rate. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	(\$432,790)	(\$507,196)	(\$569,753)

	1% Decrease In Trend Rate	Current Trend Rate	1% Increase in Trend Rate
School District's proportionate share of the net OPEB asset	(\$575,137)	(\$507,196)	(\$423,985)

**Note 9 - Leases**

During fiscal year 2003, the School District entered into a lease-purchase agreement for the renovation and construction of additions to the high school that began in fiscal year 2004. The School District is leasing the project additions from the Columbus Regional Airport Authority. The Columbus Regional Airport Authority assigned U.S. Bank as trustee, transferring rights, title, and interest in the project to the trustee.

During fiscal year 2002, the School District entered into a lease-purchase agreement for the renovation and construction of the additions to the high school. The School District is leasing the project site from Rickenbacker Port Authority. Rickenbacker Port Authority assigned U.S. Bank as trustee, transferring rights, title, and interest in the project to the trustee. The School District is acting as an agent for the lessor and is constructing the facilities and improvements from the proceeds provided by the lessor for both of the above leases.

As part of the agreements, U.S. Bank deposited \$1,221,000 and \$630,000, respectively, with a fiscal agent for the building lease. The School District will make semi-annual lease payments to U.S. Bank for both of the above leases. The lease payments have been classified as debt service expenditures in the financial statements in the General Fund. These expenditures amounted to \$124,651.

The following is a schedule of the future minimum lease payments required under the lease and the present value of the minimum lease payments as of June 30, 2020:

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**Note 9 - Leases** (continued)

<u>Year ending June 30:</u>	<u>Amount</u>
2021	\$123,944
2022	123,251
2023	124,283
2024	123,136
2025	122,668
2026-2030	604,616
2031-2032	238,576
Total	<u>1,460,474</u>
Less: Amount Representing Interest and Fees	<u>(387,474)</u>
Present Value of Minimum Lease Payments	<u><u>1,073,000</u></u>

**Note 10 – Long-Term Liabilities**

The changes in the School District’s long-term obligations during the fiscal year consist of the following:

	Amount Outstanding 6/30/2019	Additions	Deletions	Amount Outstanding 6/30/2020	Amount Due in One Year
<b>Governmental Activities</b>					
2016 School Improvement Refunding Bonds	\$1,850,000	\$0	(\$345,000)	\$1,505,000	\$355,000
Capital Leases	1,137,000	-	(64,000)	1,073,000	67,000
2015 Energy Conservation Bonds (direct borrowing)	<u>462,740</u>	<u>-</u>	<u>(38,000)</u>	<u>424,740</u>	<u>39,000</u>
Total Long Term Liabilities	<u>\$ 3,449,740</u>	<u>\$ -</u>	<u>\$ (447,000)</u>	<u>\$ 3,002,740</u>	<u>\$ 461,000</u>

On July 20, 2015, the School District issued \$571,740 in energy conservation bonds. The interest rate on the bonds is 3.30% with a final maturity December 1, 2029. The debt will be retired from the General Fund with savings obtained on energy costs. These bonds are a direct borrowing that have terms negotiated directly between the School District and Huntington Bank and are not offered for public sale.

On September 22, 2016, the School District issued \$2,510,000 in school improvement refunding bonds. The interest rate on the bonds is 2% with a final maturity date of December 1, 2023. The bonds were used to refund \$2,510,000 of the 2009 school facilities construction and improvement refunding bonds.

At June 30, 2020, the School District’s overall legal debt margin was \$10,925,285, an energy conservation debt margin of \$764,358, and an un-voted debt margin of \$132,122. Principal and interest requirements to retire long-term liabilities outstanding at June 30, 2020, are as follows:

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

**Note 10 – Long-Term Liabilities** (continued)

Fiscal Year Ending June 30,	General Obligation Bonds			Energy Conservation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 355,000	\$ 26,550	\$ 381,550	\$ 39,000	\$ 13,373	\$ 52,373
2022	370,000	19,300	389,300	40,000	12,069	52,069
2023	385,000	11,750	396,750	41,000	10,733	51,733
2024	395,000	3,950	398,950	41,000	9,380	50,380
2025	-	-	-	42,000	8,010	50,010
2026-2030	-	-	-	221,740	18,574	240,314
Total	<u>\$ 1,505,000</u>	<u>\$ 61,550</u>	<u>\$ 1,566,550</u>	<u>\$ 424,740</u>	<u>\$ 72,139</u>	<u>\$ 496,879</u>

**Note 11 – Fund Balance**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Other Governmental Funds	Total Governmental Funds
Restricted for:			
Food Service Operations	\$ -	\$ 85,756	\$ 85,756
Title I	-	1,168	1,168
Classroom Maintenance	-	268,173	268,173
Athletics	-	77,959	77,959
Believe in Ohio Grant	-	2,257	2,257
Debt Service	-	539,302	539,302
Public School Preschool	-	967	967
Student Wellness and Success	-	105,295	105,295
Natural Resource Grant	17	-	17
Capital Projects	-	67,110	67,110
Other Grants	-	47,269	47,269
Total Restricted	<u>17</u>	<u>1,195,256</u>	<u>1,195,273</u>
Committed to:			
Outdoor Athletic Complex	-	1,449	1,449
Wee Patriots Preschool	-	89,281	89,281
Total Committed	<u>-</u>	<u>90,730</u>	<u>90,730</u>
Assigned for:			
Unpaid Obligations	329,251	-	329,251
FY 21 Appropriations	363,174	-	363,174
Public School Support	52,639	-	52,639
School Supplies	14,970	-	14,970
Total Assigned	<u>760,034</u>	<u>-</u>	<u>760,034</u>
Unassigned	<u>9,696,342</u>	<u>-</u>	<u>9,696,342</u>
Total Fund Balance	<u>\$ 10,456,393</u>	<u>\$ 1,285,986</u>	<u>\$ 11,742,379</u>

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

**Note 12 - Set-Aside Calculations**

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

The following cash basis information describes the change in the fiscal year-end set-aside amounts for capital acquisition. State statute requires disclosing this information.

	Capital Acquisitions
Set-aside Reserve Balance as of June 30, 2019	\$0
Current Year Set-aside Requirement	143,738
Qualifying Disbursements	(86,851)
Current Year Offsets	(56,887)
Totals	\$0
Set-aside Balances Carried Forward to Future Fiscal Years	\$7,840,968

The School District had qualifying disbursements and current year offsets during the fiscal year that reduced the set-aside amount to zero for the capital improvement set-aside.

The School District had qualifying disbursements and current year offsets that reduced the capital improvements set-aside amount to zero. During fiscal years 2001 and 2010, the School District issued \$5,701,000 and \$2,980,000 respectively, in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition below zero for future years. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$7,862,961 at June 30, 2020.

**Tri-Village Local School District**  
**Darke County**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 13 - Jointly Governed Organizations, Related Organization and Insurance Purchasing Pools**

***A. Jointly Governed Organizations***

*META Solutions* – The School District is a participant in the META Solutions, which is a computer consortium. META is an association of public school districts within the boundaries of Montgomery, Miami, and Darke Counties and the Cities of Dayton, Troy and Greenville. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of META consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The School District paid META \$22,017 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, 100 Executive Drive, Marion, OH 43302.

*Southwestern Ohio Education Purchasing Council* - The Southwestern Ohio Educational Purchasing Council (EPC) is a purchasing cooperative made up of 240 school districts/organizations in 37 counties in Ohio and 2 in Kentucky. The purpose of the cooperative 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 EPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the EPC is held in trust for the member districts. Any district withdrawing from the EPC shall forfeit its claim to any and all EPC 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 EPC are made from the general fund. During fiscal year 2020, the School District paid \$34,419 to EPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

*Southwestern Ohio Instructional Technology Association* - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of twenty-three representatives of SOITA member schools or institutions. Twenty-one representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Brown, Butler, Champaign, Clark, Clermont, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area.

One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area representative. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

**Tri-Village Local School District**  
**Darke County**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 13 - Jointly Governed Organizations, Related Organization and Insurance Purchasing Pools**

(Continued)

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the general fund. During fiscal year 2020, the School District contributed \$675 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Deb Tschirhart, who serves as Director, at 1205 E. Fifth Street, Dayton, OH 45402.

***B. Related Organization***

*New Madison Public Library* – The New Madison Public 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 Tri-Village Local School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School 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.

The School District did not make any contributions to the New Madison Public Library during fiscal year 2020. Financial information can be obtained from the New Madison Public Library, Christine Cela, Clerk/Treasurer, at 142 South Main, New Madison, Ohio 45346.

***C. Insurance Purchasing Pools***

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

*Southwestern Ohio Educational Purchasing Council Medical Benefits Plan* – The School District participates in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP). The MBP's business and affairs are conducted by a six member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each fiscal year, the participating school districts pay an enrollment fee to the MBP to cover the costs of administering the program. During fiscal year 2020, the School District paid \$1,063,378 for medical benefits.



**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 13 - Jointly Governed Organizations, Related Organization and Insurance Purchasing Pools**  
(Continued)

*Southwestern Ohio Educational Council Property, Fleet and Liability Insurance Program* – The School District participates in the Southwestern Ohio Educational Council Property, Fleet and Liability Insurance Program (PFL). The PFL’s business affairs are conducted by a six member committee consisting of various PFL representatives that are elected by the general assembly. The purpose of the program is to jointly provide or obtain casualty, property, employer liability, general liability, risk management, professional liability, group coverage and other protections for participating school districts. During fiscal year 2020, the School District paid \$34,419 for insurance coverage. Financial information can be obtained from Ken Swink, Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

**Note 14 - Contingencies**

***A. Grants***

The School District receives financial assistance from federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2020.

***B. Litigation***

There are currently no matters in litigation with the School District as defendant.

***C. Foundation Funding***

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2020 Foundation funding for the School District.

**Note 15 – Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations and changes in fund balance on the cash basis, 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 Receipts, Disbursements and Changes in Fund Balances - Budget and Actual – Budget Basis presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and cash basis is

- 1.) Outstanding year-end encumbrances are treated as cash disbursements (budgetary) rather than as a reservation of fund balance (cash basis) and
- 2.) Perspective differences resulting from differences in fund structure.

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 15 – Budgetary Basis of Accounting** (Continued)

Cash Basis	\$ 838,530
Encumbrances	(329,251)
Funds Budgeted Elsewhere	<u>(5,645)</u>
Budgetary Basis	<u><u>\$ 503,634</u></u>

**Note 16 – Compliance**

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit certain assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

**Note 17 – Contractual Commitments**

At June 30, 2020, the School District had a contract with Flaig Lumber Company for \$248,900. In addition, the School District had a outstanding commitment with Interior Supply for the amount \$61,469.

**Note 18 – Implementation of New Accounting Policies**

The School District implemented Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 95 postpones the effective date of certain provisions in the statements that first became effective, or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following statement applicable to the School District is postponed by one year:

- Statement No. 84, *Fiduciary Activities*

**Note 19 - COVID-19 Pandemic**

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

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Tri-Village Local School District  
Darke County  
P.O. Box 31  
New Madison, Ohio 45346

To the Board of Education:

We have audited, in accordance with 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, the cash-basis financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Tri-Village Local School District, Darke County, Ohio, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Tri-Village Local School District's basic financial statements, and have issued our report thereon dated November 6, 2020, wherein we noted the Tri-Village Local School District uses a special purpose framework other than generally accepted accounting principles. We also noted as discussed in Note 18 to the financial statements, the Tri-Village Local School District adopted GASBS No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. We also noted as discussed in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures that may impact subsequent periods of the Tri-Village Local School District.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Tri-Village Local School 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 Tri-Village Local School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tri-Village Local School 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 Tri-Village Local School District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Tri-Village Local School 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2020-001.

***Tri-Village Local School District's Response to Finding***

The Tri-Village Local School District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Tri-Village Local School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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 Tri-Village Local School 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 Tri-Village Local School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
November 6, 2020

**TRI-VILLAGE LOCAL SCHOOL DISTRICT  
DARKE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2020-001

Ohio Rev. Code Section 117.38 provides each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Admin. Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Admin. Code Section 117-2-03(B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP).

The School District prepares its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis - for State and Local Governments*. This presentation differs from (GAAP). There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time.

Failure to prepare proper GAAP financial statements may result in the School District being fined or other administrative remedies.

The School District should prepare its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

*Client Response:* The School District is aware of the requirements to file financial statements in accordance with GAAP; however, after performing a cost-benefit analysis, the School District has elected to prepare its financial statements utilizing the cash basis of accounting.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT  
DARKE COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2020**

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	2010	Ohio Revised Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. Ohio Administrative Code Section 117-2-03(B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). The School District prepared its annual financial report in accordance with the cash basis of accounting.	Not Corrected	Finding repeated as 2020-001 as the School District did not prepare its annual report in accordance with GAAP.

# OHIO AUDITOR OF STATE KEITH FABER



**TRI VILLAGE LOCAL SCHOOL DISTRICT**

**DARKE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 2/4/2021**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)