



OHIO AUDITOR OF STATE  
**KEITH FABER**





TRI-VILLAGE LOCAL SCHOOL DISTRICT  
DARKE COUNTY

JUNE 30, 2022

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Tri-Village Local School District  
Darke County  
PO Box 31  
New Madison, Ohio 45346

To the Board of Education:

### ***Report on the Audit of the Financial Statements***

#### ***Opinions***

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in cash-basis financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the cash-basis of accounting described in Note 2.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter - Accounting Basis***

Ohio Administrative Code § 117-2-03(B) requires the 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 of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Emphasis of Matter***

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

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for 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.

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Supplementary Information***

Our audit was conducted to opine on the financial statements as a whole that collectively comprise the District's basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 23, 2023

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**Tri-Village Local School District**  
**Darke County**  
*Statement of Net Position - Cash Basis*  
*June 30, 2022*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$15,549,019</u>
<b>Net Position</b>	
Restricted for:	
Debt Service	\$414,138
Capital Outlay	6,812,834
Other Purposes	604,194
Unrestricted	<u>7,717,853</u>
<i>Total Net Position</i>	<u>\$15,549,019</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, 2022*

	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	\$4,412,655	\$147,206	\$196,527	\$0	(\$4,068,922)
Special	1,107,624	311,200	166,385	-	(630,039)
Other	15,034	-	-	-	(15,034)
Support Services:					
Pupil	826,678	-	231,034	-	(595,644)
Instructional Staff	242,392	-	4,196	-	(238,196)
Board of Education	83,409	-	-	-	(83,409)
Administration	707,443	-	4,041	-	(703,402)
Fiscal	358,752	-	-	-	(358,752)
Operation and Maintenance of Plant	1,011,184	6,374	10,420	-	(994,390)
Pupil Transportation	764,248	25,221	25,767	90,000	(623,260)
Central	14,176	-	3,600	-	(10,576)
Operation of Non-Instructional Service:	712,680	67,112	442,287	-	(203,281)
Extracurricular Activities	603,607	270,118	42,350	-	(291,139)
Capital Outlay	4,964,682	-	1,145,648	-	(3,819,034)
Principal Retirement	1,416,000	-	-	-	(1,416,000)
Issuance Costs	204,551	-	-	-	(204,551)
Interest and Fiscal Charges	191,930	0	0	-	(191,930)
<i>Total Governmental Activities</i>	<u>\$17,637,045</u>	<u>\$827,231</u>	<u>\$2,272,255</u>	<u>\$90,000</u>	<u>(14,447,559)</u>
<b>General Receipts</b>					
Property Taxes Levied for:					
General Purposes					2,641,628
Capital Maintenance					42,259
Debt Service					278,672
Income Taxes Levied for General Purposes					1,590,125
Grants and Entitlements not Restricted to Specific Programs					5,661,476
Gifts and Donations not Restricted to Specific Programs					29,050
Sale of Assets					1,045
Certificates of Participation Issued					6,970,000
Premium on Certificates Issued					88,899
Interest					108,788
Miscellaneous					10,855
<i>Total General Receipts</i>					<u>17,422,797</u>
Change in Net Position					2,975,238
<i>Net Position Beginning of Year</i>					<u>12,573,781</u>
<i>Net Position End of Year</i>					<u>\$15,549,019</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, 2022*

	General	Building Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$7,717,870	\$6,497,668	\$315,166	\$1,018,315	\$15,549,019
<i>Total Assets</i>	<u>\$7,717,870</u>	<u>\$6,497,668</u>	<u>\$315,166</u>	<u>\$1,018,315</u>	<u>\$15,549,019</u>
<b>Fund Balances</b>					
Restricted	\$17	\$6,497,668	\$0	\$905,872	\$7,403,557
Committed	-	-	315,166	112,443	427,609
Assigned	862,810	-	-	-	862,810
Unassigned	6,855,043	-	-	-	6,855,043
<i>Total Fund Balances</i>	<u>\$7,717,870</u>	<u>\$6,497,668</u>	<u>\$315,166</u>	<u>\$1,018,315</u>	<u>\$15,549,019</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, 2022*

	General	Building Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property Taxes	\$2,641,628	\$0	\$0	\$320,931	\$2,962,559
Income Taxes	1,590,125	-	-	-	1,590,125
Intergovernmental	5,687,417	-	-	2,290,027	7,977,444
Interest	105,302	-	-	4,518	109,820
Tuition and Fees	281,933	-	-	93,586	375,519
Rent	3,000	-	-	-	3,000
Extracurricular Activities	56,219	-	-	261,203	317,422
Contributions and Donations	15,877	-	26,750	31,678	74,305
Charges for Services	-	-	-	47,411	47,411
Miscellaneous	92,447	-	-	497	92,944
<i>Total Receipts</i>	<u>10,473,948</u>	<u>0</u>	<u>26,750</u>	<u>3,049,851</u>	<u>13,550,549</u>
<b>Disbursements</b>					
Current:					
Instruction:					
Regular	4,118,346	-	-	294,309	4,412,655
Special	974,847	-	-	132,777	1,107,624
Other	-	-	-	15,034	15,034
Support Services:					
Pupil	545,162	-	-	281,516	826,678
Instructional Staff	238,196	-	-	4,196	242,392
Board of Education	26,197	-	57,212	-	83,409
Administration	703,402	-	-	4,041	707,443
Fiscal	351,881	-	-	6,871	358,752
Operation and Maintenance of Plant	638,134	-	33,252	339,798	1,011,184
Pupil Transportation	650,913	-	-	113,335	764,248
Central	10,576	-	-	3,600	14,176
Operation of Non-Instructional Services	374,482	-	-	338,198	712,680
Extracurricular Activities	334,025	-	-	269,582	603,607
Capital Outlay	271,928	356,680	3,199,552	1,136,522	4,964,682
Debt Service:					
Principal Retirement	1,046,000	-	-	370,000	1,416,000
Interest and Fiscal Charges	172,630	-	-	19,300	191,930
Issuance Costs	0	204,551	0	0	204,551
<i>Total Disbursements</i>	<u>10,456,719</u>	<u>561,231</u>	<u>3,290,016</u>	<u>3,329,079</u>	<u>17,637,045</u>
<i>Excess of Revenues Under Expenditures</i>					
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>17,229</u>	<u>(561,231)</u>	<u>(3,263,266)</u>	<u>(279,228)</u>	<u>(4,086,496)</u>
<b>Other Financing Sources (Uses)</b>					
Certificates of Participation Issued	0	6,970,000	0	0	6,970,000
Premium on Certificates of Participation	0	88,899	0	0	88,899
Proceeds from Sale of Assets	1,045	-	-	1,790	2,835
Transfers In	-	-	3,000,000	55,000	3,055,000
Transfers Out	(3,055,000)	-	-	-	(3,055,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(3,053,955)</u>	<u>7,058,899</u>	<u>3,000,000</u>	<u>56,790</u>	<u>7,061,734</u>
<i>Net Change in Fund Balances</i>	<u>(3,036,726)</u>	<u>6,497,668</u>	<u>(263,266)</u>	<u>(222,438)</u>	<u>2,975,238</u>
<i>Fund Balances Beginning of Year</i>	<u>10,754,596</u>	<u>0</u>	<u>578,432</u>	<u>1,240,753</u>	<u>12,573,781</u>
<i>Fund Balances End of Year</i>	<u>\$7,717,870</u>	<u>\$6,497,668</u>	<u>\$315,166</u>	<u>\$1,018,315</u>	<u>\$15,549,019</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, 2022*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property Taxes	\$2,584,140	\$2,584,140	\$2,641,628	\$57,488
Income Taxes	1,375,000	1,375,000	1,590,125	215,125
Intergovernmental	4,656,185	4,656,185	5,687,417	1,031,232
Interest	100,000	100,000	105,302	5,302
Tuition and Fees	1,248,000	1,248,000	251,612	(996,388)
Extracurricular Activities	-	2,775	-	(2,775)
Rent	3,000	3,000	3,000	-
Contributions and Donations	5,000	5,000	5,075	75
Miscellaneous	9,000	9,000	8,136	(864)
<i>Total Receipts</i>	<u>9,980,325</u>	<u>9,983,100</u>	<u>10,292,295</u>	<u>309,195</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	4,595,626	4,162,904	4,065,485	97,419
Special	1,109,392	1,087,232	977,064	110,168
Vocational	9,250	9,250	-	9,250
Support Services:				
Pupil	639,982	868,242	745,035	123,207
Instructional Staff	302,880	303,880	239,138	64,742
Board of Education	29,600	33,100	26,704	6,396
Administration	741,999	743,998	707,699	36,299
Fiscal	368,345	368,345	353,263	15,082
Operation and Maintenance of Plant	710,348	760,847	697,908	62,939
Pupil Transportation	671,672	748,673	655,865	92,808
Central	19,338	20,838	15,532	5,306
Operation of Non-Instructional Services	352,073	379,124	356,573	22,551
Extracurricular Activities	285,183	313,783	284,805	28,978
Capital Outlay	249,543	358,543	343,924	14,619
Debt Service:				
Principal Retirement	110,000	1,046,000	1,046,000	-
Interest and Fiscal Charges	65,322	198,322	172,630	25,692
<i>Total Disbursements</i>	<u>10,260,553</u>	<u>11,403,081</u>	<u>10,687,625</u>	<u>715,456</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(280,228)</u>	<u>(1,419,981)</u>	<u>(395,330)</u>	<u>1,024,651</u>
<b>Other Financing Sources (Uses)</b>				
Other Financing Uses	(2,639,000)	0	0	0
Proceeds from Sale of Fixed Assets	0	0	1,045	1,045
Refund of Prior Year Expenditures	65,000	65,000	81,968	16,968
Transfers Out	(861,000)	(3,555,000)	(3,055,000)	500,000
Refund of Prior Year Receipts	(15,000)	(26,000)	(25,370)	630
<i>Total Other Financing Sources (Uses)</i>	<u>(3,450,000)</u>	<u>(3,516,000)</u>	<u>(2,997,357)</u>	<u>518,643</u>
<i>Net Change in Fund Balance</i>	<u>(3,730,228)</u>	<u>(4,935,981)</u>	<u>(3,392,687)</u>	<u>1,543,294</u>
<i>Fund Balance Beginning of Year</i>	<u>10,451,420</u>	<u>10,451,420</u>	<u>10,451,420</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>239,105</u>	<u>239,105</u>	<u>239,105</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$6,960,297</u>	<u>\$5,754,544</u>	<u>\$7,297,838</u>	<u>\$1,543,294</u>

See accompanying notes to the basic financial statements

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**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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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 2022 was 769.28.

***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. Jointly Governed Organizations, Related Organization, and Insurance Purchasing Pools***

The School District participates in two 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 (SOEPC)

Related Organization:

New Madison Public Library

Insurance Purchasing Pools:

SOEPC Workers' Compensation Group Rating Plan

SOEPC Medical Benefits Plan

SOEPC Property, Fleet and Liability Insurance Program

**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.

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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

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

The statement of net position and the statement of activities display information about the 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.

***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 funds are classified as governmental.

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

***General Fund*** The general fund accounts for all financial resources except for restricted resources requiring a separate accounting. The general fund balance is available for any purpose provided it is expended or transferred according to Ohio law.

***Building Fund*** – To account for the monies from the certificates of participation lease proceeds to construct, improve, furnish, and equip school facilities, including, but not limited to, constructing an early learning center and an activity center, furnishing and equipping the same, and improving the sites thereof.

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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

**Capital Projects Fund** - To account for monies transferred from the General Fund to construct, improve, furnish, and equip school facilities, including, but not limited to, constructing an early learning center, furnishing and equipping the same, and improving the sites thereof.

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

**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. If the School District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

**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. 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, Federal Home Loan Mortgage Corporation MTN, Federal National Mortgage Association Bonds, Federal Farm Credit Bank Bonds, Federal Agri Mortgage Corporation MTN, US Treasury Notes, First American Government Money Market Fund and STAR Ohio during fiscal year 2022.

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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

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

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 2022 was \$105,302, including \$28,525 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 imposed by law through constitutional provisions or enabling legislation.

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

On the cash-basis of accounting, inventories of supplies and prepaid items are reported as disbursements when paid.

***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.

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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

***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 (including the intangible right to use) when entering into a lease or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments and financed purchase payments are reported when paid.

***L. Leases***

For fiscal year 2022, GASB Statement No. 87, Leases was effective. This GASB pronouncement had no effect on beginning net position/fund balance.

The School District is the lessor/lessee in various leases related to buildings and copiers. Lease receivables/payables are not reflected under the School District's cash basis of accounting. Lease revenue/disbursements are recognized when they are received/paid.

***M. 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:

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.

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
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**Note 2 - Summary of Significant Accounting Policies** (Continued)

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. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

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 restricted fund balance, committed amounts are reduced first followed by assigned and unassigned amounts when expenditures are incurred for purposes for which amount in any of the unrestricted fund balance classifications can be used.

***N. Net Position***

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net position restricted for other purposes include resources for food service operations, classroom facilities, music and athletic programs, and federal and state grants restricted to cash disbursement for specified purposes. 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, 2022.

***O. 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.

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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

***P. 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 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.

**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.

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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

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, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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;
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.

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.

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

***Deposits***

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 2022, 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.

At fiscal year-end, the carrying amount of the School District's deposits was \$3,695,774 and the bank balance was \$3,913,502. 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***

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

<u>Investments:</u>	<u>Maturities</u>	<u>Amount</u>
FMCC	2026	\$ 149,985
FNMA	2023	314,486
FFCB	2023	144,891
FAMCA	2024	49,801
US Treasury Notes	2023-2024	314,365
Negotiable Cds	2022-2025	1,634,310
First American Government Obligations Fund	23 days	42,200
STAR Ohio	35.3 days	9,203,207
		<u>\$ 11,853,245</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.

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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

*Credit Risk* – State law limits investments in commercial paper 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 Agency Bonds, the US Treasury Bonds and US Treasury Notes Aaa.

*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.

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:

FMCC	1.27%
FNMA	2.65%
FFCB	1.22%
FAMCA	0.42%
US Treasury Note	2.65%
Negotiable Cds	13.79%
First American Government Money Market Fund	0.36%
STAR Ohio	77.64%
	100.00%

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

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

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

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

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

The 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, 2022, are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2021 Second- Half Collections		2022 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$97,688,070	76.9 %	\$98,059,230	76.2 %
Public Utility Personal	29,351,630	23.1 %	30,633,290	23.8 %
Total	\$127,039,700	100.0 %	\$128,692,520	100.0 %
Tax rate per \$1,000 of assessed valuation	\$32.26		\$31.78	

**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 2022, the School District participated in the Southwestern Ohio EPC Liability, Fleet and Property Insurance program administered by Arthur J. Gallagher Risk Management Services, Inc.

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

Coverage provided is as follows:

Building and Contents – replacement cost (\$5,000 deductible)	\$45,352,299
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
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	250,000,000
Flood/Earthquake	
Annual Aggregate	25,000,000
Violent Event Extra Expense Coverage	
Occurrence (\$2,500 deductible)	100,000
Aggregate	250,000
Site Pollution Incident (\$25,000 deductible)	1,000,000
Cyber/Identity Theft (\$15,000 deductible)	1,000,000

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 2022, 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 ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting provides administrative, cost control and actuarial services to the GRP.

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

***C. Employee Medical Benefits***

For fiscal year 2022, 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.

**Note 7 - Defined Benefit Pension Plans**

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).

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

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 net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

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

***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	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. The Retirement Board approved a 0.5 percent COLA for calendar year 2021.

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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

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, 2022, the allocation to pension, death benefits, and Medicare B was 14 percent; 0 percent was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$183,788 for fiscal year 2022.

***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.

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

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.

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, 2022, 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 2022 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$634,620 fiscal year 2022.

***Net Pension Liability***

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.0326176%	0.0314302%	
Current Measurement Date	<u>0.0351326%</u>	<u>0.0316285%</u>	
Change in Proportionate Share	0.0025150%	0.000198%	
Proportionate Share of the Net Pension Liability	\$1,296,291	\$4,043,987	\$5,340,278

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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, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.4 percent	3.00 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 percent to 13.58 percent 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	3.50 percent to 18.20 percent 2.5 percent
Investment Rate of Return	7.00 percent net of System expenses	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

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

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:

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

**Discount Rate** The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 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 earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
School District's proportionate share of the net pension liability	\$2,156,710	\$1,296,291	\$570,662

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50 percent	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.45 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent	0.0 percent,

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, 2021 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:

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

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

\* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. 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, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

**Sensitivity of the 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 7.00 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 (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
School District's proportionate share of the net pension liability	\$7,572,874	\$4,043,987	\$1,062,085

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

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**Note 8 – Defined Benefit OPEB Plans**

The net OPEB 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.

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

***A. 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.

The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population.

For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, 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 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the School District's surcharge obligation was \$22,659.

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

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 \$22,659 for fiscal year 2022.

**B. 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. 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 to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

**Net OPEB Liability (Asset)**

The net OPEB liability (asset) was measured as of June 30, 2021, 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	0.0338490%	0.03143020%	
Current Measurement Date	<u>0.0359830%</u>	<u>0.03162849%</u>	
Change in Proportionate Share	0.0021340%	0.000198%	
Proportionate Share of the Net OPEB			
Asset (Liability)	\$681,008	(\$666,861)	\$14,147

**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.

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	1.92 percent	2.45 percent
Prior Measurement Date	2.45 percent	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	2.27 percent	2.63 percent
Prior Measurement Date	2.63 percent	3.22 percent
Medical Trend Assumption		
Medicare	5.125 to 4.40 percent	5.25 to 4.75 percent
Pre-Medicare	6.75 to 4.40 percent	7.00 to 4.75 percent

For 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

For 2020, 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, 2020.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class.

These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

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

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021 and 2.45 percent at June 30, 2020.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.4%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
School District's proportionate share of the net OPEB liability	\$843,851	\$681,008	\$550,917

  

	1% Decrease 5.75% decreasing to 3.4%	Current Discount Rate 6.75% decreasing to 4.4%	1% Increase 7.75% decreasing to 5.40%
School District's proportionate share of the net OPEB liability	\$524,320	\$681,008	\$890,294

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020 actuarial valuation are presented below:

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

	June 30, 2021	June 30, 2020
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	5.00 percent initial, 4 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug		
Pre-Medicare	6.50 percent initial, 4 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	29.98 initial, 4 percent ultimate	11.87 initial, 4 percent ultimate

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

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

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

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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:

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected 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	1.00	2.25
Total	<u>100.00%</u>	

\* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS 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 as of June 30, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School District's proportionate share of the net OPEB asset	(\$562,727)	(\$666,861)	(\$753,849)
	<u>1% Decrease In Trend Rate</u>	<u>Current Trend Rate</u>	<u>1% Increase in Trend Rate</u>
School District's proportionate share of the net OPEB asset	(\$750,324)	(\$666,861)	(\$563,651)

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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

***Changes Between the Measurement Date and the Reporting Date*** In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability is unknown.

**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 was 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 2022, the School Board desired to prepay the above Lease Agreement from available funds in the School District's General Fund in order to terminate and remove the lien and encumbrance of the 2003 Lease Agreement from the Main Campus. The 2003 Lease Agreement encumbered the Main Campus and prohibited the Board from entering into a lease-purchase financing secured by the Main Campus that was needed to provide for the issuance of the Series 2022 Certificates. The amount the School District prepaid on the 2003 lease agreement was \$936,000. The total expenditures on the building lease were \$1,166,560 during fiscal year 2022.

During fiscal year 2022, 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 Buckeye Leasing Services. Buckeye Leasing Services assigned Zions Bancorporation, National Association 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 the above leases.

The following is a schedule of the future minimum lease payments required under the building lease and the present value of the minimum lease payments as of June 30, 2022:

<u>Year ending June 30:</u>	<u>Amount</u>
2023	\$599,797
2024	476,587
2025	476,588
2026	476,187
2027	475,388
2028-2032	2,378,937
2033-2037	2,381,225
2038-2042	2,368,663
Total	9,633,372
Less: Amount Representing Interest and Fees	(2,663,372)
Present Value of Minimum Lease Payments	\$6,970,000

In addition to the building lease, the School District also leases copiers. The copier lease ends in May 2025 and the School District has the option to purchase the copiers at the end of the lease for the fair market value. The following is a schedule of the further minimum lease payments required under the copier lease and the present value of the minimum lease payments as of June 30, 2022:

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

**Note 9 - Leases** (Continued)

<u>Year ending June 30:</u>	<u>Amount</u>
2023	\$23,052
2024	23,052
2025	21,131
Present Value of Minimum Lease Payments	<u>\$67,235</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 6/30/2021	Additions	Deletions	Amount Outstanding 6/30/2022	Amount Due in One Year
<b>Governmental Activities</b>					
2016 School Improvement Refunding Bonds	\$1,150,000	\$0	(\$370,000)	\$780,000	\$385,000
Capital Leases	1,006,000	6,970,000	(1,006,000)	6,970,000	335,000
2015 Energy Conservation Bonds	385,740	-	(40,000)	345,740	41,000
Total Long Term Liabilities	<u>\$ 2,541,740</u>	<u>\$ 6,970,000</u>	<u>\$ (1,416,000)</u>	<u>\$ 8,095,740</u>	<u>\$ 761,000</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.

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, 2022, the School District’s overall legal debt margin was \$11,216,464, an energy conservation debt margin of \$812,493, and an un-voted debt margin of \$128,693. Principal and interest requirements to retire long-term liabilities outstanding at June 30, 2022, are as follows:

Fiscal Year Ending	General Obligation Bonds			Energy Conservation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
June 30,						
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	-	-	-	42,000	6,624	48,624
2027	-	-	-	44,000	5,205	49,205
2028-2030	-	-	-	135,740	6,744	142,484
Total	<u>\$ 780,000</u>	<u>\$ 15,700</u>	<u>\$ 795,700</u>	<u>\$ 345,740</u>	<u>\$ 46,696</u>	<u>\$ 392,436</u>

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

**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	Building Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Restricted for:					
Food Service Operations	\$ -	\$ -	\$ -	\$ 257,776	\$ 257,776
Title I	-	-	-	2,232	2,232
Classroom Maintenance	-	-	-	62,477	62,477
Athletics	-	-	-	80,355	80,355
Student Activities	-	-	-	38,856	38,856
Debt Service	-	-	-	414,138	414,138
Student Wellness and Success	-	-	-	46,085	46,085
Natural Resource Grant	17	-	-	-	17
Capital Projects	-	6,497,668	-	-	6,497,668
Other Grants	-	-	-	3,953	3,953
<b>Total Restricted</b>	<b>17</b>	<b>6,497,668</b>	<b>-</b>	<b>905,872</b>	<b>7,403,557</b>
Committed to:					
College Scholarships	-	-	-	962	962
Wee Patriots Preschool	-	-	-	111,481	111,481
Capital Projects	-	-	315,166	-	315,166
<b>Total Committed</b>	<b>-</b>	<b>-</b>	<b>315,166</b>	<b>112,443</b>	<b>427,609</b>
Assigned for:					
Unpaid Obligations	361,530	-	-	-	361,530
FY 23 Appropriations	450,853	-	-	-	450,853
Public School Support	44,699	-	-	-	44,699
School Supplies	5,728	-	-	-	5,728
<b>Total Assigned</b>	<b>862,810</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>862,810</b>
Unassigned	6,855,043	-	-	-	6,855,043
<b>Total Fund Balance</b>	<b>\$ 7,717,870</b>	<b>\$ 6,497,668</b>	<b>\$ 315,166</b>	<b>\$ 1,018,315</b>	<b>\$ 15,549,019</b>

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

**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, 2021	\$0
Current Year Set-aside Requirement	139,994
Qualifying Disbursements	(81,216)
Current Year Offsets	(58,778)
Totals	\$0
Set-aside Balances Carried Forward to Future Fiscal Years	\$0

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount below zero for the capital improvement set-aside. The negative amount can only be carried forward to the extent of proceeds from capital lease, Classroom Facilities Special Revenue Fund receipts, and Capital Improvement Fund property tax receipts.

The School District had current year offsets that reduced the capital improvements set-aside amount to zero. During fiscal years 2001, 2010, and 2022, the School District issued \$5,701,000, \$2,980,000 and \$6,970,000, 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 \$15,677,039 June 30, 2022.

**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 \$29,049 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.

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

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

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

(Continued)

*Southwestern Ohio Education Purchasing Council* - The Southwestern Ohio Educational Purchasing Council (SOEPC) 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 SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One-year prior notice is necessary for withdrawal from the group.

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2022, the School District paid \$1,321,045 to SOEPC. 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.

***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 2022. 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 2022, the School District paid \$1,274,146 for medical benefits.

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

**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 2022, the School District paid \$46,899 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, 2022.

**B. Litigation**

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

**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.

Cash Basis	\$ (3,036,726)
Encumbrances	(361,530)
Perspective Differences	<u>5,569</u>
Budgetary Basis	<u><u>\$ (3,392,687)</u></u>

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

**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 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, 2022, the School District had the following outstanding commitments.

Vendor	Amount
Level MB LLC	\$ 6,558,503
Play with a Purpose	49,026
Garmann-Miller & Associates	101,204
Garber Electrical Contractors	67,941
C&T Design and Equipment Company Inc.	39,994
Conner Athletic Products Inc	198,811

**Note 18 - Transfers**

During fiscal year 2022, the School District transferred \$3,000,000 from the General Fund to the Capital Projects Fund and \$55,000 from the General Fund to the Classroom Facilities Maintenance Fund.

The above-mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 19 – Implementation of New Accounting Policies**

For fiscal year 2022, the School District implemented GASB Statement No. 87, *Leases and GASB Implementation Guide*. The implementation of these statements had no effect on School District’s fund balance/net assets. See Note 9 for lease disclosures.

The School District also implemented GASB Statement No. 93, *Replacement of Interbank Offered Rates*, GASB Statement No. 89, *Accounting for Interest Costs before the End of a Construction Period*, GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, GASB Implementation Guide No. 2020-1, *Implementation Guidance Update – 2020*. The implementation of these statements had no effect on School District’s fund balance/net assets.

**Tri-Village Local School District**  
**Darke County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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**Note 20 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the School District received COVID-19 funding. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

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

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

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>(1) (2) Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<b>Passed Through Ohio Department of Education</b>			
Pandemic EBT Administrative Costs	10.649	\$614	
Child Nutrition Cluster:			
COVID-19 Special Milk Program for Children	10.556	18,348	
School Breakfast Program	10.553	37,422	
National School Lunch Program	10.555	282,428	\$24,864
Total Child Nutrition Cluster		<u>338,198</u>	<u>24,864</u>
Total U.S. Department of Agriculture		<u>338,812</u>	<u>24,864</u>
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>			
<b>Passed Through Ohio Child Care Resource and Referral Association</b>			
CCDF Cluster			
COVID-19 Child Care and Development Block Grant	93.575	40,019	
Total CCDF Cluster		<u>40,019</u>	
<b>Passed Through Darke County Health District</b>			
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	20,000	
Total U.S. Department of Health & Human Services		<u>60,019</u>	
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b>Passed Through Ohio Department of Education</b>			
Title I Grants to Local Educational Agencies	84.010	183,638	
Special Education Cluster (IDEA):			
COVID-19 Special Education Grants to States	84.027	40,679	
Total Special Education Cluster (IDEA)		<u>40,679</u>	
Student Support and Academic Enrichment Program	84.424	10,035	
COVID-19 Education Stabilization Fund	84.425D	390,844	
COVID-19 Education Stabilization Fund	84.425U	777,055	
Total COVID-19 Educational Stabilization Fund		<u>1,167,899</u>	
Total U.S. Department of Education		<u>1,402,251</u>	<u>0</u>
Total Expenditures of Federal Awards		<u>\$1,801,082</u>	<u>\$24,864</u>

- (1) There were no pass through entity identifying numbers.  
(2) There were no amounts passed through to subrecipients.

See accompanying notes to the schedule of expenditures of federal awards.

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

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

**NOTE A – BASIS OF PRESENTATION**

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

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

# OHIO AUDITOR OF STATE KEITH FABER



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

Tri-Village Local School District  
Darke County  
PO 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, each major fund, and the aggregate remaining fund information of the Tri-Village Local School District, Darke County, (the District) as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 23, 2023, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures which will impact subsequent periods of the District.

### ***Report on Internal Control Over Financial Reporting***

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-001.

**District's Response to Findings**

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

**Purpose of This Report**

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



Keith Faber  
Auditor of State  
Columbus, Ohio

March 23, 2023

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

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

Tri-Village Local School District  
Darke County  
PO Box 31  
New Madison, Ohio 45346

To the Board of Education:

### Report on Compliance for the Major Federal Program

#### ***Opinion on the Major Federal Program***

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

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

#### ***Basis for Opinion on the Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

March 23, 2023

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

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

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

**FINDING NUMBER 2022-001**

**GAAP Reporting - Noncompliance**

**Ohio Rev. Code §117.38** provides that 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 117-2-03(B)**, which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

**FINDING NUMBER 2022-001  
(Continued)**

The District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District. To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

**Officials' 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 cost basis of accounting.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None



# TRI-VILLAGE LOCAL SCHOOL

P.O. Box 31  
New Madison, OH 45346

**Kimberly Chowning**  
*Treasurer*

[kim\\_chowning@tri-village.k12.oh.us](mailto:kim_chowning@tri-village.k12.oh.us)  
*Office: 937-996-4734 Fax: 937-996-5537*

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**2 CFR 200.511(b)**  
**JUNE 30, 2022**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2021-001	<b>Ohio Rev. Code §117.38</b> and <b>Ohio Admin. Code §117-2-03(B)</b> – Failure to prepare financial statements in accordance with generally accepted accounting principles. Finding initially occurred in fiscal year 2010.	Not Corrected	Reissued as Finding 2022-001. The District prepares OCBOA cash-basis financial statements. This does not affect the audit opinion or District credit rating.

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# TRI-VILLAGE LOCAL SCHOOL

P.O. Box 31  
New Madison, OH 45346

**Kimberly Chowning**  
*Treasurer*

[kim\\_chowning@tri-village.k12.oh.us](mailto:kim_chowning@tri-village.k12.oh.us)  
*Office: 937-996-4734 Fax: 937-996-5537*

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

<b>Finding Number:</b>	2022-001
<b>Planned Corrective Action:</b>	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 cost basis of accounting. Therefore, the School District does not believe a corrective action is needed.
<b>Anticipated Completion Date:</b>	N/A
<b>Responsible Contact Person:</b>	Kim Chowning, Treasurer

# 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 5/4/2023**

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

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