VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

OHIO AUDITOR OF STATE
KEITH FABER

VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY
JUNE 30, 2022

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

INDEPENDENT AUDITOR'S REPORT

Versailles Exempted Village School District
Darke County
459 South Center Street
P.O. Box 313
Versailles, Ohio 45380

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, business-type activities, each major fund, and the aggregate remaining fund information of Versailles Exempted Village 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, business-type 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 fiscal 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 recovery measures may impact subsequent periods of the District. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Information

We applied no procedures to management's discussion & analysis, as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 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

July 18, 2023

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The management discussion and analysis of the Versailles Exempted Village School District (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2022, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to those respective statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2022 are:

- In total, Governmental net position increased by $3,608,419 primarily due to the increase in receipts.

- General receipts related to governmental activities accounted for $26,398,891 or 92.63 percent of total receipts. Program specific receipts in the form of charges for services and sales, and grants and contributions accounted for $2,101,019 or 7.37 percent of total receipts of $28,499,910.

- The District had $24,891,491 in program disbursements related to governmental activities.

- The District's major governmental funds are the General Fund, Bond Retirement Fund, and Capital Projects Fund. The General Fund had $15,426,707 in receipts and other financing sources, $14,983,241 in disbursements and other financing uses. During fiscal year 2022, the General Fund's fund balance increased by $443,466 from $12,198,407 to $12,641,873.

- In total, business-type activities net position increased as program receipts for charges for services and sales and operating grants and contributions were sufficient to cover program cash disbursements.

Using these Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting. Accordingly, it consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The S*tatement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting an aggregate view of the District's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain how services were financed in the short-term, as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other nonmajor funds presented in total in one column. In the case of the District, the General Fund, Bond Retirement Fund, and Capital Projects Fund are by far the most significant funds, and the only funds reported as major governmental funds.

The notes to the financial statement are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related receipts (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) and deferred inflows and outflows of resources are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within the report, the reader must keep in mind the limitations resulting from the use of the cash basis of reporting.

Reporting the District as a Whole

Statement of Net Position and Statement of Activities

The Statement of Net Position and the Statement of Activities reflect how the District did financially during fiscal year 2022, within the limitations of the cash basis of accounting. The Statement of Net Position presents the equity in pooled cash and cash equivalents of the governmental and business-type activities of the District at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. 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. The comparison of cash disbursements with program receipts identifies how each governmental program draws from the District's general receipts.

These statements report the District's net position and changes in net position. Keeping in mind the limitations of the cash basis of accounting, the reader can think of the changes in cash position as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting receipts growth, facility conditions, required educational programs, and other factors.

The District's Statement of Net Position and Statement of Activities can be found on pages 15 and 16 of the report.

In the Statement of Net Position and Statement of Activities, the District is divided into two distinct kinds of activities:

- Governmental Activities - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant services, pupil transportation, extracurricular activities, capital outlay, and debt service.

- Business-Type Activity – These services are provided on a charge for goods or services basis to recover all of the costs of the goods or services provided. The District's food service and special enterprise (preschool) funds are reported as the business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 12 of this report. Fund financial statements provide detailed information about the District's major funds. The District established separate funds to better manage its many activities and to demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The District's funds are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds

Most of the District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent to finance educational programs. The programs reported in the governmental funds are directly related to those reported in the governmental activities section of the entity-wide statements. The governmental fund financial statements can be found on pages 17 through 19 of this report.

Proprietary Funds

The District maintains two proprietary funds. Food service and special enterprise are reported as enterprise funds. The proprietary fund financial statements can be found on pages 20 and 21 of this report.

Fiduciary Funds

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations. The District does not have any fiduciary funds.

The District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position for 2022 compared to 2021 on a cash basis:

Table 1 - Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
ASSETS						
Equity in pooled cash and cash equivalents	$ 19,533,321	$ 15,924,902	$ 401,852	$ 163,001	$ 19,935,173	$ 16,087,903
NET POSITION						
Restricted	6,021,463	2,792,788	-	-	6,021,463	2,792,788
Unrestricted	13,511,858	13,132,114	401,852	163,001	13,913,710	13,295,115
Total Net Position	$ 19,533,321	$ 15,924,902	$ 401,852	$ 163,001	$ 19,935,173	$ 16,087,903

By comparing net position from 2021 to 2022, one can see the overall cash position of the District has improved by the increase in net position of $3,847,270.

Table 2 shows the changes in net position for fiscal year 2022 compared to 2021 on a cash basis:

Table 2 - Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
RECEIPTS						
Program Cash Receipts:						
Charges for Services and Sales	$ 1,115,118	$ 671,531	$ 221,255	$ 247,454	$ 1,336,373	$ 918,985
Operating Grants and Contributions	985,901	1,254,207	693,245	491,181	1,679,146	1,745,388
Total Program Cash Receipts	2,101,019	1,925,738	914,500	738,635	3,015,519	2,664,373
General Receipts:						
Property Taxes	4,397,409	4,253,566	-	-	4,397,409	4,253,566
Income Taxes	2,426,715	2,213,112	-	-	2,426,715	2,213,112
Payment in Lieu of Taxes	111,646	44,522	-	-	111,646	44,522
Grants and Entitlements	8,605,221	8,512,977	-	-	8,605,221	8,512,977
Contributions and Donations	1,956	5,161	-	-	1,956	5,161
Investment Earnings	172,777	331,984	-	-	172,777	331,984
Debt Service	10,620,000	-	-	-	10,620,000	-
Miscellaneous	63,167	113,925	2,476	1,256	65,643	115,181
Total General Receipts	26,398,891	15,475,247	2,476	1,256	26,401,367	15,476,503
Total Receipts	28,499,910	17,400,985	916,976	739,891	29,416,886	18,140,876
DISBURSEMENTS						
Program Cash Disbursements:						
Instruction:						
Regular	$ 7,966,049	7,916,454	-	-	7,966,049	7,916,454
Special	1,809,389	1,553,992	-	-	1,809,389	1,553,992
Vocational	423,449	367,702	-	-	423,449	367,702
Supporting Services:						
Pupils	476,362	732,381	-	-	476,362	732,381
Instructional Staff	802,797	396,409	-	-	802,797	396,409
Board of Education	19,183	21,773	-	-	19,183	21,773
Administration	1,357,346	1,295,144	-	-	1,357,346	1,295,144
Fiscal	417,560	384,498	-	-	417,560	384,498
Operation and Maintenance of Plant	1,607,654	1,475,856	-	-	1,607,654	1,475,856
Pupil Transportation	771,140	416,356	-	-	771,140	416,356
Extracurricular Activities	982,223	787,272	-	-	982,223	787,272
Capital Outlay	117,242	5,580	-	-	117,242	5,580
Facilities Acquisition and Construction Services	49,197	-			49,197	-
Debt Service	8,091,900	746,413	-	-	8,091,900	746,413
Food Service	-	-	678,125	629,582	678,125	629,582
Total Disbursements	24,891,491	16,099,830	678,125	629,582	25,569,616	16,729,412
Change in Net Position	3,608,419	1,301,155	238,851	110,309	3,847,270	1,411,464
Net Position - Beginning of Year	15,924,902	14,623,747	163,001	52,692	16,087,903	14,676,439
Net Position - End of Year	$ 19,533,321	$ 15,924,902	$ 401,852	$ 163,001	$ 19,935,173	$ 16,087,903

Governmental Activities

The vast majority of receipts supporting all governmental activities consist of general receipts. General receipts totaled $26,398,891 or 92.63 percent of the total receipts. The most significant portions of the general receipts are local property taxes, school district income taxes, debt service, and unrestricted grants and entitlements. The remaining amount of receipts was in the form of program receipts, which equated to $2,101,019 or only 7.37 percent.

Income taxes receipts increased from prior year by $213,603 due to an increase in income. Charges for services increased $443,587 from prior year due to increased purchased services. Operating grants and contributions decreased $268,306 from prior year due to monies received related to COVID-19.

The largest disbursement for the District is for instructional programs. Instructional programs disbursements totaled $10,198,887 or 40.97 percent of the total cash disbursements.

Total disbursements increased from prior year by $8,791,661, mainly due to the increase in debt service disbursements in fiscal year 2022 due to the Bond Series 2015 refunding to Bond Series 2021.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements.

Table 3 - Governmental Activities

	Total Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2022	Net Cost of Services 2021
Instruction	$ 10,198,887	$ 9,838,148	$ (9,323,826)	$ (8,876,994)
Supporting Services:				
Pupils and Instructional Staff	1,279,159	1,128,790	(1,265,455)	(957,671)
Board of Education, Administration, and Fiscal	1,794,089	1,701,415	(1,788,689)	(1,696,015)
Operation and Maintenance of Plant	1,607,654	1,475,856	(989,435)	(1,233,277)
Pupil Transportation	771,140	416,356	(771,140)	(416,356)
Extracurricular Activities	982,223	787,272	(393,588)	(241,786)
Capital Outlay	117,242	5,580	(117,242)	(5,580)
Facilities Acquisition and Construction Services	49,197	-	(49,197)	-
Debt Service	8,091,900	746,413	(8,091,900)	(746,413)
Total Cost of Service	$ 24,891,491	$ 16,099,830	$ (22,790,472)	$ (14,174,092)

Business Type Activities

Business-type activities include the food service operation and special enterprise (preschool). These programs had receipts of $916,976, and disbursements of $678,125 in fiscal year 2022, or an increase in net position of $238,851. The increase in receipts is due to the monies received from the federal government for the National School Lunch Program. All students were provided a free lunch all year, and the District was reimbursed for these lunches.

The District's Funds

The District's governmental funds reported a combined fund balance of $19,533,321, which is higher than last year's balance of $15,924,902. The following table indicates the fund balance and the change in fund balance from June 30, 2021 to June 30, 2022 for each major governmental fund and the total of the nonmajor governmental funds.

Table 4 - Governmental Fund Balances

	Fund Balance June 30, 2022	Fund Balance June 30, 2021	Increase (Decrease)	Percentage Change
General	$ 12,641,873	$ 12,198,407	$ 443,466	3.64%
Bond Retirement	637,085	2,160,165	(1,523,080)	-70.51%
Capital Projects	5,000,000	-	5,000,000	100.00%
Other Governmental	1,254,363	1,566,330	(311,967)	-19.92%
Total	$ 19,533,321	$ 15,924,902	$ 3,608,419	22.66%

The District's General Fund balance increased $443,466 which can be attributed to receipts exceeding disbursements.

The District's Bond Retirement Fund decreased by $1,523,080 due to the refunding of Bond Series 2015.

The District's Capital Projects Fund increased by $5,000,000 due to the proceeds of a financed purchase. The fund is new in fiscal year 2022 and is for a building expansion project.

The District's Other Governmental Funds decreased by $311,967 due to an increase in expenditures.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

General Fund original and final receipts and other financing sources were $15,297,724. Actual receipts and other financing sources were $15,405,739, which was $108,015 higher than the final budgeted receipts.

During the course of fiscal year 2022, the District amended its General Fund budget several times. General Fund original appropriations and other financing uses were $16,653,972 and final appropriations and other financing uses were $17,641,356. The actual budget basis disbursements and other financing uses for fiscal year 2022 totaled $15,354,649 which was $2,286,707 lower than final appropriations.

Capital Assets and Debt Administration

Capital Assets

The District does not report its capital assets under the cash basis of accounting.

Debt

At June 30, 2022, the District had $6,620,000 in bonds and $4,812,679 in financed purchase payable. Table 5 summarizes the District's debt outstanding.

Table 5 - Outstanding Debt at Year End

	Governmental Activities	
	2022	2021
General Obligation Bonds	$ 6,620,000	$ 8,200,000
Financed Purchase Payable	4,812,679	-
Total Outstanding Debt	$ 11,432,679	$ 8,200,000

On April 22, 2022 the District entered into a land lease and a lease back agreement with Greenville National Bank for constructing, improving, renovating, furnishing, and equipping school facilities. The amount financed was $5,000,000 with an interest rate of 2.750 percent. Principal and interest payments are made from the capital projects fund.

See Note 14 to the basic financial statements for additional information on the District's debt.

For the Future

Estimates for the fiscal year 2022-2023 biennium indicate the District should receive about the same funding. In fiscal year 2022-2023 we are anticipating a slight increase in real estate taxes and income taxes.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Jackie Kremer, Treasurer at Versailles Exempted Village School District, 459 S. Center St, P.O. Box 313, Versailles, OH 45380 or at jackie.kremer@vtigers.org.

VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO

STATEMENT OF NET POSITION – CASH BASIS
JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$ 19,533,321	$ 401,852	$ 19,935,173
Net Position			
Restricted for:			
Capital Projects	$ 5,000,000	$ -	$ 5,000,000
Debt Service	637,085	-	637,085
Classroom Facilities Maintenance	92,804	-	92,804
State Funded Programs	5,768	-	5,768
Student Activities	285,806	-	285,806
Unrestricted	13,511,858	401,852	13,913,710
Total Net Position	$ 19,533,321	$ 401,852	$ 19,935,173

See accompanying notes to the basis financial statements

VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO

STATEMENT OF ACTIVITIES – CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

		Program Receipts		Net (Disbursement) Receipts and Changes in Net Position		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Instruction:						
Regular	$ 7,966,049	$ 27,695	$ 50,040	$ (7,888,314)	$ -	$ (7,888,314)
Special	1,809,389	-	668,904	(1,140,485)	-	(1,140,485)
Vocational	423,449	-	128,422	(295,027)	-	(295,027)
Support Services:						
Pupils	476,362	-	2,870	(473,492)	-	(473,492)
Instructional Staff	802,797	-	10,834	(791,963)	-	(791,963)
Board of Education	19,183	-	-	(19,183)	-	(19,183)
Administration	1,357,346	-	5,400	(1,351,946)	-	(1,351,946)
Fiscal	417,560	-	-	(417,560)	-	(417,560)
Operation and Maintenance of Plant	1,607,654	584,902	33,317	(989,435)	-	(989,435)
Pupil Transportation	771,140	-	-	(771,140)	-	(771,140)
Extracurricular Activities	982,223	502,521	86,114	(393,588)	-	(393,588)
Capital Outlay	117,242	-	-	(117,242)	-	(117,242)
Facilities Acquisition and Construction Services	49,197			(49,197)		(49,197)
Debt Service:						
Principal	667,321	-	-	(667,321)	-	(667,321)
Interest and Fiscal Charges	205,238	-	-	(205,238)	-	(205,238)
Issuance Costs	124,456	-	-	(124,456)	-	(124,456)
Payment to Bond Escrow Agent	7,094,885	-	-	(7,094,885)	-	(7,094,885)
Total Governmental Activities	24,891,491	1,115,118	985,901	(22,790,472)	-	(22,790,472)
Business Type Activities						
Food Service	678,125	194,455	693,245	-	209,575	209,575
Special Enterprise	-	26,800	-	-	26,800	26,800
Total Business-Type Activities	678,125	221,255	693,245	-	236,375	236,375
Totals	$ 25,569,616	$ 1,336,373	$ 1,679,146	(22,790,472)	236,375	(22,554,097)
General Receipts						
Property Taxes Levied for:						
General Purposes				3,662,186	-	3,662,186
Debt Service				672,093	-	672,093
Capital Maintenance				63,130	-	63,130
Income Taxes Levied for General Purposes				2,426,715	-	2,426,715
Payments in Lieu of Taxes				111,646	-	111,646
Grants and Entitlements not Restricted to Specific Programs				8,605,221	-	8,605,221
Contributions and Donations not Restricted to Specific Programs				1,956	-	1,956
Investment Earnings				172,777	-	172,777
Debt Service				10,620,000	-	10,620,000
Miscellaneous				63,167	2,476	65,643
Total General Receipts				26,398,891	2,476	26,401,367
Change in Net Position				3,608,419	238,851	3,847,270
Net Position Beginning of Year				15,924,902	163,001	16,087,903
Net Position End of Year				$ 19,533,321	$ 401,852	$ 19,935,173

See accompanying notes to the basis financial statements

VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO

STATEMENT OF ASSETS AND FUND BALANCES – CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Bond Retirement	Capital Projects	All Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	$ 12,641,873	$ 637,085	$ 5,000,000	$ 1,254,363	$ 19,533,321
Fund Balances					
Restricted	$ -	$ 637,085	$ 5,000,000	$ 384,378	$ 6,021,463
Committed	-	-	-	869,985	869,985
Assigned	2,524,638	-	-	-	2,524,638
Unassigned	10,117,235	-	-	-	10,117,235
Total Fund Balances	$ 12,641,873	$ 637,085	$ 5,000,000	$ 1,254,363	$ 19,533,321

See accompanying notes to the basis financial statements

VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES – CASH BASIS - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General	Bond Retirement	Capital Projects	All Other Governmental Funds	Total Governmental Funds
Receipts					
Property Taxes	$ 3,662,186	$ 672,093	$ -	$ 63,130	$ 4,397,409
Income Tax	2,426,715	-	-	-	2,426,715
Intergovernmental	8,952,798	88,557	-	1,037,580	10,078,935
Interest	172,777	-	-	-	172,777
Tuition and Fees	27,695	-	-	-	27,695
Rent	10,975	-	-	-	10,975
Extracurricular Activities	8,059	-	-	494,462	502,521
Contributions and Donations	1,956	-	-	86,114	88,070
Payments in Lieu of Taxes	111,646	-	-	-	111,646
Miscellaneous	51,900	-	-	11,267	63,167
Total Recipets	15,426,707	760,650	-	1,692,553	17,879,910
Disbursements					
Current:					
Instruction:					
Regular	7,911,049	-	-	55,000	7,966,049
Special	1,327,496	-	-	481,893	1,809,389
Vocational	417,358	-	-	6,091	423,449
Support Services:					
Pupils	449,004	-	-	27,358	476,362
Instructional Staff	434,194	-	-	368,603	802,797
Board of Education	19,183	-	-	-	19,183
Administration	1,339,258	-	-	18,088	1,357,346
Fiscal	400,015	14,219	-	3,326	417,560
Operation and Maintenance of Plant	1,121,523	-	-	486,131	1,607,654
Pupil Transportation	409,008	-	-	362,132	771,140
Extracurricular Activities	452,764	-	-	529,459	982,223
Capital Outlay	-	-	-	117,242	117,242
Facilities Acquisition and Construction Services	-	-	-	49,197	49,197
Debt Service:					
Principal	-	480,000	187,321	-	667,321
Interest	-	190,170	15,068	-	205,238
Issuance Costs	-	124,456	-	-	124,456
Advance Refunding Escrow	-	1,600,000	-	-	1,600,000
Total Disbursements	14,280,852	2,408,845	202,389	2,504,520	19,396,606
Excess of Revenues Over (Under) Expenditures	1,145,855	(1,648,195)	(202,389)	(811,967)	(1,516,696)
Other Financing Sources (Uses)					
Refunding Bond Issued	-	5,620,000	-	-	5,620,000
Issuance of Financed Purchase	-	-	5,000,000	-	5,000,000
Payment to Refunded Bond Escrow Agent	-	(5,494,885)	-	-	(5,494,885)
Transfers In	-	-	202,389	500,000	702,389
Transfers Out	(702,389)	-	-	-	(702,389)
Total Other Financing Sources and Uses	(702,389)	125,115	5,202,389	500,000	5,125,115
Net Change in Fund Balances	443,466	(1,523,080)	5,000,000	(311,967)	3,608,419
Fund Balance at Beginning of Year	12,198,407	2,160,165	-	1,566,330	15,924,902
Fund Balance at End of Year	$ 12,641,873	$ 637,085	$ 5,000,000	$ 1,254,363	$ 19,533,321

See accompanying notes to the basic financial statements

VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property Taxes	$ 3,684,624	$ 3,684,624	$ 3,662,186	$ (22,438)
Income Tax	2,213,112	2,213,112	2,426,715	213,603
Intergovernmental	8,833,682	8,833,682	8,952,798	119,116
Interest	308,579	308,579	172,777	(135,802)
Tuition and Fees	154,735	154,735	25,196	(129,539)
Rent	5,308	5,308	10,975	5,667
Contributions and Donations	3,400	3,400	-	(3,400)
Payments in Lieu of Taxes	-	-	111,646	111,646
Miscellaneous	92,558	92,558	43,446	(49,112)
Total Receipts	15,295,998	15,295,998	15,405,739	109,741
Disbursements				
Current:				
Instruction:				
Regular	7,884,331	8,216,603	7,951,405	265,198
Special	1,593,462	1,660,616	1,375,301	285,315
Vocational	378,873	394,840	419,136	(24,296)
Support Services:				
Pupils	792,111	825,493	477,404	348,089
Instructional Staff	683,230	712,024	493,622	218,402
Board of Education	34,468	35,921	19,183	16,738
Administration	1,411,384	1,470,864	1,393,058	77,806
Fiscal	392,479	409,019	402,807	6,212
Business	852,670	888,604	-	888,604
Operation and Maintenance of Plant	1,236,077	1,288,169	1,184,441	103,728
Pupil Transportation	609,927	635,631	481,257	154,374
Central	960	1,000	-	1,000
Extracurricular Activities				
Academic Oriented Activities	33,112	34,507	38,336	(3,829)
Sport Oriented Activities	350,888	365,676	416,310	(50,634)
Total Disbursements	16,253,972	16,938,967	14,652,260	2,286,707
Excess of Receipts Over (Under) Disbursements	(957,974)	(1,642,969)	753,479	2,396,448
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	1,726	1,726	-	(1,726)
Transfers Out	(400,000)	(702,389)	(702,389)	-
Total Other Financing Sources (Uses)	(398,274)	(700,663)	(702,389)	(1,726)
Net Change in Fund Balances	(1,356,248)	(2,343,632)	51,090	2,394,722
Fund Balance at Beginning of Year	11,969,979	11,969,979	11,969,979	-
Prior Year Encumbrances Appropriated	155,345	155,345	155,345	-
Fund Balance at End of Year	$ 10,769,076	$ 9,781,692	$ 12,176,414	$ 2,394,722

See accompanying notes to the basic financial statements

VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO

STATEMENT OF FUND NET POSITION – CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2022

	All other Enterprise Funds
Assets	
Equity in Pooled Cash and Cash Equivalents	$ 401,852
Net Position	
Unrestricted	$ 401,852

See accompanying notes to the basis financial statements

VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND NET POSITION – CASH BASIS – PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	All other Enterprise Funds
Operating Receipts	
Tuition	$ 26,800
Sales	194,455
Miscellaneous	2,476
Total Operating Receipts	223,731
Operating Disbursements	
Salaries	260,364
Fringe Benefits	103,060
Purchased Services	9,356
Materials and Supplies	305,156
Other	189
Total Operting Disbursements	678,125
Operating Loss	(454,394)
Non-Operating Receipts	
Federal and State Subsidies	693,245
Net Change in Net Position	238,851
Net Position at Beginning of Year	163,001
Net Position at End of Year	$ 401,852

See accompanying notes to the basis financial statements

NOTE 1: **REPORTING ENTITY**

Versailles Exempted Village School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by state statute and federal guidelines.

The District was established through the consolidation of existing land areas and school districts. The District serves an area of approximately 80 square miles. It is located in Darke County, and includes all of the Villages of Versailles, Yorkshire, and North Star and portions of surrounding Townships. It is staffed by 72 non-certificated employees, 95 certificated employees who provide services to 1,282 students and other community members. The District currently operates one instructional and one administrative building.

The District participates in two jointly governed organizations, one related organization, and two insurance purchasing pools. Notes 17 through 19 to the financial statements provide additional information for these entities. These organizations are:

Jointly Governed Organizations:
Western Ohio Computer Organization
Southwestern Ohio Educational Purchasing Council

Public Entity Risk Pool:
Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan
Southwestern Ohio Educational Purchasing Council Medical Benefits Plan

Related Organization:
Worch Memorial Library

The District's management believes these financial statements present all activities for which the District is financially accountable.

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 District's accounting policies:

A. Basis of Presentation

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

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position presents the cash balance of the governmental and business-type activities of the District at fiscal year end. The Statement of Activities compares disbursements with program receipts for each function or program of the District's governmental and business-type 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support 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 a cash basis or draws from the District's general receipts.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the fund's principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

B. **Fund Accounting**

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

GOVERNMENTAL FUNDS
The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds.

The following are the District's major governmental funds:

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

Bond Retirement Fund - This fund is used to account for the retirement of serial bonds issued by the District. All revenue derived from general or special levies, either within or exceeding the ten-mil limitation, which is levied for debt charges on bonds, notes or loans shall be paid into this fund.

Capital Projects Fund – This fund is used to account for all transactions related to the District's upcoming building construction project.

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

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. **Fund Accounting** (Continued)

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has two enterprise funds. The following is a description of the District's Enterprise Funds:

Food Service Fund – This fund is used to account for charges for services and operating grants restricted to the food service operations of the District.

Special Enterprise Fund – This fund is used to account for charges for services restricted to the preschool operations of the District.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District does not have any fiduciary funds.

C. **Basis of Accounting**

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the 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) and deferred inflows and outflows of resources are not recorded in these financial statements.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Budgetary Process**

All funds, except fiduciary funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund, object level for the general fund, and at the fund level for all other funds. The Treasurer has been given the authority to allocate Board appropriations to the function and object level within all funds without resolution by the Board of Education.

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

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

E. **Cash and Investments**

To improve cash management, cash received by the District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments of the District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District 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 stated at cost which approximates market value.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. **Cash and Investments** (Continued)

During fiscal year 2022, investments were limited to STAR Ohio, Negotiable CD's, U.S. Government money market mutual funds, U.S. Agency Notes, Commercial Paper and U.S. Treasury Notes. The District's investment in the State Treasury Asset Reserve of Ohio (STAR 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 and is recognized as an external investment pool by the District. The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2022 was $172,777.

F. **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.

G. **Inventory and Prepaid Items**

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. **Capital Assets**

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

I. **Interfund Receivables/Payables**

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

J. **Accumulated Leave**

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

K. **Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 12 and 13, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. **Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability and net OPEB asset, 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 plan. 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 plans report investments at fair value.

M. **Long-Term Obligations**

The District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

N. **Leases**

The School District is the lessee in various leases related to equipment under noncancelable leases. Lease payables are not reflected under the District's cash basis of accounting. Lease disbursements are recognized when they are paid.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

O. **Net Position**

The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The government-wide statement of net position reports $6,438,246 of the restricted component of net position, none of which is restricted by enabling legislation. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

P. **Fund Balance**

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

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are not spendable in form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. This fund balance classification was not utilized in fiscal year 2022.

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

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District’s Board of Education. Those committed amounts cannot be used for any other purpose unless the District’s 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.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

P. **Fund Balance** (Continued)

Assigned – Amounts in the assigned fund balance classification are intended to be used by the 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 would represent intended uses established by the District's 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 the other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Q. **Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3: **CHANGE IN ACCOUNTING PRINCIPLES**

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the District.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The implementation of this Statement did not have an effect on the financial statements of the District.

GASB Statement No. 92, *Omnibus 2020.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of this Statement did not have an effect on the financial statements of the District.

GASB Statement No. 93, *Replacement of Interbank Offered Rates.* The objective of this Statement is to address those and other accounting and financial reporting implication that result from the replacement of an IBOR. The implementation of this Statement did not have an effect on the financial statements of the District.

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.* The objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of this Statement did not have an effect on the financial statements of the District.

GASB Statement No. 98, *The Annual Comprehensive Financial Report.* The objective of this Statement is to establish the term *annual comprehensive financial report* and its acronym *ACFR.* The implementation of this Statement did not have an effect on the financial statements of the District.

GASB Statement No. 87, *Leases* and GASB Implementation Guide 2019-3, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Since the School Distrct does not prepare financial statements using generally accepted accounting principles, the implementation of GASB Statement No. 87 did not have an effect on the financial statements of the School. The notes to the basic financial statements include the disclosure requirements under the Statement.

NOTE 4: FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the General, Bond Retirement, Capital Projects, and Other Governmental funds are presented below:

Fund Balances	General	Bond Retirement	Capital Projects	Other Governmental	Total
Restricted for					
Debt Service	$ -	$ 637,085	$ -	$ -	$ 637,085
Classroom Facilities					
Maintenance	-	-	-	92,804	92,804
State Funded Programs	-	-	-	5,768	5,768
Student Activities	-	-	-	285,806	285,806
Capital Projects	-	-	5,000,000	-	5,000,000
Total Restricted	-	637,085	5,000,000	384,378	6,021,463
Committed to					
Capital Projects	-	-	-	869,985	869,985
Total Committed	-	-	-	869,985	869,985
Assigned to					
FY 2023 Appropriations	2,080,276	-	-	-	2,080,276
Instruction	94,192	-	-	-	94,192
Support Services	296,899	-	-	-	296,899
Public School Support	53,271	-	-	-	53,271
Total Assigned	2,524,638	-	-	-	2,524,638
Unassigned	10,117,235	-	-	-	10,117,235
Total Fund Balances	$ 12,641,873	$ 637,085	$ 5,000,000	$ 1,254,363	$ 19,533,321

NOTE 5: COMPLIANCE

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

NOTE 6: BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than restricted, committed, or assigned fund balance (cash basis) and three funds were budgeted as special revenue funds, but are reported as part of the General Fund on the cash basis statements in accordance with GASB Statement No. 54.

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

Net Change in Fund Balance

	General
Cash Basis	$ 443,466
Encumbrances	(391,088)
Funds Budgeted as Special Revenue Funds but Reported as part of the General Fund for the Cash Basis Reports	(1,288)
Budget Basis	$ 51,090

NOTE 7: DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

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

Inactive deposits are public deposits that the Board 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 which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

NOTE 7: **DEPOSITS AND INVESTMENTS** (Continued)

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may 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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase 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 divisions (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); and

8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met;

NOTE 7: **DEPOSITS AND INVESTMENTS** (Continued)

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of 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.

At fiscal year end, the District had $400 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. Protection of the District's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC), as well as qualified securities pledged by the institution holding the assets. Ohio law requires that deposits either be insured or protected by:

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

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The District's financial institution had enrolled in OPCS as of June 30, 2022.

At fiscal year end, $250,000 of the District's bank balance of $662,797 was covered by Federal Depository Insurance and $412,797 was uninsured and collateralized as described above.

NOTE 7: **DEPOSITS AND INVESTMENTS** (Continued)

Investments

The fair value of these investments is not materially different than measurement value. As of June 30, 2022, the District had the following investments:

Investment Type	Measurement Value	Credit Rating (*)	Investment Maturities (in Years) <1	1-2	2-5
StarOhio	$ 8,972,177	AAAm	$ 8,972,177	$ -	$ -
Negotiable CD's	5,211,282	N/A	3,602,881	1,608,401	-
Mutual Funds	21,731	N/A	21,731	-	-
Commercial Paper	2,710,894	A-1/A-1+	2,710,894	-	-
US Treasury Notes	314,450	AA+	64,812	249,638	-
US Agency Notes	2,332,869	AA+	334,905	953,200	1,044,764
Total Investments	$ 19,563,403		$ 15,707,400	$ 2,811,239	$ 1,044,764
Carrying Amount of Deposits	371,370				
Petty Cash	400				
Total	19,935,173				

* Credit Rating was obtained from Standard & Poor's for all investments.

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less, unless they are matched to a specific obligation or debt of the District.

Credit Risk The District has no investment policy dealing with credit risk, beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service 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 service rating service.

Custodial Credit Risk For an investment, custodial credit risk is the risk that in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investments are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer of qualified trustee. At fiscal year end, the District's investment in negotiable certificates of deposit was fully covered by the FDIC.

NOTE 7: **DEPOSITS AND INVESTMENTS** (Continued)

Concentration of Credit Risk The District places no limit on the amount the District may invest in any one issuer; however, State statute limits investments in commercial paper to 40 percent of the interim monies available for investment at any one time. The following table includes the percentage of each investment type held by the District at June 30, 2022

Investment Type	Cost Value	% of Total
StarOhio	$ 8,972,177	46%
Negotiable CD's	5,211,282	26%
Mutual Funds	21,731	0%
Commercial Paper	2,710,894	14%
US Treasury Notes	314,450	2%
US Agency Notes	2,332,869	12%
Total Investments	$ 19,563,403	100%

NOTE 8: **PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property located in the District. Real property tax receipts received in calendar year 2022 represent the collection of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed values as of January 1, 2021, the lien date.

Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax receipts received in calendar year 2022 represent the collection of calendar year 2022 taxes. Public utility personal property taxes received in calendar year 2022 became a lien on December 31, 2021, 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 property is currently assessed at varying percentages of true value.

The District receives property taxes from Darke and Shelby counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

NOTE 8: **PROPERTY TAXES** (Continued)

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
Real Property	$ 197,563,050	98.12%	$ 201,351,590	98.43%
Public Utility Property	3,780,890	1.88%	3,216,080	1.57%
	$ 201,343,940	100.00%	$ 204,567,670	100.00%
Tax Rate (per $1,000 of Assessed Valuation)	$ 41.96		$ 41.80	

NOTE 9: **INCOME TAX**

Effective January 1, 2013, the District levied a voted tax of 1.00 percent. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are recorded in the General Fund. This levy was renewed in 2020.

NOTE 10: **INTERFUND TRANSACTIONS**

During fiscal year 2022, the General Fund transferred $202,389 to the Capital Projects fund for the land lease payment and $500,000 Permanent Improvement Fund for equipment purchases including vehicles and technology and building improvements as needed.

NOTE 11: **RISK MANAGEMENT**

A. **Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2022, the District contracted with Phelan Insurance Agency for the following insurance coverage:

NOTE 11: **RISK MANAGEMENT** (Continued)

Property ($5,000 deductible, subject to scheduled limits)	$ 60,570,769
Boiler and Machinery ($5,000 deductible)	60,570,769
Auto Liability/Physical Damage ($1,000 deductible)	1,000,000
General Liability - Aggregate Limit	2,000,000
Per Occurrence	1,000,000
School Leaders Errors and Omissions Liability	1,000,000
($2,500 deductible each occurrence)	
Umbrella Coverage	2,000,000
Sexual Misconduct & Molestation Liability	1,000,000
Violent Event	300,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

B. **Medical, Dental, and Vision Benefits**

Effective June 1, 2005, the District joined the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP), an insurance purchasing pool (Note 18). The intent of the MBP is to achieve the benefit of reduced health insurance premiums for the District by virtue of its grouping and representation with other participants in the MBP. The health insurance experience of the participating 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 the 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. The District also purchases its dental and vision insurance in the purchasing pool agreements with the Southwestern Ohio Educational Purchasing Council.

C. **Workers' Compensation**

The District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP.

NOTE 11: **RISK MANAGEMENT** (Continued)

Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting Company provides administrative, cost control, and actuarial services to the GRP.

NOTE 12: **DEFINED BENEFIT PENSION PLANS**

A. Net Pension Liability

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

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

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

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

The 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 independent actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the total employer contributions of all participating entities.

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

A. Net Pension Liability (Continued)

Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.0576446%	0.05656073%	
Proportion of the Net Pension Liability Current Measurement Date	0.0620682%	0.05516995%	
Change in Proportionate Share	0.0044236%	-0.00139078%	
Proportionate Share of the Net Pension Liability	$ 2,290,137	$ 7,053,976	$ 9,344,113

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

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

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

A. Net Pension Liability (Continued)

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal

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

The most recent experience study was completed 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 asset class are summarized in the following table:

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

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

A. **Net Pension Liability** (Continued)

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	$3,810,225	$2,290,137	$1,008,180

Changes since measurement date Effective July 1, 2022 SERS made the following changes: Retiree Health Care – changes to monthly premium deductions associated with retiree health insurance and income related Medicare Parts B & D reimbursements. Cost-of-living adjustments – Changes to the cost-of-living adjustments made to retirees' pensions. Normal Retirement Age – changes to the "Normal Retirement Age' for members of Tiers II and IIA.

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2021, actuarial valuation compared to the June 30, 2020 actuarial valuation are presented below.

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments	0.0 percent

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

A. Net Pension Liability (Continued)

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

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.

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

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

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

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

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

A. Net Pension Liability (Continued)

Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	$13,209,454	$7,053,976	$1,852,607

Changes since measurement 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.

B. School Employees Retirement System (SERS)

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

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

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

B. School Employees Retirement System (SERS) (Continued)

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. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0.0%.

A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019, and 2020. The Retirement Board approved a 0.5% COLA for calendar year 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was the entire 14.00 percent. No allocation was made to the Health Care Fund.

The District's contractually required contribution to SERS was $331,686 for fiscal year 2022.

C. State Teachers Retirement System (STRS)

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

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

C. State Teachers Retirement System (STRS) (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service.

Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years or service credit at any age.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12.0 of the 14.0 percent member rates goes to the DC Plan and the remaining 2.0 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 services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS 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 in the GASB 68 schedules of employer allocation and pension amounts by employer.

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

C. State Teachers Retirement System (STRS) (Continued)

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

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

The District's contractually required contribution to STRS was $997,895 for fiscal year 2022.

D. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2022, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 13: **POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)**

A. Net OPEB Liability/Asset

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

The net OPEB liability and net OPEB asset represent the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability and net OPEB asset calculations are 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.

NOTE 13: **POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)** (Continued)

A. Net OPEB Liability/Asset (Continued)

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

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

B. School Employees Retirement System (SERS)

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

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

NOTE 13: **POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)** (Continued)

B. School Employees Retirement System (SERS) Continued

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 2022, there was no contribution 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.

The surcharge is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was $43,200 for fiscal year 2022.

C. State Teachers Retirement System (STRS)

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

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

NOTE 13: **POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)** (Continued)

D. Net OPEB Liability/Asset

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability/asset Prior Measurement Date	0.05993570%	0.05656073%	
Proportion of the Net OPEB Liability/asset Current Measurement Date	0.06401170%	0.05516995%	
Change in Proportionate Share	0.00407600%	-0.00139078%	
Proportionate Share of the Net OPEB Liability/(asset)	$ 1,211,475	$ (1,163,212)	$ 48,263

Actuarial Assumptions - SERS

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

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

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

NOTE 13: **POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)** (Continued)

D. Net OPEB Liability/Asset (Continued)

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:

Wage Inflation:	
Current Measurement date	2.40 percent
Prior Measurement date	3.00 percent
Future Salary Increases, including inflation:	
Current Measurement date	3.25 percent to 13.58 percent
Prior Measurement date	3.50 percent to 18.20 percent
Investment Rate of Return	
Current Measurement date	7.00 percent net of investments expense, including inflation
Prior Measurement date	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	1.92 percent
Prior Measurement Date	2.45 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.27 percent
Prior Measurement Date	2.63 percent
Medical Trend Assumption	
Measurement Date	
Medicare	5.125 to 4.400 percent
Pre-Medicare	6.750 to 4.400 percent
Prior Measurement Date	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 o 4.75 percent

Base Mortality: Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

NOTE 13: **POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)** (Continued)

D. Net OPEB Liability/Asset (Continued)

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:

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

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

NOTE 13: **POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)** (Continued)

D. Net OPEB Liability/Asset (Continued)

The Municipal Bond Index Rate is used in the determination for 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% at June 30, 2021 and 2.45% at June 30, 2020.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in 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 3.40%) 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%)
District's proportionate share of the net OPEB liability	$1,501,163	$1,211,475	$980,050

	1% Decrease (5.75 % decreasing to 3.40%)	Current Trend Rate (6.75 % decreasing to 4.40%)	1% Increase (7.75 % decreasing to 5.740%)
District's proportionate share of the net OPEB liability	$ 932,736	$ 1,211,475	$ 1,583,783

NOTE 13: **POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)** (Continued)

D. Net OPEB Liability/Asset (Continued)

Actuarial Assumptions - STRS

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

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	
Payroll Increases	3 percent	
Discount Rate of Return	7.00 percent	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-16.18 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	29.98 percent	4.00 percent

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.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board.

NOTE 13: **POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)** (Continued)

D. Net OPEB Liability/Asset (Continued)

The target allocation and long-term expected rate of return for each major asset class are summarized below.

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 does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

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

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

NOTE 13: **POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)** (Continued)

D. Net OPEB Liability/Asset (Continued)

Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net OPEB asset	$ 981,572	$ 1,163,212	$ 1,314,947

	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
District's proportionate share of the net OPEB asset	$ 1,308,799	$ 1,163,212	$ 983,183

Benefit Term Changes Since the Prior Measurement Date

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

NOTE 14: LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during fiscal year 2022 were as follows:

	Rate	6/30/2021	Additions	Reductions	6/30/2022	One Year
General Long-Term Debt						
2015 School Improvement Refunding Bond						
Serial	1.00-4.00%	$ 8,200,000	$ -	$ 7,200,000	$ 1,000,000	$ 495,000
2021 School Improvement Refunding Bond						
Serial	3.00-4.00%	-	5,620,000	-	5,620,000	-
Direct Borrowing -						
Financed Purchase Payable	2.75%	-	5,000,000	187,321	4,812,679	274,296
Total General Long-Term Debt		$ 8,200,000	$ 10,620,000	$ 7,387,321	$ 11,432,679	$ 769,296

General Obligation Bonds –

On December 8, 2015 the District issued $9,390,000 of general obligation serial bonds. The bonds partially refunded the 2007 general obligation term and serial bonds. At the date of refunding, $9,816,413 (including premium) was received to pay off old debt. The bonds were issued for a twenty-seven year period, with final maturity in fiscal year 2035.

In December 2021, the District issued $5,620,000 in School Improvement Refunding Bonds, Series 2021 with a maturity date of December 1, 2034. The bonds partially refunded the 2015 general obligation bonds. The proceeds from the refunding bonds were used to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the general obligation bonds. As a result, the refunded bonds are considered to be defeased.

Financed Purchase Loan –

On April 22, 2022 the Districted entered into a land lease and a lease back agreement with Greenville National Bank for constructing, improving, renovating, furnishing, and equipping school facilities. The amount financed was $5,000,000 with an interest rate of 2.750 percent. Principal and interest payments are made from the capital projects fund.

NOTE 14: **LONG-TERM OBLIGATIONS** (Continued)

Principal and interest requirements for long-term obligations outstanding at June 30, 2022, were as follows:

Fiscal Year ending	General Obligation Bonds		Financed Purchase Payable		
June 30	Principal	Interest	Principal	Interest	Total
2023	495,000	$ 122,364	$ 274,295	$ 130,483	$ 1,022,142
2024	505,000	109,258	281,559	123,220	1,019,037
2025	470,000	101,109	289,686	115,092	975,887
2026	475,000	95,602	297,708	107,071	975,381
2027	485,000	89,094	305,951	98,828	978,873
2028-2032	2,535,000	318,244	1,661,205	362,688	4,877,137
2033-2035	1,655,000	59,139	1,702,275	119,228	3,535,642
	$ 6,620,000	$ 894,810	$ 4,812,679	$ 1,056,610	$ 13,384,099

NOTE 15: **SET-ASIDE REQUIREMENTS**

The District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in future years. The following cash basis information identifies the changes in the fund balance reserves for capital improvements during fiscal year 2022:

	Capital Acquisition
Set-aside balances as of June 30, 2021	$ -
Current year set-aside requirements	229,304
Current year offsets	(507,888)
Qualifying disbursements	(367,059)
Total	$ (645,643)

The District has current year offsets that reduced the capital acquisition set aside amount to below zero.

NOTE 16: **CONTINGENCIES**

A. **Grants**

The District received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2022, if applicable, cannot be determined at this time.

NOTE 16: **CONTINGENCIES** (Continued)

B. **Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

C. **State Foundation Funding**

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school district, which can extend past the fiscal year end.

NOTE 17: **JOINTLY GOVERNED ORGANIZATIONS**

Western Ohio Computer Organization (WOCO) – The District is a participant in Western Ohio (WOCO), which is a computer consortium. WOCO is an association of public school districts in a geographic area. 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 WOCO consists of 3 ESC Superintendents, 5 Superintendents (one from each county), 1 Treasurer, 1 EMIS Coordinator, and 1 Tech Director of member school districts. During fiscal year 2022, the District paid $77,718 to WOCO. Financial information can be obtained from Donn Walls, who serves as Director, at 129 E. Court Street, Sidney, Ohio 45365.

Southwestern Ohio Educational Purchasing Council - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of over 130 school districts and board of development disabilities in 18 counties. 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 forfeits 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 primarily made from the General Fund. During fiscal year 2022, the District paid a total of $2,201,642 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, Ohio 45377.

NOTE 18: PUBLIC ENTITY RISK POOLS

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan - The District participates in the Southwestern Ohio Educational 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 – Effective June 1, 2005, the District joined the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP). The MBP's business and affairs are conducted by an eleven member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each fiscal year, the participating school districts pay an enrollment fee to the MBP to cover the costs of administering the program. The District also purchases its dental and vision insurances in the purchasing pool agreements with the Southwestern Ohio Educational Purchasing Council.

NOTE 19: RELATED ORGANIZATON

Worch Memorial Library – The Worch Memorial Library is a distinct political subdivision of the State of Ohio created under Ohio Revised Code Chapter 3375. The Library is governed by a Board of Trustees appointed by the Versailles Exempted Village School Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Worch Memorial Library, Curtis Schafer Director at 790 S Center Street, Versailles, Ohio 45380.

NOTE 20: COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the global Coronavirus Disease 2019 (COVID-19) pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency continued during the fiscal year. The financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the District; however, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

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VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal Assistance Listing Number**	**Expenditures**	**Non-Cash Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
National School Lunch Program	10.555	650,095	78,339
COVID-19 National School Lunch Program	10.555	27,417	
Total Child Nutrtion Cluster		677,512	78,339
COVID-19 State Pandemic Electronic Benefit Transfer Administrative Costs Grants	10.649	614	
Total U.S. Department of Agriculture		**678,126**	**78,339**
U.S. FEDERAL COMMUNICATIONS COMMISSION			
Direct			
COVID-19 Emergency Connectivity Fund Program	32.009	50,040	
Total U.S. Federal Communications Commission		**50,040**	
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Title I Grants to Local Educational Agencies	84.010	113,787	
Special Education Cluster:			
Special Education Grants to States	84.027	236,296	
Special Education Preschool Grants	84.173	10,833	
Total Special Education Cluster		247,129	
COVID-19 Education Stabilization Fund	84.425D	289,644	
	84.425U	284,283	
Total COVID-19 Education Stabilization Fund		573,927	
Total U.S. Department of Education		**934,843**	
Total Expenditures of Federal Awards		**$1,663,009**	**78,339**

The accompanying notes are an integral part of this schedule.

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

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

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

Versailles Exempted Village School District
Darke County
459 South Center Street
P.O. Box 313
Versailles, Ohio 45380

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Versailles Exempted Village 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 July 18, 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 recovery measures may impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-002 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is 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 responses to the findings identified in our audit and described in the accompanying schedule of findings and / or corrective action plan. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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

July 18, 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 EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Versailles Exempted Village School District
Darke County
459 South Center Street
P.O. Box 313
Versailles, Ohio 45380

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Versailles Exempted Village 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 each of Versailles Exempted Village School District's major federal programs for the fiscal year ended June 30, 2022. Versailles Exempted Village School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

July 18, 2023

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VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2022-001

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 District intends to continue to prepare cash statements in order to save money.

FINDING NUMBER 2022-002

Material Weakness and Noncompliance – Recording of Financial Activity and Accuracy of Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Ohio Rev. Code § 5705.10(D) states, in part, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The following misstatements were identified and adjusted on the District's June 30, 2022 financial statements:

- Governmental activities and other governmental funds - regular instruction expenditures were understated by $55,000
- Governmental activities and other governmental funds - special instruction expenditures were understated by $131,810
- Governmental activities and other governmental funds - support services - pupil expenditures were understated by $27,358
- Governmental activities and other governmental funds - support services - instructional staff expenditures were understated by $107,527
- Governmental activities and other governmental funds - support services - administration expenditures were understated by $500
- Governmental activities and other governmental funds - support services - fiscal services expenditures were understated by $2,000
- Governmental activities and other governmental funds - support services - pupil transportation expenditures were understated by $6,500
- Governmental activities and other governmental funds - facilities acquisition and construction services expenditures were understated by $49,197
- Governmental activities and other governmental funds - operations and maintenance of plant services expenditures were overstated by $379,892

FINDING NUMBER 2022-002
(Continued)

- The District initially recorded expenditures related to the COVID-19 Emergency Connectivity Fund federal program in the amount of $50,040 in the permanent improvement fund. However, the corresponding reimbursement was recorded incorrectly as a reduction of expenditure within the general fund, which was also the incorrect fund. This resulted in the following errors:
  - Permanent improvement fund intergovernmental revenue was understated and ending fund balance was understated by $50,040
  - General fund regular instruction expenditures were understated by $50,040 and ending fund balance was overstated by $50,040
  - Governmental activities regular instruction expenditures were understated and program revenue operating grants and contributions were understated by $50,040
  - Actual regular instruction expenditures were understated and actual ending fund balance was overstated on the general fund budgetary statement in the amount of $50,040

The District's accounting system has been adjusted to correct the above-identified fund balance errors related to the general fund and permanent improvement fund.

Additionally, the following misstatement was identified, but was not material and did not require adjustment on the District's statement of activities:

- Program revenue - charges for services (operation and maintenance of plant) was overstated by $573,927 and program revenue - operating grants and contributions was understated by $573,927.

Furthermore, the District incorrectly accounted for staff bonus payments issued to staff members who worked through the COVID-19 pandemic. Originally, these bonus payments made to the District staff were paid out of the general fund, the food service fund, IDEA-B fund, and the Title I fund. After funding was received, the District's intention was to move all of the bonus payment expenditures to the ESSER fund via a reduction of expenditure and a charge to the ESSER fund. However during this process, the District incorrectly reduced the original bonus payments related to the IDEA-B fund (a total of $4,000) and the Title I fund (a total of $1,000) from the general fund. As a result, general fund expenditures were overstated by $5,000, IDEA-B fund expenditures were overstated by $4,000 and Title I fund expenditures were overstated by $1,000 (both are other governmental funds). These errors were insignificant to the District's financial statements and did not result in adjustment to the financial statements.

The above errors occurred when posting transactions to the accounting system and when reporting financial activity and information on the financial statements. Failure to properly record and report financial activity and balances could lead to material financial statement errors and users of the financial statements basing their conclusions on incorrect information. Charging the same federal grant expenditures to two different grants could have negative implications to the District's federal funding.

The District should establish and implement procedures to verify that all financial activity is properly recorded within the proper fund and account (including function and object code). Such procedures should include utilizing the USAS manual to verify accuracy of function and object codes charged for an expenditure. In addition, the District should contact the Ohio Department of Education to determine if/how the above related charges that incorrectly remained in the IDEA-B and Title I funds should be corrected.

Officials' Response: We have summarized the corrective action plan into four sections in which we will continue to review USAS manual, ORC, ORC sections, CCIP guidance and reviewing transactions for accuracy once they are posted in the accounting system. We have corrected Section 2. We will work with compiler to review draft report to identify any errors before Hinkle System filling. We will contact ODE to determine if corrections need to be made for IDEA-B and Title I expenditures.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

4. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS or Single Audit Compliance and Controls reports.

FINDING NUMBER 2022-003

Finding for Recovery – Repaid Under Audit

Ohio Rev. Code § 3309.47 requires, in part, each school employees retirement system contributor to contribute ten per cent of the employee's earned compensation. The contributions by the direction of the school employees retirement board shall be deducted by the employer from the compensation of each contributor on each payroll of such contributor for each payroll period and shall be an amount equal to the required per cent of such contributor's compensation.

During fiscal year 2022, the School District failed to withhold employee contributions related to the School Employees Retirement System (SERS) from assistant cross country coach Michael Goubeaux's gross pay as required by Ohio Rev. Code Section 3309.47. Mr. Goubeaux's SERS withholdings and remittance of employee contributions to SERS during fiscal year 2022 were understated by $373, which resulted in Mr. Goubeaux being overpaid by $373.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued in the amount of $373 against Michael Goubeaux and in favor of the School District's general fund.

Repayment was made via check on June 16, 2023, in the amount of $373. This amount was deposited and recorded to the School District's general fund on June 21, 2023.

The School District should establish and implement procedures to verify that proper contributions are withheld and remitted for all employees. Failure to withhold and remit the appropriate withholdings could result in the loss of service credit for employees and could lead to the assessment of penalties and late fees against the School District.

Officials' Response: During the Fiscal Year 2022 the auditors found SERS retirement under-reporting for Michael Goubeaux. We had notified this employee on June 12, 2023, to explain the situation and request reimbursement of the $373 overpayment. The employee had made payment on June 16, 2023, for $373. This amount was deposited and recorded in the General Fund account. The corresponding payment was then made to SERS for the retirement contribution. The School District will establish and implement procedures to verify that proper contributions are withheld and remitted for all employees in the future.

FINDING NUMBER 2022-004

Finding for Recovery – Repaid Under Audit

Ohio Rev. Code § 3307.26(A)(5) requires each teacher to contribute fourteen per cent of the teacher's earned compensation.

Ohio Rev. Code § 3307.26(C) states the contribution for all teachers shall be deducted by the employer on each payroll in an amount equal to the applicable per cent of the teachers' paid compensation for such payroll period or other period as the board may approve. All contributions on paid compensation for teachers shall be remitted at intervals required by the state teachers retirement system.

FINDING NUMBER 2022-004
(Continued)

During fiscal year 2022, the School District failed to withhold employee contributions related to the State Teachers Retirement System (STRS) from substitute teacher David Frantz's gross pay as required by Ohio Rev. Code Section 3307.26. Mr. Frantz's STRS withholdings and remittance of employee contributions to STRS during fiscal year 2022 were understated by $189, which resulted in Mr. Frantz being overpaid by $189.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued in the amount of $189 against David Frantz and in favor of the School District's general fund.

Repayment was made via check on June 14, 2023, in the amount of $189. This amount was deposited and recorded to the School District's general fund on June 21, 2023.

The School District should establish and implement procedures to verify that proper contributions are withheld and remitted for all employees. Failure to withhold and remit the appropriate withholdings could result in the loss of service credit for employees and could lead to the assessment of penalties and late fees against the School District.

Officials' Response: During the Fiscal Year 2022 the auditors found STRS retirement under-reporting for David Frantz. We had notified this employee on June 12, 2023, to explain the situation and request reimbursement of the $189 overpayment. The employee had made payment on June 14, 2023, for $189. This amount was deposited and recorded in the General Fund account. The corresponding payment was then made to STRS for the retirement contribution. The School District will establish and implement procedures to verify that proper contributions are withheld and remitted for all employees in the future.

FINDING NUMBER 2022-005

Finding for Recovery – Repaid Under Audit

Ohio Rev. Code § 3307.26(A)(5) requires each teacher to contribute fourteen per cent of the teacher's earned compensation.

Ohio Rev. Code § 3307.26(C) states the contribution for all teachers shall be deducted by the employer on each payroll in an amount equal to the applicable per cent of the teachers' paid compensation for such payroll period or other period as the board may approve. All contributions on paid compensation for teachers shall be remitted at intervals required by the state teachers retirement system.

During fiscal year 2022, the School District failed to withhold employee contributions related to the State Teachers Retirement System (STRS) from substitute teacher Morgan Heitkamp's gross pay as required by Ohio Rev. Code Section 3307.26. Ms. Heitkamp's STRS withholdings and remittance of employee contributions to STRS during fiscal year 2022 were understated by $14, which resulted in Ms. Heitkamp being overpaid by $14.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued in the amount of $14 against Morgan Heitkamp and in favor of the School District's general fund.

Repayment was made via check on June 15, 2023, in the amount of $14. This amount was deposited and recorded to the School District's general fund on June 21, 2023.

FINDING NUMBER 2022-005
(Continued)

The School District should establish and implement procedures to verify that proper contributions are withheld and remitted for all employees. Failure to withhold and remit the appropriate withholdings could result in the loss of service credit for employees and could lead to the assessment of penalties and late fees against the School District.

Officials' Response: During the Fiscal Year 2022 the auditors found STRS retirement under-reporting for Morgan Heitkamp. We had notified this employee on June 12, 2023, to explain the situation and request reimbursement of the $14 overpayment. The employee had made payment on June 15, 2023, for $14. This amount was deposited and recorded in the General Fund account. The corresponding payment was then made to STRS for the retirement contribution. The School District will establish and implement procedures to verify that proper contributions are withheld and remitted for all employees in the future.

FINDING NUMBER 2022-006

Finding for Recovery – Repaid Under Audit

Ohio Rev. Code § 3307.26(A)(5) requires each teacher to contribute fourteen per cent of the teacher's earned compensation.

Ohio Rev. Code § 3307.26(C) states the contribution for all teachers shall be deducted by the employer on each payroll in an amount equal to the applicable per cent of the teachers' paid compensation for such payroll period or other period as the board may approve. All contributions on paid compensation for teachers shall be remitted at intervals required by the state teachers retirement system.

During fiscal year 2022, the School District failed to withhold employee contributions related to the State Teachers Retirement System (STRS) from substitute teacher Grace McEldowney's gross pay as required by Ohio Rev. Code Section 3307.26. Ms. McEldowney's STRS withholdings and remittance of employee contributions to STRS during fiscal year 2022 were understated by $56, which resulted in Ms. McEldowney being overpaid by $56.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued in the amount of $56 against Grace McEldowney and in favor of the School District's general fund.

Repayment was made via check on June 20, 2023, in the amount of $56. This amount was deposited and recorded to the School District's general fund on June 21, 2023.

The School District should establish and implement procedures to verify that proper contributions are withheld and remitted for all employees. Failure to withhold and remit the appropriate withholdings could result in the loss of service credit for employees and could lead to the assessment of penalties and late fees against the School District.
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Officials' Response: During the Fiscal Year 2022 the auditors found STRS retirement under-reporting for Grace McEldowney. We had notified this employee on June 12, 2023, to explain the situation and request reimbursement of the $56 overpayment. The employee had made payment on June 20, 2023, for $56. This amount was deposited and recorded in the General Fund account. The corresponding payment was then made to STRS for the retirement contribution. The School District will establish and implement procedures to verify that proper contributions are withheld and remitted for all employees in the future.

FINDING NUMBER 2022-007

Finding for Recovery – Repaid Under Audit

Ohio Rev. Code § 3307.26(A)(5) requires each teacher to contribute fourteen per cent of the teacher's earned compensation.

Ohio Rev. Code § 3307.26(C) states the contribution for all teachers shall be deducted by the employer on each payroll in an amount equal to the applicable per cent of the teachers' paid compensation for such payroll period or other period as the board may approve. All contributions on paid compensation for teachers shall be remitted at intervals required by the state teachers retirement system.

During fiscal year 2022, the School District failed to withhold employee contributions related to the State Teachers Retirement System (STRS) from substitute teacher Elizabeth Watren's gross pay as required by Ohio Rev. Code Section 3307.26. Ms. Watren's STRS withholdings and remittance of employee contributions to STRS during fiscal year 2022 were understated by $56, which resulted in Ms. Watren being overpaid by $56.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued in the amount of $56 against Elizabeth Watren and in favor of the School District's general fund.

Repayment was made via check on June 19, 2023, in the amount of $56. This amount was deposited and recorded to the School District's general fund on June 21, 2023.

The School District should establish and implement procedures to verify that proper contributions are withheld and remitted for all employees. Failure to withhold and remit the appropriate withholdings could result in the loss of service credit for employees and could lead to the assessment of penalties and late fees against the School District.

Officials' Response: During the Fiscal Year 2022 the auditors found STRS retirement under-reporting for Elizabeth Watren. We had notified this employee on June 12, 2023, to explain the situation and request reimbursement of the $56 overpayment. The employee had made payment on June 19, 2023, for $56. This amount was deposited and recorded in the General Fund account. The corresponding payment was then made to STRS for the retirement contribution. The School District will establish and implement procedures to verify that proper contributions are withheld and remitted for all employees in the future.

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Versailles
EXEMPTED VILLAGE SCHOOLS

459 S. Center St., P.O. Box 313
Versailles, OH 45380
(P) 937-526-4773
(F) 937-526-5745
www.versailles.k12.oh.us

Aaron Moran, Superintendent
aaron.moran@vtigers.org

Jackie Kremer, Treasurer
jackie.kremer@vtigers.org

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

Finding Number	Finding Summary	Status	Additional Information
2021-001	Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(B) – The District did not file an annual financial report prepared in accordance, with generally accepted accounting principles (GAAP).	Not Corrected	The District intends to continue to prepare cash statements in order to save money. Comment repeated as Finding 2022-001.

Board of Education
Matt Magoto, President * Jake Broering, Vice-President * Hope Batty * Steve Ruhenkamp * Jerry Shardo

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Versailles
EXEMPTED VILLAGE SCHOOLS

459 S. Center St., P.O. Box 313
Versailles, OH 45380
(P) 937-526-4773
(F) 937-526-5745
www.versailles.k12.oh.us

Aaron Moran, Superintendent
aaron.moran@vtigers.org

Jackie Kremer, Treasurer
jackie.kremer@vtigers.org

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

Finding Number:	2022-001
Planned Corrective Action:	The District intends to continue to prepare cash statements in order to save money.
Anticipated Completion Date:	Not Applicable
Responsible Contact Person:	Jackie Kremer, Treasurer

Finding Number:	2022-002
Planned Corrective Action:	<u>Section 1</u>: Misstatements-Continue to review USAS manual for guidance on proper funds, functions and objects when recording financial transactions. Monitor transactions to confirm the fund/account numbers used are accurate based on USAS Manual, ORC sections, CCIP guidance, etc. Additional correspondence between superintendent and treasurer related to grant transactions. <u>Section 2</u>: Emergency Connectivity Fund-This correction was made on February 8, 2023, on Receipt 230884 to move the expenditure to the correct fund. <u>Section 3</u>: Misstatement-This program revenue misstatement happened as part of the financial statement compilation process. We will continue to work with our compiler and review the draft report provided by them, prior to filing on the Hinkle System, in order to identify any errors. <u>Section 4</u>: Staff Bonus Payment-General fund expenditures were overstated by $5,000 of which $4,000 should have been IDEA-B funds and $1,000 Title I funds. We will contact ODE to determine if corrections need to be made for IDEA-B and Title I expenditures.
Anticipated Completion Date:	Section 2 was corrected already. We will be actively correcting Sections 1, 3 and 4 and continue to be vigilant in reporting our District's financial activity in the future.
Responsible Contact Person:	Jackie Kremer, Treasurer

Board of Education
Matt Magoto, President * Jake Broering, Vice-President * Hope Batty * Steve Ruhenkamp * Jerry Shardo

OHIO AUDITOR OF STATE
KEITH FABER

VERSAILLES EXEMPTED VILLAGE 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 8/17/2023

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