



CLARK SCHAEFER HACKETT  
BUSINESS ADVISORS

# **TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT PREBLE COUNTY, OHIO**

**SINGLE AUDIT  
FOR THE YEAR ENDED JUNE 30, 2025**





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Columbus, Ohio 43215  
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Board of Education  
Twin Valley Community Local School District  
100 Education Drive  
West Alexandria, Oh 45381

We have reviewed the *Independent Auditor's Report* of the Twin Valley Community Local School District, Preble County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2024 through June 30, 2025. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

KEITH FABER  
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM  
Chief Deputy Auditor

**March 26, 2026**

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## INDEPENDENT AUDITORS' REPORT

Board of Education  
Twin Valley Community Local School District  
100 Education Drive  
West Alexandria, Oh 45381

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Twin Valley Community Local School District (the District) as of and for the year ended June 30, 2025, 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 modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in cash basis financial position for the year then ended in accordance with the modified 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the *Auditors' 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 modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to 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.

### **Auditors' 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 auditors' 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 for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Schedule of Receipts, Disbursements and Changes in Fund Balances Budget and Actual (Non-GAAP Budgetary Basis) – General Fund, are presented for the purposes of additional analysis and is not a required part of the basic 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 in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Schedule of Receipts, Disbursements and Changes in Fund Balances Budget and Actual (Non-GAAP Budgetary Basis) – General Fund are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
December 22, 2025

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**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
JUNE 30, 2025

|                                            | <b>Governmental<br/>Activities</b> |
|--------------------------------------------|------------------------------------|
| <b>Assets:</b>                             |                                    |
| Equity in pooled cash and cash equivalents | \$ 8,892,171                       |
| Capital assets:                            |                                    |
| Nondepreciable capital assets              | 336,998                            |
| Depreciable capital assets, net            | 11,883,023                         |
| Capital assets, net                        | 12,220,021                         |
| Total assets                               | <u>21,112,192</u>                  |
| <b>Liabilities:</b>                        |                                    |
| Long-term liabilities:                     |                                    |
| Due within one year                        | 184,000                            |
| Due in more than one year:                 |                                    |
| Other amounts due in more than one year    | 752,000                            |
| Total liabilities                          | <u>936,000</u>                     |
| <b>Net position:</b>                       |                                    |
| Net investment in capital assets           | 11,284,021                         |
| Restricted for:                            |                                    |
| Capital projects                           | 440,046                            |
| Classroom facilities                       | 11,055                             |
| Debt service                               | 37,957                             |
| State funded programs                      | 10,650                             |
| Federally funded programs                  | 766                                |
| Food service operations                    | 3,706                              |
| Extracurricular                            | 90,207                             |
| Other purposes                             | 11,571                             |
| Unrestricted                               | 8,286,213                          |
| Total net position                         | <u>\$ 20,176,192</u>               |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                             |                      | <b>Program Cash Receipts</b> |                          | <b>Net (Disbursements)<br/>Receipts and Changes<br/>in Net Position</b> |
|-------------------------------------------------------------|----------------------|------------------------------|--------------------------|-------------------------------------------------------------------------|
|                                                             | <b>Cash</b>          | <b>Charges for</b>           | <b>Operating Grants</b>  | <b>Governmental</b>                                                     |
|                                                             | <b>Disbursements</b> | <b>Services and Sales</b>    | <b>and Contributions</b> | <b>Activities</b>                                                       |
| <b>Governmental activities:</b>                             |                      |                              |                          |                                                                         |
| Instruction:                                                |                      |                              |                          |                                                                         |
| Regular                                                     | \$ 5,462,758         | \$ 103,645                   | \$ 3,702                 | \$ (5,355,411)                                                          |
| Special                                                     | 2,193,431            | 47,508                       | 942,006                  | (1,203,917)                                                             |
| Vocational                                                  | 242,378              | -                            | 3,398                    | (238,980)                                                               |
| Support services:                                           |                      |                              |                          |                                                                         |
| Pupil                                                       | 843,282              | -                            | 224,493                  | (618,789)                                                               |
| Instructional staff                                         | 411,341              | -                            | 95,969                   | (315,372)                                                               |
| Board of education                                          | 168,491              | -                            | -                        | (168,491)                                                               |
| Administration                                              | 951,420              | -                            | -                        | (951,420)                                                               |
| Fiscal                                                      | 564,769              | -                            | -                        | (564,769)                                                               |
| Operations and maintenance                                  | 1,589,072            | 30,630                       | -                        | (1,558,442)                                                             |
| Pupil transportation                                        | 729,826              | -                            | 38,660                   | (691,166)                                                               |
| Central                                                     | 323,563              | -                            | 5,973                    | (317,590)                                                               |
| Operation of non-instructional services:                    |                      |                              |                          |                                                                         |
| Food service operations                                     | 598,963              | 56,035                       | 347,651                  | (195,277)                                                               |
| Extracurricular activities                                  | 637,735              | 224,735                      | 14,336                   | (398,664)                                                               |
| Debt service:                                               |                      |                              |                          |                                                                         |
| Interest and fiscal charges                                 | 15,060               | -                            | -                        | (15,060)                                                                |
| Total governmental activities                               | <u>\$ 14,732,089</u> | <u>\$ 462,553</u>            | <u>\$ 1,676,188</u>      | <u>(12,593,348)</u>                                                     |
| <b>General receipts:</b>                                    |                      |                              |                          |                                                                         |
| Property taxes levied for:                                  |                      |                              |                          |                                                                         |
| General purposes                                            |                      |                              |                          | 3,737,536                                                               |
| Capital outlay                                              |                      |                              |                          | 266,413                                                                 |
| Income taxes levied for:                                    |                      |                              |                          |                                                                         |
| General purposes                                            |                      |                              |                          | 2,519,887                                                               |
| Grants and entitlements not restricted to specific programs |                      |                              |                          | 6,425,776                                                               |
| Investment earnings                                         |                      |                              |                          | 27,941                                                                  |
| Miscellaneous                                               |                      |                              |                          | 24,347                                                                  |
| Total general receipts                                      |                      |                              |                          | <u>13,001,900</u>                                                       |
| Change in net position                                      |                      |                              |                          | 408,552                                                                 |
| <b>Net position at beginning of year</b>                    |                      |                              |                          | <u>19,767,640</u>                                                       |
| <b>Net position at end of year</b>                          |                      |                              |                          | <u><u>\$ 20,176,192</u></u>                                             |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND BALANCES - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2025

|                                               | <u>General</u>      | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|-----------------------------------------------|---------------------|--------------------------------------------|-----------------------------------------|
| <b>Assets:</b>                                |                     |                                            |                                         |
| Equity in pooled cash<br>and cash equivalents | \$ 8,286,320        | \$ 605,851                                 | \$ 8,892,171                            |
| <b>Fund balances:</b>                         |                     |                                            |                                         |
| Nonspendable:                                 |                     |                                            |                                         |
| Unclaimed monies                              | \$ 107              | \$ -                                       | \$ 107                                  |
| Restricted:                                   |                     |                                            |                                         |
| Debt service                                  | -                   | 37,957                                     | 37,957                                  |
| Capital improvements                          | -                   | 440,046                                    | 440,046                                 |
| Classroom facilities                          | -                   | 11,055                                     | 11,055                                  |
| Food service operations                       | -                   | 3,706                                      | 3,706                                   |
| State funded programs                         | -                   | 10,650                                     | 10,650                                  |
| Federally funded programs                     | -                   | 766                                        | 766                                     |
| Extracurricular                               | -                   | 90,207                                     | 90,207                                  |
| Scholarships                                  | -                   | 11,464                                     | 11,464                                  |
| Committed:                                    |                     |                                            |                                         |
| Student instruction                           | 2,245               | -                                          | 2,245                                   |
| Student and staff support                     | 4,156               | -                                          | 4,156                                   |
| Extracurricular                               | 11,875              | -                                          | 11,875                                  |
| Employee HRA benefits                         | 46,399              | -                                          | 46,399                                  |
| Assigned:                                     |                     |                                            |                                         |
| Student instruction                           | 21,988              | -                                          | 21,988                                  |
| Student and staff support                     | 135,342             | -                                          | 135,342                                 |
| Subsequent year's appropriations              | 3,965,304           | -                                          | 3,965,304                               |
| Unassigned                                    | 4,098,904           | -                                          | 4,098,904                               |
| Total fund balances                           | <u>\$ 8,286,320</u> | <u>\$ 605,851</u>                          | <u>\$ 8,892,171</u>                     |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES - MODIFIED CASH BASIS  
JUNE 30, 2025

|                                                                                                                            |                             |
|----------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| <b>Total governmental fund balances</b>                                                                                    | \$ 8,892,171                |
| <i>Amounts reported for governmental activities on the<br/>statement of net position are different because:</i>            |                             |
| Capital assets used in governmental activities are not financial<br>resources and therefore are not reported in the funds. | 12,220,021                  |
| Long-term liabilities are not due and payable in the current period<br>and therefore are not reported in the funds.        | <u>(936,000)</u>            |
| <b>Net position of governmental activities</b>                                                                             | <u><u>\$ 20,176,192</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                           | <b>General</b>             | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|-------------------------------------------|----------------------------|--------------------------------------------|-----------------------------------------|
| <b>Receipts:</b>                          |                            |                                            |                                         |
| Property taxes                            | \$ 3,737,536               | \$ 266,413                                 | \$ 4,003,949                            |
| Income taxes                              | 2,519,887                  | -                                          | 2,519,887                               |
| Intergovernmental                         | 7,291,348                  | 795,780                                    | 8,087,128                               |
| Investment earnings                       | 27,911                     | 30                                         | 27,941                                  |
| Tuition and fees                          | 151,153                    | -                                          | 151,153                                 |
| Extracurricular                           | 26,524                     | 198,211                                    | 224,735                                 |
| Rental income                             | 30,630                     | -                                          | 30,630                                  |
| Charges for services                      | -                          | 56,035                                     | 56,035                                  |
| Contributions and donations               | 5,672                      | 14,836                                     | 20,508                                  |
| Miscellaneous                             | 18,675                     | -                                          | 18,675                                  |
| Total receipts                            | <u>13,809,336</u>          | <u>1,331,305</u>                           | <u>15,140,641</u>                       |
| <b>Disbursements:</b>                     |                            |                                            |                                         |
| Current:                                  |                            |                                            |                                         |
| Instruction:                              |                            |                                            |                                         |
| Regular                                   | 4,963,389                  | 1,810                                      | 4,965,199                               |
| Special                                   | 1,854,661                  | 338,065                                    | 2,192,726                               |
| Vocational                                | 241,489                    | -                                          | 241,489                                 |
| Support services:                         |                            |                                            |                                         |
| Pupil                                     | 841,554                    | 7,849                                      | 849,403                                 |
| Instructional staff                       | 356,971                    | 53,489                                     | 410,460                                 |
| Board of education                        | 168,491                    | -                                          | 168,491                                 |
| Administration                            | 945,284                    | 6,136                                      | 951,420                                 |
| Fiscal                                    | 564,769                    | -                                          | 564,769                                 |
| Operations and maintenance                | 1,673,962                  | 48,570                                     | 1,722,532                               |
| Pupil transportation                      | 664,512                    | -                                          | 664,512                                 |
| Central                                   | 314,180                    | 10,751                                     | 324,931                                 |
| Operation of non-instructional services:  |                            |                                            |                                         |
| Food service operations                   | 198                        | 598,411                                    | 598,609                                 |
| Extracurricular activities                | 382,503                    | 251,411                                    | 633,914                                 |
| Facilities acquisition and construction   | 7,791                      | -                                          | 7,791                                   |
| Debt service:                             |                            |                                            |                                         |
| Principal retirement                      | 177,000                    | -                                          | 177,000                                 |
| Interest and fiscal charges               | 15,060                     | -                                          | 15,060                                  |
| Total disbursements                       | <u>13,171,814</u>          | <u>1,316,492</u>                           | <u>14,488,306</u>                       |
| Excess of receipts over disbursements     | <u>637,522</u>             | <u>14,813</u>                              | <u>652,335</u>                          |
| <b>Other financing sources (uses):</b>    |                            |                                            |                                         |
| Transfers in                              | -                          | 91,000                                     | 91,000                                  |
| Transfers (out)                           | (91,000)                   | -                                          | (91,000)                                |
| Advances in                               | 134,917                    | 92,311                                     | 227,228                                 |
| Advances (out)                            | (92,311)                   | (134,917)                                  | (227,228)                               |
| Total other financing sources (uses)      | <u>(48,394)</u>            | <u>48,394</u>                              | <u>-</u>                                |
| Net change in fund balances               | 589,128                    | 63,207                                     | 652,335                                 |
| <b>Fund balances at beginning of year</b> | <u>7,697,192</u>           | <u>542,644</u>                             | <u>8,239,836</u>                        |
| <b>Fund balances at end of year</b>       | <u><u>\$ 8,286,320</u></u> | <u><u>\$ 605,851</u></u>                   | <u><u>\$ 8,892,171</u></u>              |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

**RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

|                                                                                                                                                                                                       |                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| <b>Net change in fund balances - total governmental funds</b>                                                                                                                                         | <b>\$ 652,335</b>        |
| <i>Amounts reported for governmental activities in the statement of activities are different because:</i>                                                                                             |                          |
| Governmental funds report capital outlays as disbursements. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. |                          |
| Capital asset additions                                                                                                                                                                               | \$ 235,722               |
| Current year depreciation                                                                                                                                                                             | <u>(653,633)</u>         |
| Total                                                                                                                                                                                                 | (417,911)                |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.                                         |                          |
|                                                                                                                                                                                                       | (2,872)                  |
| Repayment of debt obligations, principal is a disbursement in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.                               |                          |
|                                                                                                                                                                                                       | <u>177,000</u>           |
| <b>Change in net position of governmental activities</b>                                                                                                                                              | <b><u>\$ 408,552</u></b> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
JUNE 30, 2025

|                                               | <u>Private-Purpose<br/>Trust</u> |                  |
|-----------------------------------------------|----------------------------------|------------------|
|                                               | <u>Scholarship</u>               | <u>Custodial</u> |
| <b>Assets:</b>                                |                                  |                  |
| Equity in pooled cash<br>and cash equivalents | <u>\$ 2,910</u>                  | <u>\$ 350</u>    |
| <b>Net position:</b>                          |                                  |                  |
| Held for individuals                          | <u>2,910</u>                     | <u>350</u>       |
| Total net position                            | <u>\$ 2,910</u>                  | <u>\$ 350</u>    |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                          | <u>Private-Purpose<br/>Trust</u> | <u>Custodial</u> |
|------------------------------------------|----------------------------------|------------------|
|                                          | <u>Scholarship</u>               |                  |
| <b>Additions:</b>                        |                                  |                  |
| Contributions and donations              | \$ 500                           | \$ -             |
| <b>Deductions:</b>                       |                                  |                  |
| Scholarships awarded                     | 500                              | -                |
| Change in net position                   | -                                | -                |
| <b>Net position at beginning of year</b> | 2,910                            | 350              |
| <b>Net position at end of year</b>       | <u>\$ 2,910</u>                  | <u>\$ 350</u>    |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The West Alexandria School District was formed in the early 1800's. On December 30, 1963, the Preble County Board of Education consolidated all of the schools located in Lanier, Harrison, and Twin Townships as Twin Valley School District. On June 1, 1983, the Preble County Board of Education split the Twin Valley School District, resulting in the formation of the present Twin Valley Community Local School District.

Twin Valley Community Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State statute and federal guidelines. This Board of Education controls the School District's one instructional and administrative facility.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Twin Valley Community Local School District, this includes general operations, food service, and student-related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the School District. The School District has no component units.

The School District participates in four jointly governed organizations and one shared risk pools. These organizations are the Southwest Ohio Computer Association, Southwestern Ohio Educational Purchasing Council, Preble County Professional Development Consortium, Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust, and Equalis Group. These organizations are presented in Note 15 and 16 to the basic financial statements.

The financial statements of the Twin Valley Community Local School District are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting.

**B. Basis of Presentation**

The School 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.

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

*Government-Wide Financial Statements* - The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the School District, except for fiduciary funds. The government-wide financial statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type; however, the School District has no activities that are classified as business-type.

The Statement of Net Position presents the cash balance, capital assets, and debt of the governmental activities of the School District at fiscal year-end. The government-wide Statement of Activities compares disbursements with program receipts for each function of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, 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 modified cash basis or draws from the School District's general receipts.

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

**C. Fund Accounting**

The School 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 School District divides its funds into two categories: governmental and fiduciary.

**GOVERNMENTAL FUNDS**

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

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

Other governmental funds of the School District are used to account for:

*Nonmajor special revenue funds* - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

*Nonmajor capital projects funds* - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

*Nonmajor debt service fund* - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District's private-purpose trust fund accounts for scholarship funds collected and distributed on behalf of the Voge family. The School District has no administrative involvement in determining the recipients of the scholarships. The School District does not have pension trust funds or investment trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's custodial funds account for scholarship funds collected and distributed on behalf of the PTO.

**D. Basis of Accounting**

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

As a result of the use of this modified 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 disbursements for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements.

Modifications to report capital assets and long-term obligations involved recording capital assets and long-term obligations that result from cash transactions.

**E. Cash and Investments**

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

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

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours notice in advance of all deposits and withdrawals exceeding \$100 million is encouraged. 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.

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2025 was \$27,911, which included \$1,798 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School 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 reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

**F. Interfund Balances**

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

**G. Inventory and Prepaid Items**

The School 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**

All capital assets of the School District are general capital assets associated with governmental activities. General capital assets usually result from disbursements in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$1,500. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u>                 | <u>Estimated Lives</u> |
|------------------------------------|------------------------|
| Land Improvements                  | 5 - 15 years           |
| Buildings and Improvements         | 10 - 50 years          |
| Furniture, Fixtures, and Equipment | 5 - 20 years           |
| Vehicles                           | 5 - 10 years           |

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

**I. Pension/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.

**J. Accumulated Leave**

For fiscal year 2025, GASB Statement No. 101, "Compensated Absences", was effective. GASB 101 defines a compensated absence as leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The School District does not offer noncash settlements.

School District employees earn sick, vacation and personal time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave.

This GASB pronouncement had no effect on beginning net position/fund balance as unpaid leave is not reflected as a liability under the School District's modified cash basis of accounting.

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

The School 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 other postemployment benefits (OPEB).

**L. Leases**

The School District is the lessee in various leases related to equipment under noncancelable leases. Lease payables are not reflected under the School District's modified cash basis of accounting due to there being no cash transaction. Lease disbursements are recognized when they are paid.

**M. Subscription Based Information Technology Arrangements (SBITAs)**

The School District has Subscription Based Information Technology Arrangements (SBITAs) under noncancelable arrangements. SBITA payables are not reflected under the School District's modified cash basis of accounting. SBITA disbursements are recognized when they are paid.

**N. Long-Term Obligations**

Long-term obligations are reported in the government-wide financial statements. The School District reported a liability for a note payable – financed purchase, which arose from cash transactions. Since recording a capital asset (including the intangible right to use) when entering into a lease, financed purchase transaction, or SBITA is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments, financed purchase payments, and SBITA payments are reported when paid.

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

**O. Fund Balance**

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form or are 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. The School District reports nonspendable fund balance for the unclaimed monies held at year-end.

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 the highest level of formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District 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. Committed amounts in the General Fund are for Board approved purchases on order.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The assigned fund balance in the General Fund includes amounts for purchases on order.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance.

The School 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.

**P. Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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

**Q. Interfund Activity**

Transfers and advances within governmental activities are eliminated on the government-wide financial statements.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or good from one fund to another without a requirement for repayment are reported as interfund transfers and are eliminated from the Statement of Activities. Interfund transfers and advances are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**R. Budgetary Process**

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the Certificate of Estimated Resources, 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 amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level within all funds.

The Certificate of Estimated Resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the Certificate of Estimated Resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate that was in effect at the time final appropriations were passed.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated receipts. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over 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, including all supplemental appropriations.

**S. Estimates**

The modified cash basis of accounting used by the School District requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2025, the School District has implemented GASB Statement No. 101, "Compensated Absences" and GASB Statement No. 102, "Certain Risk Disclosures".

GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The implementation of GASB Statement No. 101 did not have an effect on the financial statements of the School District.

GASB Statement No. 102 improves financial reporting by providing users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The implementation of GASB Statement No. 102 did not have an effect on the financial statements of the School District.

**B. Compliance**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

Monies held by the School District are classified by State statute into three categories.

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

Inactive 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 that will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Interim monies held by the School District may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided 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 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 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 (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, the State Treasury Asset Reserve of Ohio (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. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted, above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

**A. Deposits with Financial Institutions**

At June 30, 2025, the carrying amount of all School District deposits was \$8,864,068. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2025, \$8,622,311 of the School District's bank balance of \$9,191,742 was collateralized by pledged collateral held by a financial institution in the School District's name, while \$569,431 was covered by the FDIC.

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**B. Investments**

As of June 30, 2025, the School District had the following investments:

| <u>Investment type</u> | <u>Amortized<br/>Cost</u> | <u>Investment<br/>Maturity<br/>6 months or<br/>less</u> |
|------------------------|---------------------------|---------------------------------------------------------|
| STAR Ohio              | \$ 31,363                 | \$ 31,363                                               |

*Interest Rate Risk*

As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Standard and Poor's rated the School District's investment in STAROhio is AAAm. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District's investment policy limits investments to those authorized by State statute.

*Concentration of Credit Risk*

The School District's investment policy places no limit on the amount it may invest in any one issuer.

**C. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net position as of June 30, 2025:

|                                                           |                     |
|-----------------------------------------------------------|---------------------|
| <u>Cash and investments per note</u>                      |                     |
| Carrying amount of deposits                               | \$ 8,864,068        |
| Investments                                               | 31,363              |
| Total                                                     | <u>\$ 8,895,431</u> |
| <u>Cash and investments per statement of net position</u> |                     |
| Governmental activities                                   | \$ 8,892,171        |
| Private-purpose trust fund                                | 2,910               |
| Custodial fund                                            | 350                 |
| Total                                                     | <u>\$ 8,895,431</u> |

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 5 - INTERFUND ACTIVITY**

**A. Interfund Advances**

Advances for fiscal year ended June 30, 2025, as reported on the fund statements, consist of the following:

|                                                         |                   |
|---------------------------------------------------------|-------------------|
| <u>Advances from the general fund to:</u>               | <u>Amount</u>     |
| Nonmajor governmental funds                             | \$ 92,311         |
| <u>Advances from the nonmajor governmental fund to:</u> |                   |
| General fund                                            | 134,917           |
| Total                                                   | <u>\$ 227,228</u> |

The advances will be repaid once the anticipated receipts are received. Interfund advances are eliminated on the government-wide financial statements.

**B. Interfund Transfers**

Interfund transfers for the year ended June 30, 2025, as reported on the fund statements, consist of the following:

|                                            |                  |
|--------------------------------------------|------------------|
| <u>Transfers from the general fund to:</u> | <u>Amount</u>    |
| Nonmajor governmental funds                | <u>\$ 91,000</u> |

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal year runs from July through June. First-half tax distributions are received by the School 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 and public utility property located in the School District. Real property tax revenues received in calendar year 2025 represent the collection of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed values as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair 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 revenues received in calendar year 2025 represent the collection of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2025 became a lien on December 31, 2023, were levied after April 1, 2024, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 6 - PROPERTY TAXES - (Continued)**

The School District receives property taxes from Preble County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2025, are available to finance fiscal year 2025 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which fiscal year 2025 taxes were collected are:

|                                               | 2024 Second<br>Half Collections |                | 2025 First<br>Half Collections |                |
|-----------------------------------------------|---------------------------------|----------------|--------------------------------|----------------|
|                                               | <u>Amount</u>                   | <u>Percent</u> | <u>Amount</u>                  | <u>Percent</u> |
| Real                                          | \$ 165,172,850                  | 91.69%         | \$ 165,642,490                 | 91.21%         |
| Public utility                                | <u>14,964,830</u>               | <u>8.31</u>    | <u>15,964,110</u>              | <u>8.79</u>    |
| Total                                         | <u>\$ 180,137,680</u>           | <u>100.00%</u> | <u>\$ 181,606,600</u>          | <u>100.00%</u> |
| Tax rate per \$1,000 of<br>assessed valuation | \$ 39.00                        |                | \$ 38.40                       |                |

**NOTE 7 - INCOME TAXES**

The School District levies a voted tax of 1.5 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2003, at 0.75 percent and was renewed in May 2009 for five years and November 2011 for five years. On January 1, 2014, the income tax rate increased to 1.5 percent. The initial 0.75 percent levy was last renewed in 2021 and the additional 0.75 percent levy was renewed November 2023. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are credited to the General Fund.

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**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

**NOTE 8 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2025, was as follows:

|                                               | Balance<br><u>June 30, 2024</u> | <u>Additions</u>    | <u>Deductions</u> | Balance<br><u>June 30, 2025</u> |
|-----------------------------------------------|---------------------------------|---------------------|-------------------|---------------------------------|
| <b>Governmental activities:</b>               |                                 |                     |                   |                                 |
| <i>Capital assets, not being depreciated:</i> |                                 |                     |                   |                                 |
| Land                                          | \$ 336,998                      | \$ -                | \$ -              | \$ 336,998                      |
| Total capital assets, not being depreciated   | <u>336,998</u>                  | <u>-</u>            | <u>-</u>          | <u>336,998</u>                  |
| <i>Capital assets, being depreciated:</i>     |                                 |                     |                   |                                 |
| Land improvements                             | 635,975                         | 45,180              | -                 | 681,155                         |
| Buildings and improvements                    | 22,339,488                      | 66,088              | -                 | 22,405,576                      |
| Furniture, fixtures, and equipment            | 1,936,171                       | 124,454             | (32,347)          | 2,028,278                       |
| Vehicles                                      | <u>1,025,515</u>                | <u>-</u>            | <u>-</u>          | <u>1,025,515</u>                |
| Total capital assets, being depreciated       | <u>25,937,149</u>               | <u>235,722</u>      | <u>(32,347)</u>   | <u>26,140,524</u>               |
| <i>Less: accumulated depreciation:</i>        |                                 |                     |                   |                                 |
| Land improvements                             | (415,685)                       | (6,844)             | -                 | (422,529)                       |
| Buildings and improvements                    | (10,823,006)                    | (525,915)           | -                 | (11,348,921)                    |
| Furniture, fixtures, and equipment            | (1,656,835)                     | (49,596)            | 29,475            | (1,676,956)                     |
| Vehicles                                      | <u>(737,817)</u>                | <u>(71,278)</u>     | <u>-</u>          | <u>(809,095)</u>                |
| Total accumulated depreciation                | <u>(13,633,343)</u>             | <u>(653,633)</u>    | <u>29,475</u>     | <u>(14,257,501)</u>             |
| Capital assets, being depreciated, net        | <u>12,303,806</u>               | <u>(417,911)</u>    | <u>(2,872)</u>    | <u>11,883,023</u>               |
| Governmental activities capital assets, net   | <u>\$ 12,640,804</u>            | <u>\$ (417,911)</u> | <u>\$ (2,872)</u> | <u>\$ 12,220,021</u>            |

Depreciation expense was charged to governmental activities as follows:

|                                           |                   |
|-------------------------------------------|-------------------|
| <u>Instruction:</u>                       |                   |
| Regular                                   | \$ 497,559        |
| Special                                   | 705               |
| Vocational                                | 889               |
| <u>Support services:</u>                  |                   |
| Pupil                                     | 244               |
| Instructional staff                       | 881               |
| Operations and maintenance                | 73,326            |
| Pupil transportation                      | 73,564            |
| Central                                   | 138               |
| Extracurricular activities                | 5,973             |
| Operation of non-instructional services - |                   |
| Food service operations                   | <u>354</u>        |
| Total depreciation expense                | <u>\$ 653,633</u> |

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 9 - DEBT**

The changes in the School District's long-term obligations during fiscal year 2025 were as follows:

|                                                            | Balance<br><u>June 30, 2024</u> | <u>Additions</u> | <u>Reductions</u>   | Balance<br><u>June 30, 2025</u> | Amounts<br>Due in<br><u>One Year</u> |
|------------------------------------------------------------|---------------------------------|------------------|---------------------|---------------------------------|--------------------------------------|
| 2021 Refunding note payable -<br>financed purchase - 1.47% | \$ 1,113,000                    | \$ -             | \$ (177,000)        | \$ 936,000                      | \$ 184,000                           |
| Total governmental activities<br>long-term liabilities     | <u>\$ 1,113,000</u>             | <u>\$ -</u>      | <u>\$ (177,000)</u> | <u>\$ 936,000</u>               | <u>\$ 184,000</u>                    |

During fiscal year 2022, the School District entered into a 2021 refunding note payable – financed purchase agreement that fully refunded the remaining balance of the 2018 note payable – financed purchase agreement for the purpose of making improvements to increase the energy efficiency of the School District. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the refunded note payable by \$53,438.

With every energy improvement purchase, the School District is required to file a UCC-1 Financing Statement. This statement gives notice that the financial institution has interest in the property in the event of a default. All purchased improvements are pledged to the bank as collateral until the financed purchase agreement is closed.

The School District has the ability to prepay the outstanding principal. If the School District elects to prepay the outstanding principal there is a two percent premium on the amount of the principal that is being prepaid.

The School District's overall debt margin was \$16,382,551 with an un-voted debt margin of \$181,607 at June 30, 2025.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2025, are as follows:

| Fiscal<br>Year Ended, | 2021 Refunding Note Payable - Financed<br>Purchase |                  |                   |
|-----------------------|----------------------------------------------------|------------------|-------------------|
|                       | <u>Principal</u>                                   | <u>Interest</u>  | <u>Total</u>      |
| 2026                  | \$ 184,000                                         | \$ 12,407        | \$ 196,407        |
| 2027                  | 186,000                                            | 9,688            | 195,688           |
| 2028                  | 187,000                                            | 6,945            | 193,945           |
| 2029                  | 189,000                                            | 4,182            | 193,182           |
| 2030                  | 190,000                                            | 1,397            | 191,397           |
| Total                 | <u>\$ 936,000</u>                                  | <u>\$ 34,619</u> | <u>\$ 970,619</u> |

**NOTE 10 - COMPENSATED ABSENCES**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Up to one week of unused vacation can be carried forward to the succeeding fiscal year, any leave in excess of one week may only be carried forward with written approval of the superintendent. Teachers do not earn vacation time. Principals and administrators can get a portion of their vacation days paid out if not used.

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 10 - COMPENSATED ABSENCES - (Continued)**

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred and twenty- one days for classified employees and certified employees. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of fifty-five and a fourth days for classified employees. For certified employees, they are entitled to the amount of unused sick days multiplied by their daily rate then by .35. Certified employees retiring at the completion of the school year when first eligible for retirement and who notify the Superintendent by March 15 of their plan to retire will receive an additional amount of \$10,000 and unused sick days shall be multiplied by their daily rate then by .35. No employees took advantage of this during the fiscal year.

**NOTE 11 - RISK MANAGEMENT**

*Property and Liability*

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2025, the School District contracted with SORSA for fleet insurance, school building, and contents.

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

*Workers' Compensation*

For fiscal year 2025, the School District pays the State Worker's Compensation System a premium for employee injury coverage. The premium is based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. Hunter Consulting provides various services to the School District for workers' compensation.

*Employee Medical Benefits*

For fiscal year 2025, the School District participated in the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust), a shared risk pool (see Note 16). The School District pays monthly premiums to the Trust for employee medical insurance benefits. The School District pays monthly premiums to the Trust for dental, vision and life insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

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

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

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

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

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

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

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

Age and service requirements for retirement are as follows:

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

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

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

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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. 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%. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5% cost-of-living adjustment (COLA) for calendar year 2024.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the School District is required to contribute 14.00% 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 10.00% for plan members and 14.00% 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, 2025, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$284,989 for fiscal year 2025.

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

Plan Description - Licensed teachers and other faculty members participate in STRS, 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 website at [www.strsoh.org](http://www.strsoh.org).

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a permanent 1 percent COLA of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019.

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective August 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after August 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

The DC Plan allows members to place all of their member contributions and 11.09% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2025 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2025, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$723,070 for fiscal year 2025.

***Net Pension Liability***

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities.

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Following is information related to the proportionate share:

|                                                                  | SERS                | STRS               | Total        |
|------------------------------------------------------------------|---------------------|--------------------|--------------|
| Proportion of the net pension liability prior measurement date   | 0.04326550%         | 0.03470651%        |              |
| Proportion of the net pension liability current measurement date | <u>0.04084060%</u>  | <u>0.03550677%</u> |              |
| Change in proportionate share                                    | <u>-0.00242490%</u> | <u>0.00080026%</u> |              |
| Proportionate share of the net pension liability                 | \$ 2,089,240        | \$ 6,832,076       | \$ 8,921,316 |

***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 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. Future benefits for all current plan members were projected through 2137.

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, 2024 and June 30, 2023, are presented below:

|                                              | June 30, 2024                                                                                                 | June 30, 2023                                                                                                 |
|----------------------------------------------|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Inflation                                    | 2.40%                                                                                                         | 2.40%                                                                                                         |
| Future salary increases, including inflation | 3.25% to 13.58%                                                                                               | 3.25% to 13.58%                                                                                               |
| COLA or ad hoc COLA                          | 2.00% on or after April 1, 2018, COLAs for future retirees will be delayed for 3 years following commencement | 2.00% on or after April 1, 2018, COLAs for future retirees will be delayed for 3 years following commencement |
| Investment rate of return                    | 7.00% net of system expenses                                                                                  | 7.00% net of system expenses                                                                                  |
| Actuarial cost method                        | Entry age normal (level percent of payroll)                                                                   | Entry age normal (level percent of payroll)                                                                   |

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

In 2024, mortality rates were based on the following:

**Service Retirement:** 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. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

**Disabled Retirement:** 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.

**Contingent Survivor:** 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. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. Ohio Revised Code Section 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. 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.

As of June 30, 2024:

| <u>Asset Class</u>          | <u>Target<br/>Allocation</u> | <u>Long-Term Expected Real<br/>Rate of Return (geometric)</u> |
|-----------------------------|------------------------------|---------------------------------------------------------------|
| Cash                        | 3.00 %                       | 0.97 %                                                        |
| US Equity                   | 22.00                        | 4.68                                                          |
| Non-US Equity Developed     | 12.00                        | 4.96                                                          |
| Non-US Equity Emerging      | 6.00                         | 5.66                                                          |
| Fixed Income/Global Bonds   | 18.00                        | 2.38                                                          |
| Private Equity              | 14.00                        | 7.10                                                          |
| Real Estate                 | 13.00                        | 3.64                                                          |
| Infrastructure              | 7.00                         | 4.80                                                          |
| Private Debt/Private Credit | 5.00                         | 5.86                                                          |
| Total                       | <u>100.00 %</u>              |                                                               |

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

**Discount Rate** - Total pension liability for 2024 was calculated using the discount rate of 7.00%. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2024 was 14%. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return, 7.00%. 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. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2024 was 9.31%.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

- Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

|                                                                       | 1% Decrease  | Current<br>Discount Rate | 1% Increase  |
|-----------------------------------------------------------------------|--------------|--------------------------|--------------|
| School District's proportionate share<br>of the net pension liability | \$ 3,196,248 | \$ 2,089,240             | \$ 1,157,199 |

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024 and June 30, 2023, actuarial valuations are presented below:

|                                      | June 30, 2024                                             | June 30, 2023                                             |
|--------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|
| Inflation                            | 2.50%                                                     | 2.50%                                                     |
| Projected salary increases           | Varies by service from 2.50% to 8.50%                     | Varies by service from 2.50% to 8.50%                     |
| Investment rate of return            | 7.00%, net of investment<br>expenses, including inflation | 7.00%, net of investment<br>expenses, including inflation |
| Discount rate of return              | 7.00%                                                     | 7.00%                                                     |
| Payroll increases                    | 3.00%                                                     | 3.00%                                                     |
| Cost-of-living adjustments<br>(COLA) | 0.00%, effective July 1, 2017                             | 0.00%, effective July 1, 2017                             |

For the June 30, 2024 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

Actuarial assumptions used in the June 30, 2024 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

| Asset Class          | Target<br>Allocation* | Long-Term Expected<br>Real Rate of Return ** |
|----------------------|-----------------------|----------------------------------------------|
| Domestic Equity      | 26.00 %               | 6.90 %                                       |
| International Equity | 22.00                 | 7.70                                         |
| Alternatives         | 19.00                 | 9.10                                         |
| Fixed Income         | 22.00                 | 4.50                                         |
| Real Estate          | 10.00                 | 5.10                                         |
| Liquidity Reserves   | 1.00                  | 2.40                                         |
| Total                | <u>100.00 %</u>       |                                              |

\* Final target weights reflected at October 1, 2022.

\*\*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. 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, 2024. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2024.

***Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

- The following table represents the proportionate share of the net pension liability, calculated using the current period discount rate assumption of 7.00%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

|                                                                       | 1% Decrease   | Current<br>Discount Rate | 1% Increase  |
|-----------------------------------------------------------------------|---------------|--------------------------|--------------|
| School District's proportionate share<br>of the net pension liability | \$ 11,021,336 | \$ 6,832,076             | \$ 3,288,682 |

**Assumption and Benefit Changes Since the Prior Measurement Date** - The discount rate remained at 7.00% for June 30, 2024 valuation.

Retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages.

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

**NOTE 13 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability/Asset***

See Note 12 for a description of the net OPEB liability/asset.

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

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2025, SERS did not allocate any employer contributions to post-employment 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 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the School District's surcharge obligation was \$36,539.

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$36,539 for fiscal year 2025.

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

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2025, STRS did not allocate any employer contributions to post-employment health care.

***Net OPEB Liability/Asset***

The net OPEB liability/asset was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability/asset was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Following is information related to the proportionate share:

|                                                                     | SERS                | STRS               | Total        |
|---------------------------------------------------------------------|---------------------|--------------------|--------------|
| Proportion of the net OPEB liability/asset prior measurement date   | 0.04455210%         | 0.03470651%        |              |
| Proportion of the net OPEB liability/asset current measurement date | <u>0.04182140%</u>  | <u>0.03550677%</u> |              |
| Change in proportionate share                                       | <u>-0.00273070%</u> | <u>0.00080026%</u> |              |
| Proportionate share of the net OPEB liability                       | \$ 425,948          | \$ -               | \$ 425,948   |
| Proportionate share of the net OPEB asset                           | \$ -                | \$ (673,496)       | \$ (673,496) |

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Actuarial Assumptions - SERS***

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2024 and June 30, 2023 are presented below:

|                                                                                               | June 30, 2024                                                                                             | June 30, 2023                                                                                             |
|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| Inflation                                                                                     | 2.40%                                                                                                     | 2.40%                                                                                                     |
| Future salary increases, including inflation                                                  | 3.25% to 13.58%                                                                                           | 3.25% to 13.58%                                                                                           |
| Investment rate of return                                                                     | 7.00% net of investment<br>expense, including inflation<br>Entry Age Normal (Level<br>Percent of Payroll) | 7.00% net of investment<br>expense, including inflation<br>Entry Age Normal (Level<br>Percent of Payroll) |
| Actuarial cost method                                                                         | 2059                                                                                                      | 2048                                                                                                      |
| Fiduciary net position is projected to be depleted                                            | 3.93%                                                                                                     | 3.86%                                                                                                     |
| Municipal bond index rate                                                                     | 4.88%                                                                                                     | 4.27%                                                                                                     |
| Single equivalent interest rate, net of plan<br>investment expense, including price inflation | 7.00 to 4.40%                                                                                             | 6.75 to 4.40%                                                                                             |
| Medical trend assumption                                                                      |                                                                                                           |                                                                                                           |

In 2024, the following mortality assumptions were used:

**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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

**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.

**Mortality Projection** - Mortality rates are projected using a fully generational projection with Scale MP-2020.

In the prior measurement date, the following mortality assumptions were used:

**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.

**Mortality Projection** - Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

The long-term expected rate on plan assets of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 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 long-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) 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%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. 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 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.

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

As of June 30, 2024:

| Asset Class                 | Target<br>Allocation | Long-Term Expected Real<br>Rate of Return (geometric) |
|-----------------------------|----------------------|-------------------------------------------------------|
| Cash                        | 3.00 %               | 0.97 %                                                |
| US Equity                   | 22.00                | 4.68                                                  |
| Non-US Equity Developed     | 12.00                | 4.96                                                  |
| Non-US Equity Emerging      | 6.00                 | 5.66                                                  |
| Fixed Income/Global Bonds   | 18.00                | 2.38                                                  |
| Private Equity              | 14.00                | 7.10                                                  |
| Real Estate                 | 13.00                | 3.64                                                  |
| Infrastructure              | 7.00                 | 4.80                                                  |
| Private Debt/Private Credit | 5.00                 | 5.86                                                  |
| Total                       | 100.00 %             |                                                       |

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88%. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be depleted in 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023 and the June 30, 2024 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 was 3.93% at June 30, 2024 and 3.86% at June 30, 2023.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the proportionate share of the net OPEB liability, what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what the proportionate share of the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

|                                                                    | 1% Decrease | Current<br>Discount Rate | 1% Increase |
|--------------------------------------------------------------------|-------------|--------------------------|-------------|
| School District's proportionate share<br>of the net OPEB liability | \$ 567,988  | \$ 425,948               | \$ 313,080  |

  

|                                                                    | 1% Decrease | Current<br>Trend Rate | 1% Increase |
|--------------------------------------------------------------------|-------------|-----------------------|-------------|
| School District's proportionate share<br>of the net OPEB liability | \$ 287,926  | \$ 425,948            | \$ 607,370  |

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024 actuarial valuation, compared with June 30, 2023 actuarial valuation, are presented below:

|                            | June 30, 2024                                          |          | June 30, 2023                                          |          |
|----------------------------|--------------------------------------------------------|----------|--------------------------------------------------------|----------|
| Projected salary increases | Varies by service from 2.50% to 8.50%                  |          | Varies by service from 2.50% to 8.50%                  |          |
| Investment rate of return  | 7.00%, net of investment expenses, including inflation |          | 7.00%, net of investment expenses, including inflation |          |
| Payroll increases          | 3.00%                                                  |          | 3.00%                                                  |          |
| Discount rate of return    | 7.00%                                                  |          | 7.00%                                                  |          |
| Health care cost trends    |                                                        |          |                                                        |          |
|                            | Initial                                                | Ultimate | Initial                                                | Ultimate |
| Medical                    |                                                        |          |                                                        |          |
| Pre-Medicare               | 7.50%                                                  | 3.94%    | 7.50%                                                  | 4.14%    |
| Medicare                   | -112.22%                                               | 3.94%    | -10.94%                                                | 4.14%    |
| Prescription Drug          |                                                        |          |                                                        |          |
| Pre-Medicare               | 8.00%                                                  | 3.94%    | -11.95%                                                | 4.14%    |
| Medicare                   | -15.14%                                                | 3.94%    | 1.33%                                                  | 4.14%    |

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

For the June 30, 2024 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2024 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

***Assumption Changes Since the Prior Measurement Date*** - The discount rate remained unchanged at 7.00% for the June 30, 2024 valuation.

***Benefit Term Changes Since the Prior Measurement Date*** - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for Years 2027 and 2028 reflect the assumed impact of the expiration of current Medicare Advantage contract on December 31, 2028.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

| Asset Class          | Target<br>Allocation* | Long-Term Expected<br>Real Rate of Return ** |
|----------------------|-----------------------|----------------------------------------------|
| Domestic Equity      | 26.00 %               | 6.90 %                                       |
| International Equity | 22.00                 | 7.70                                         |
| Alternatives         | 19.00                 | 9.10                                         |
| Fixed Income         | 22.00                 | 4.50                                         |
| Real Estate          | 10.00                 | 5.10                                         |
| Liquidity Reserves   | 1.00                  | 2.40                                         |
| Total                | 100.00 %              |                                              |

\* Final target weights reflected at October 1, 2022.

\*\*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate** - The following table represents the net OPEB asset as of June 30, 2024, calculated using the current period discount rate assumption of 7.00%, as well as what the proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the proportionate share of the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

|                                                                | 1% Decrease | Current<br>Discount Rate | 1% Increase |
|----------------------------------------------------------------|-------------|--------------------------|-------------|
| School District's proportionate share<br>of the net OPEB asset | \$ 547,596  | \$ 673,496               | \$ 783,055  |
|                                                                | 1% Decrease | Current<br>Trend Rate    | 1% Increase |
| School District's proportionate share<br>of the net OPEB asset | \$ 790,456  | \$ 673,496               | \$ 532,836  |

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - SET ASIDES**

The School 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 fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

The following cash basis information identifies the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

|                                             | <u>Capital<br/>Improvements</u> |
|---------------------------------------------|---------------------------------|
| Balance June 30, 2024                       | \$ -                            |
| Current year set-aside requirement          | 175,961                         |
| Current year offsets                        | <u>(272,306)</u>                |
| Total                                       | <u>\$ (96,345)</u>              |
| Balance carried forward to fiscal year 2026 | <u>\$ -</u>                     |
| Set-aside balance June 30, 2025             | <u><u>\$ -</u></u>              |

**NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS**

**A. Southwest Ohio Computer Association**

The School District is a participant in the Southwest Ohio Computer Association (SWOCA), which is a computer consortium. SWOCA is an association of public school districts within the boundaries of Butler, Clinton, Hamilton, Montgomery, Warren, and Preble Counties. 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 SWOCA consists of one representative from each district plus one representative from the fiscal agent. The Board exercises total control over the operations of the association including budgeting, appropriating, contracting and designation of management. Each school district's degree of control is limited to its representation on the Board. The School District paid SWOCA \$63,265 for services provided during the fiscal year. Financial information can be obtained from SWOCA at 3611 Hamilton-Middletown Road, Hamilton, Ohio 45011.

**B. Southwestern Ohio Educational Purchasing Council**

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of over 100 school districts and educational service centers in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services, including dental insurance, 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. The Board exercises total control over the operations of the council including budgeting, appropriating, contracting and designation of management. Each school district's degree of control is limited to its representation on the Board. 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's prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations.

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS - (Continued)**

During fiscal year 2025, the School District contributed \$1,682,055 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**C. Preble County Professional Development Consortium**

The School District is a participant in the Preble County Professional Development Consortium (PCPDC). PCPDC is an association of public school districts within the boundaries of Preble County. The organization was formed to improve staff development and instructional functions by making optimum use of public funds through cooperation of member public school districts. The governing board of PCPDC consists of one representative from each district plus one representative from the fiscal agent. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. The School District did not make any payments to PCPDC during the fiscal year. Financial information can be obtained from Kerry M. Borger, Treasurer, Preble County Educational Service Center, 597 Hillcrest Drive, Eaton, Ohio 45320 or email at [kerry.borger@preblecountyesc.org](mailto:kerry.borger@preblecountyesc.org).

On July 1, 2017, the PCPDC ceased operation; however, no formal action has been taken to dissolve the jointly governed organization.

**D. Equalis Group**

The Equalis Group is a joint purchasing program operated through a national association of political subdivisions and state agencies that provides contracts competitively solicited by public agencies for a wide array of products and services. During fiscal year 2025, the School District did not contribute to Equalis Group.

**NOTE 16 - SHARED RISK POOL**

**Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust**

The Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust) is a public entity shared risk pool consisting of approximately 130 School Districts. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, vision, and life insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**NOTE 17 - COMMITMENTS**

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

| <u>Fund</u>                 | <u>Year-End<br/>Encumbrances</u> |
|-----------------------------|----------------------------------|
| General fund                | \$ 176,719                       |
| Nonmajor governmental funds | 74,744                           |
| Total                       | <u>\$ 251,463</u>                |

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 18 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2025.

**B. Litigation**

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

**NOTE 19 – SUBSEQUENT EVENTS**

On November 4, 2025, voters within the School District boundaries approved two (2) property tax renewal levies. One is a 9.0 mill current operating levy which generates approximately \$950,000 per year for the School District. The second levy is a 1.41 mill emergency requirements levy which provides the School District with approximately \$255,000 in property tax receipts. Both levies are for a five-year period with collection commencing for tax year 2026, collection year 2027.

## SUPPLEMENTARY INFORMATION

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                    | <b>Budgeted Amounts</b>    |                            | <b>Actual Amounts<br/>Budgetary<br/>Basis</b> | <b>Variance with<br/>Final Budget -<br/>Over (Under)<br/>Actual Amounts</b> |
|----------------------------------------------------|----------------------------|----------------------------|-----------------------------------------------|-----------------------------------------------------------------------------|
|                                                    | <b>Original</b>            | <b>Final</b>               |                                               |                                                                             |
| Budgetary receipts and other financing sources     | \$ 12,825,600              | \$ 13,916,275              | \$ 13,916,754                                 | \$ 479                                                                      |
| Budgetary disbursements and other financing uses   | <u>12,683,124</u>          | <u>13,934,638</u>          | <u>13,502,613</u>                             | <u>(432,025)</u>                                                            |
| Net change in fund balance                         | 142,476                    | (18,363)                   | 414,141                                       | 432,504                                                                     |
| <b>Budgetary fund balance at beginning of year</b> | 7,270,117                  | 7,270,117                  | 7,270,117                                     | -                                                                           |
| <b>Prior year encumbrances appropriated</b>        | <u>297,788</u>             | <u>297,788</u>             | <u>297,788</u>                                | <u>-</u>                                                                    |
| <b>Budgetary fund balance at end of year</b>       | <u><u>\$ 7,710,381</u></u> | <u><u>\$ 7,549,542</u></u> | <u><u>\$ 7,982,046</u></u>                    | <u><u>\$ 432,504</u></u>                                                    |

SEE ACCOMPANYING NOTES TO THE SUPPLEMENTARY INFORMATION

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT  
PREBLE COUNTY, OHIO**

**NOTES TO THE SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 1 - BUDGETARY PROCESS**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Schedule 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 difference between the budgetary basis and the modified cash basis are as follows:

1. Outstanding year end encumbrances are treated as a cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (modified cash basis).
2. Some funds are included in the general fund (modified cash basis) but have separate legally adopted budgets (budgetary basis).

Adjustments necessary to convert the results of operations at the end of the year on the budgetary basis to the modified cash basis are as follows:

|                          | <u>General fund</u> |
|--------------------------|---------------------|
| Budgetary basis          | \$ 414,141          |
| Funds budgeted elsewhere | (619)               |
| Encumbrances             | <u>175,606</u>      |
| Modified cash basis      | <u>\$ 589,128</u>   |

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the special trust fund, public schools support fund, endowment fund, and health reimbursement account fund.

Twin Valley Community Local School District  
Preble County, Ohio  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2025

| Federal Agency/<br>Pass Through Agency/<br>Program Title                | Assistance<br>Listing<br>Number | Pass Through<br>Identifying<br>Number | Disbursements     |
|-------------------------------------------------------------------------|---------------------------------|---------------------------------------|-------------------|
| <b>U.S. Department of Agriculture:</b>                                  |                                 |                                       |                   |
| <i>Passed through Ohio Department of Education:</i>                     |                                 |                                       |                   |
| <u>Child Nutrition Cluster:</u>                                         |                                 |                                       |                   |
| <i>Non-Cash Assistance (Food Distribution):</i>                         |                                 |                                       |                   |
| National School Lunch Donated Commodities                               | 10.555                          | N/A                                   | \$ 36,376         |
| <i>Cash Assistance:</i>                                                 |                                 |                                       |                   |
| School Breakfast Program                                                | 10.553                          | N/A                                   | 100,744           |
| National School Lunch Program                                           | 10.555                          | N/A                                   | 249,237           |
| Total Child Nutrition Cluster                                           |                                 |                                       | <u>386,357</u>    |
| Total US Department of Agriculture                                      |                                 |                                       | <u>386,357</u>    |
| <b>U.S. Department of Education:</b>                                    |                                 |                                       |                   |
| <i>Passed through Ohio Department of Education:</i>                     |                                 |                                       |                   |
| Title I Grants to Local Education Agencies                              | 84.010A                         | N/A                                   | 181,754           |
| <u>Special Education Cluster:</u>                                       |                                 |                                       |                   |
| Special Education Grants to States                                      | 84.027A                         | N/A                                   | 156,311           |
| Total Special Education Cluster                                         |                                 |                                       | <u>156,311</u>    |
| Supporting Effective Instruction State Grants                           | 84.367A                         | N/A                                   | 10,800            |
| Student Support and Academic Enrichment Program                         | 84.424A                         | N/A                                   | 15,000            |
| Education Stabilization Fund:                                           |                                 |                                       |                   |
| COVID-19 - Elementary and Secondary School Emergency Relief (ARP ESSER) | 84.425U                         | N/A                                   | 29,500            |
| Total Education Stabilization Fund                                      |                                 |                                       | <u>29,500</u>     |
| Total U.S. Department of Education                                      |                                 |                                       | <u>393,365</u>    |
| <b>U.S. Department of the Treasury:</b>                                 |                                 |                                       |                   |
| <i>Passed through State of Ohio Office of Budget and Management:</i>    |                                 |                                       |                   |
| COVID-19 - Coronavirus Relief Fund                                      | 21.027                          | N/A                                   | 48,563            |
| Total U.S. Department of the Treasury                                   |                                 |                                       | <u>48,563</u>     |
| <b>Total Federal Assistance</b>                                         |                                 |                                       | <u>\$ 828,285</u> |

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Twin Valley Community Local School District  
Preble County, Ohio  
Notes to the Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2025

**1. Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Twin Valley Community School District (the District) under programs of the federal government for the year ended June 30, 2025. The information on this Schedule is prepared in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**2. 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 Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

**3. U.S. Department of Agriculture Programs:**

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2025 the District had no significant food commodities in inventory.

**4. Matching Requirements:**

Certain federal programs require the District to contribute non-federal funds (matching funds) to support federally-funded programs. The District has complied with the matching requirements. The expenditure of non-federal (matching) funds is not included on the Schedule.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Twin Valley Community School District  
Board of County Commissioners  
100 Education Drive  
West Alexandria, OH 45381

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Twin Valley Community School District, Preble County (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 22, 2025, wherein we noted the District reported on the modified cash basis of accounting.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 2025-001.

**The District's Response to Finding**

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

**Purpose of this Report**

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

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
December 22, 2025

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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Twin Valley Community School District  
Board of County Commissioners  
100 Education Drive  
West Alexandria, Oh 45381

### **Report on Compliance for Each Major Federal Program**

#### **Opinion on Each Major Federal Program**

We have audited Twin Valley Community School District's, Preble County (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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 year ended June 30, 2025.

#### **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 Auditors' 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**

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.

### **Auditors' 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 a 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 Auditors' 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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
December 22, 2025

## **Section I – Summary of Auditors’ Results**

### **Financial Statements**

|                                                                                      |               |
|--------------------------------------------------------------------------------------|---------------|
| Type of auditors’ report issued:                                                     | Unmodified    |
| Internal control over financial reporting:                                           |               |
| • Material weakness(es) identified?                                                  | No            |
| • Significant deficiency(ies) identified not considered to be material weakness(es)? | None Reported |
| Noncompliance material to financial statements noted?                                | Yes           |

### **Federal Awards**

|                                                                                          |               |
|------------------------------------------------------------------------------------------|---------------|
| Internal control over major programs:                                                    |               |
| • Material weakness(es) identified?                                                      | No            |
| • Significant deficiency(ies) identified not considered to be material weakness(es)?     | None Reported |
| Type of auditors’ report issued on compliance for major programs:                        | Unmodified    |
| Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? | No            |
| Identification of major programs:                                                        |               |
| <i>Child Nutrition Cluster:</i>                                                          |               |
| ALN 10.553 – School Breakfast Program                                                    |               |
| ALN 10.555 – National School Lunch Program                                               |               |
| ALN 10.555 – COVID-19 National School Lunch Program                                      |               |
| Dollar threshold to distinguish between Type A and Type B programs:                      | \$750,000     |
| Auditee qualified as low-risk auditee?                                                   | No            |

## **Section II – Financial Statement Findings**

### **Finding Number 2025-001:**

Ohio Administrative Code § 117-2-03(B) requires the District to prepare their annual financial reports in accordance with accounting principles generally accepted in the United States of America (GAAP). Citing cost concerns associated with GAAP reporting, the District has elected to prepare and submit its annual financial report using the modified cash basis of accounting, which does not conform to GAAP.

As a result, the accompanying financial statements and notes omit certain assets, liabilities, fund balances, and required disclosures. These omissions may limit the usefulness of the financial statements to users and impair the District's ability to fully assess its financial position. To enhance transparency and accountability, the District should consider preparing its annual financial report in accordance with GAAP, as required by Ohio Administrative Code.

*Management Response:* The School District chooses to complete the annual financial report on a modified cash basis based on the needs for the School District and for financial purposes.

## **Section III – Federal Awards Findings and Questioned Costs**

**None Noted**



## Twin Valley Community Local School District

100 Education Drive  
West Alexandria, Ohio 45381-1184  
(937) 839-4688 Fax (937) 839-4898

Dr. Chung-Kirby  
Superintendent

Anthony Litersky  
Treasurer

### SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

FOR FISCAL YEAR ENDED JUNE 30, 2025

| Finding Number | Finding Summary                           | Status        | Additional Information                                                                                                                                              |
|----------------|-------------------------------------------|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2024-001       | Noncompliance for not filing GAAP Report. | Not corrected | The School District chooses to complete the annual financial report on a modified cash basis based on the needs for the School District and for financial purposes. |

*South Strong – Panther Proud*

Trisha Werts  
President

Jim Ray  
Vice President

Jason DeLong  
Member

Sally Mowell  
Member

Mike Randolph  
Member

*The Mission of the Twin Valley Community Local School District is to provide a safe learning environment where all children are challenged to achieve their maximum potential based on individual needs and abilities, utilizing a team effort among parents, educators, staff, and community.*



## Twin Valley Community Local School District

100 Education Drive  
West Alexandria, Ohio 45381-1184  
(937) 839-4688 Fax (937) 839-4898

Dr. Chung-Kirby  
*Superintendent*

Anthony Litersky  
*Treasurer*

### CORRECTIVE ACTION PLAN

#### 2 CFR 200.511(c)

#### FOR FISCAL YEAR ENDED JUNE 30, 2025

|                                   |                                                                                                                                                                     |
|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Finding Number:</b>            | 2025-001                                                                                                                                                            |
| <b>Planned Corrective Action:</b> | The School District chooses to complete the annual financial report on a modified cash basis based on the needs for the School District and for financial purposes. |
| <b>Planned Corrective Action:</b> | N/A                                                                                                                                                                 |
| <b>Planned Corrective Action:</b> | Treasurer, Anthony Litersky                                                                                                                                         |

### *South Strong – Panther Proud*

Trisha Werts  
President

Jim Ray  
Vice President

Jason DeLong  
Member

Sally Mowell  
Member

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*The Mission of the Twin Valley Community Local School District is to provide a safe learning environment where all children are challenged to achieve their maximum potential based on individual needs and abilities, utilizing a team effort among parents, educators, staff, and community.*



# OHIO AUDITOR OF STATE KEITH FABER



**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT**

**PREBLE 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 4/7/2026**

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

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