

**VERSAILLES EXEMPTED
VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2020**

James G. Zupka, CPA, Inc.
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER



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Members of the Board of Education
Versailles Exempted Village School District
459 S. Center St.
Versailles, Ohio 45380

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

December 11, 2020

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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INDEPENDENT AUDITOR’S REPORT

Board of Education
Versailles Exempted Village School District
Versailles, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Versailles Exempted Village School District, Darke County, Ohio, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash accounting basis described in Note 2; this includes determining that the cash accounting basis is an acceptable basis for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Versailles Exempted Village School District, Ohio’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Versailles Exempted Village School District, Ohio, as of June 30, 2020, and the respective changes in cash financial position, and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the basis of accounting described in Note 2.

Accounting Basis

Ohio Administrative Code Section 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 applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

We applied no procedures to the Management's Discussion and Analysis presented on pages 4 through 13 of the report, and accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2020, on our consideration of the Versailles Exempted Village School District, Ohio'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 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 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 Versailles Exempted Village School District, Ohio's internal control over financial reporting and compliance.

James G. Zupka,
CPA, President
James G. Zupka, CPA, Inc.
Certified Public Accountants

Digitally signed by James G. Zupka, CPA,
President
DN: cn=James G. Zupka, CPA, President,
o=James G. Zupka, CPA, Inc., ou=Accounting,
email=jgz@jgzcpa.com, c=US
Date: 2020.10.26 09:16:24 -04'00'

October 15, 2020

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**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

The management discussion and analysis of the Versailles Exempted Village School District (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2020, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to those respective statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2020 are:

- In total, Governmental net position increased by \$471,003 primarily due to the decrease in disbursement and increase in receipts.
- General receipts related to governmental activities accounted for \$15,664,588 or 94.19 percent of total receipts. Program specific receipts in the form of charges for services and sales, and grants and contributions accounted for \$967,037 or 5.81 percent of total receipts of \$16,631,625.
- The District had \$16,160,622 in program disbursements related to governmental activities.
- The District's major governmental funds are the General Fund, Bond Retirement Fund, and Permanent Improvement Fund. The General Fund had \$15,197,097 in receipts and other financing sources, \$14,655,957 in disbursements and other financing uses. During fiscal year 2020, the General Fund's fund balance increased by \$541,150 from \$11,174,195 to \$11,715,335.
- In total, business-type activities net position increased as program receipts for charges for services and sales and operating grants and contributions were sufficient to cover program cash disbursements.

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Using these Basic Financial Statements

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

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

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

Basis of Accounting

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

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

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Reporting the District as a Whole

Statement of Net Position and Statement of Activities

The Statement of Net Position and the Statement of Activities reflect how the District did financially during fiscal year 2020, within the limitations of the cash basis of accounting. The Statement of Net Position presents the equity in pooled cash and cash equivalents of the governmental and business-type activities of the District at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental program draws from the District's general receipts.

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

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

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

- Governmental Activities - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant services, pupil transportation, extracurricular activities, capital outlay, and debt service.
- Business-Type Activity – These services are provided on a charge for goods or services basis to recover all of the costs of the goods or services provided. The District's food service and special enterprise (preschool) funds are reported as the business-type activities.

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 11 of the financial statements. Fund financial statements provide detailed information about the District's major funds. The District established separate funds to better manage its many activities and to demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The District's funds are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds

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

Proprietary Fund

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

Fiduciary Funds

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position on page 22. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

The District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position for 2020 compared to 2019 on a cash basis:

Table 1 - Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<u>ASSETS</u>						
Equity in pooled cash and cash equivalents	\$ 14,623,747	\$ 14,152,744	\$ 52,692	\$ 39,731	\$ 14,676,439	\$ 14,192,475
<u>NET POSITION</u>						
Restricted	2,908,412	2,978,549	-	-	2,908,412	2,978,549
Unrestricted	11,715,335	11,174,195	52,692	39,731	11,768,027	11,213,926
Total Net Position	\$ 14,623,747	\$ 14,152,744	\$ 52,692	\$ 39,731	\$ 14,676,439	\$ 14,192,475

By comparing net position from 2019 to 2020, one can see the overall cash position of the District has improved by the increase in net position of \$483,964.

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Table 2 shows the changes in net position for fiscal year 2020 compared to 2019 on a cash basis:

	Table 2 - Changes in Net Position					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
RECEIPTS						
Program Cash Receipts:						
Charges for Services and Sales	\$ 369,919	\$ 580,292	\$ 410,487	\$ 483,380	\$ 780,406	\$ 1,063,672
Operating Grants and Contributions	597,118	517,636	116,703	117,954	713,821	635,590
Total Program Cash Receipts	967,037	1,097,928	527,190	601,334	1,494,227	1,699,262
General Receipts:						
Property Taxes	4,009,027	3,874,609	-	-	4,009,027	3,874,609
Income Taxes	2,521,916	2,055,844	-	-	2,521,916	2,055,844
Payment in Lieu of Taxes	44,499	45,772	-	-	44,499	45,772
Grants and Entitlements	8,651,922	8,887,858	-	-	8,651,922	8,887,858
Contributions and Donations	7,400	7,800	-	-	7,400	7,800
Investment Earnings	291,566	258,695	-	-	291,566	258,695
Miscellaneous	138,258	134,824	200	-	138,458	134,824
Total General Receipts	15,664,588	15,265,402	200	-	15,664,788	15,265,402
Total Receipts	16,631,625	16,363,330	527,390	601,334	17,159,015	16,964,664
DISBURSEMENTS						
Program Cash Disbursements:						
Instruction:						
Regular	7,944,767	7,708,642	-	-	7,944,767	7,708,642
Special	1,594,125	1,320,712	-	-	1,594,125	1,320,712
Vocational	368,264	343,027	-	-	368,264	343,027
Supporting Services:						
Pupils	706,322	656,663	-	-	706,322	656,663
Instructional Staff	446,924	378,346	-	-	446,924	378,346
Board of Education	21,626	28,543	-	-	21,626	28,543
Administration	1,257,695	1,234,144	-	-	1,257,695	1,234,144
Fiscal	397,325	365,021	-	-	397,325	365,021
Operation and Maintenance of Plant	1,362,754	1,883,595	-	-	1,362,754	1,883,595
Pupil Transportation	674,569	578,881	-	-	674,569	578,881
Central	431	398	-	-	431	398
Extracurricular Activities	528,559	636,103	-	-	528,559	636,103
Capital Outlay	111,448	245,155	-	-	111,448	245,155
Debt Service	745,813	826,313	-	-	745,813	826,313
Food Service	-	-	514,429	658,356	514,429	658,356
Total Disbursements	16,160,622	16,205,543	514,429	658,356	16,675,051	16,863,899
Change in Net Position	471,003	157,787	12,961	(57,022)	483,964	100,765
Net Position - Beginning of Year	14,152,744	13,994,957	39,731	96,753	14,192,475	14,091,710
Net Position - End of Year	\$ 14,623,747	\$ 14,152,744	\$ 52,692	\$ 39,731	\$ 14,676,439	\$ 14,192,475

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Governmental Activities

The vast majority of receipts supporting all governmental activities consist of general receipts. General receipts totaled \$15,664,588 or 94.19 percent of the total receipts. The most significant portions of the general receipts are local property taxes, school district income taxes and unrestricted grants and entitlements. The remaining amount of receipts was in the form of program receipts, which equated to \$967,037 or only 5.81 percent.

Income taxes receipts have increased from prior year by \$466,072 due to an increase in income.

The largest disbursement for the District is for instructional programs. Instructional programs disbursements totaled \$9,907,156 or 61.30 percent of the total cash disbursements. Instructional programs increased as a result of salary and insurance increases due to two additional staff of one testing coordinator and intervention specialist.

Operation and Maintenance of Plant disbursements decreased due to Permanent Improvement projects.

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

Table 3 - Governmental Activities

	Total Cost of Services 2020	Total Cost of Services 2019	Net Cost of Services 2020	Net Cost of Services 2019
Instruction	\$ 9,907,156	\$ 9,372,381	\$ (9,274,506)	\$ (8,585,623)
Supporting Services:				
Pupils and Instructional Staff	1,153,246	1,035,009	(1,063,356)	(1,035,009)
Board of Education, Administration, and Fiscal	1,676,646	1,627,708	(1,671,246)	(1,622,308)
Operation and Maintenance of Plant	1,362,754	1,883,595	(1,314,334)	(1,827,698)
Pupil Transportation	674,569	578,881	(674,569)	(578,881)
Central	431	398	(431)	(398)
Extracurricular Activities	528,559	636,103	(337,882)	(386,230)
Capital Outlay	111,448	245,155	(111,448)	(245,155)
Debt Service	745,813	826,313	(745,813)	(826,313)
Total Cost of Service	<u>\$ 16,160,622</u>	<u>\$ 16,205,543</u>	<u>\$ (15,193,585)</u>	<u>\$ (15,107,615)</u>

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Business Type Activities

Business-type activities include the food service operation and special enterprise (preschool). These programs had receipts of \$527,390, and disbursements of \$514,429 in fiscal year 2020, or an increase in net position of \$12,961. The decrease in receipts and disbursements is due to school being closed down on March 17th due to the COVID-19 pandemic.

The District’s Funds

The District’s governmental funds reported a combined fund balance of \$14,623,747, which is higher than last year’s balance of \$14,152,744. The following table indicates the fund balance and the change in fund balance from June 30, 2019 to June 30, 2020 for each major governmental fund and the total of the nonmajor governmental funds.

Table 4 - Governmental Fund Balances

	Fund Balance June 30, 2020	Fund Balance June 30, 2019	Increase (Decrease)	Percentage Change
General	\$ 11,715,335	\$ 11,174,195	\$ 541,140	4.84%
Bond Retirement	2,169,710	2,221,357	(51,647)	-2.33%
Permanent Improvement	416,783	510,770	(93,987)	-18.40%
Other Governmental	321,919	246,422	75,497	30.64%
Total	\$ 14,623,747	\$ 14,152,744	\$ 471,003	3.33%

The District’s General Fund balance increased \$541,140 which can be attributed to increases in income tax and interest investment income.

The District’s Bond Retirement Fund decreased by \$51,647 mainly due to repayment schedule.

The District’s Permanent Improvement Fund decreased by \$93,987 due to various projects.

The District’s Other Governmental Funds increased by \$75,497.

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

General Fund Budgeting Highlights

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

General Fund original and final receipts and other financing sources were \$14,916,615 and \$15,140,071, respectively. Actual receipts and other financing sources were \$15,176,761, which was \$36,690 higher than the final budgeted receipts.

During the course of fiscal year 2020, the District amended its General Fund budget several times. General Fund original appropriations and other financing uses were \$16,028,377 and final appropriations and other financing uses were \$15,628,377. The actual budget basis disbursements and other financing uses for fiscal year 2020 totaled \$15,032,039 which was \$596,338 lower than final appropriations.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At June 30, 2020, the District had \$8,675,00 in bonds with \$475,000 due within one year. Table 5 summarizes the District’s bonds outstanding.

Table 5 - Outstanding Debt at Year End

	Governmental Activities	
	2020	2019
General Obligation Bond:		
Serial	\$ 8,675,000	\$ 9,140,000
Total Outstanding Debt	\$ 8,675,000	\$ 9,140,000

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

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

For the Future

In May 2020, the School District was notified that the fiscal year annual state funding level was reduced by \$235,974. This was a substantial decrease in state funding for our School District along with all other School Districts. Our state funding for FY 2021 is reduced the same amount as FY 2020. In FY 2021 the School District should see a decrease in real estate taxes and a bigger decrease in income taxes due to the COVID-19 pandemic.

Contacting the District's Financial Management

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

Basic Financial Statements

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**STATEMENT OF NET POSITION – CASH BASIS
JUNE 30, 2020**

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 14,623,747	\$ 52,692	\$ 14,676,439
Net Position			
Restricted for:			
Capital Projects	\$ 416,783	\$ -	\$ 416,783
Debt Service	2,169,710	-	2,169,710
Classroom Facilities Maintenance	151,785	-	151,785
State Funded Programs	89,890	-	89,890
Student Activities	80,244	-	80,244
Unrestricted	11,715,335	52,692	11,768,027
Total Net Position	\$ 14,623,747	\$ 52,692	\$ 14,676,439

See accompanying notes to the basis financial statements

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**STATEMENT OF ACTIVITIES – CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Program Receipts</u>			<u>Net (Disbursement) Receipts and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Governmental Activities</u>						
Instruction:						
Regular	\$ 7,944,767	\$ 175,117	\$ -	\$ (7,769,650)	\$ -	\$ (7,769,650)
Special	1,594,125	-	335,694	(1,258,431)	-	(1,258,431)
Vocational	368,264	-	121,839	(246,425)	-	(246,425)
Support Services:						
Pupils	706,322	-	89,890	(616,432)	-	(616,432)
Instructional Staff	446,924	-	-	(446,924)	-	(446,924)
Board of Education	21,626	-	-	(21,626)	-	(21,626)
Administration	1,257,695	-	5,400	(1,252,295)	-	(1,252,295)
Fiscal	397,325	-	-	(397,325)	-	(397,325)
Operation and Maintenance of Plant	1,362,754	6,050	42,370	(1,314,334)	-	(1,314,334)
Pupil Transportation	674,569	-	-	(674,569)	-	(674,569)
Central	431	-	-	(431)	-	(431)
Extracurricular Activities	528,559	188,752	1,925	(337,882)	-	(337,882)
Capital Outlay	111,448	-	-	(111,448)	-	(111,448)
Debt Service:						
Principal	465,000	-	-	(465,000)	-	(465,000)
Interest and Fiscal Charges	280,813	-	-	(280,813)	-	(280,813)
<i>Total Governmental Activities</i>	<u>16,160,622</u>	<u>369,919</u>	<u>597,118</u>	<u>(15,193,585)</u>	<u>-</u>	<u>(15,193,585)</u>
<u>Business Type Activities</u>						
Food Service	514,429	404,497	116,703	-	6,771	6,771
Special Enterprise	-	5,990	-	-	5,990	5,990
<i>Total Business-Type Activities</i>	<u>514,429</u>	<u>410,487</u>	<u>116,703</u>	<u>-</u>	<u>12,761</u>	<u>12,761</u>
<i>Totals</i>	<u>\$ 16,675,051</u>	<u>\$ 780,406</u>	<u>\$ 713,821</u>	<u>(15,193,585)</u>	<u>12,761</u>	<u>(15,180,824)</u>
<u>General Receipts</u>						
Property Taxes Levied for:						
General Purposes				3,323,573	-	3,323,573
Debt Service				624,595	-	624,595
Capital Maintenance				60,859	-	60,859
Income Taxes Levied for General Purposes				2,521,916	-	2,521,916
Payments in Lieu of Taxes				44,499	-	44,499
Grants and Entitlements not Restricted						
to Specific Programs				8,651,922	-	8,651,922
Contributions and Donations not Restricted						
to Specific Programs				7,400	-	7,400
Investment Earnings				291,566	-	291,566
Miscellaneous				138,258	200	138,458
Total General Receipts				<u>15,664,588</u>	<u>200</u>	<u>15,664,788</u>
Change in Net Position				471,003	12,961	483,964
Net Position Beginning of Year				14,152,744	39,731	14,192,475
Net Position End of Year				<u>\$ 14,623,747</u>	<u>\$ 52,692</u>	<u>\$ 14,676,439</u>

See accompanying notes to the basis financial statements

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**STATEMENT OF ASSETS AND FUND BALANCES – CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$ 11,715,335	\$ 2,169,710	\$ 416,783	\$ 321,919	\$ 14,623,747
<u>Fund Balances</u>					
Restricted	\$ -	\$ 2,169,710	\$ 416,783	\$ 321,919	\$ 2,908,412
Assigned	533,238	-	-	-	533,238
Unassigned	11,182,097	-	-	-	11,182,097
Total Fund Balances	\$ 11,715,335	\$ 2,169,710	\$ 416,783	\$ 321,919	\$ 14,623,747

See accompanying notes to the basis financial statements

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES –
CASH BASIS - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	General	Bond Retirement	Permanent Improvement	All Other Governmental Funds	Total Governmental Funds
Receipts					
Property Taxes	\$ 3,323,573	\$ 624,595	\$ -	\$ 60,859	\$ 4,009,027
Income Tax	2,521,916	-	-	-	2,521,916
Intergovernmental	8,674,578	82,725	-	489,812	9,247,115
Interest	291,566	-	-	-	291,566
Tuition and Fees	175,117	-	-	-	175,117
Rent	6,050	-	-	-	6,050
Extracurricular Activities	18,004	-	-	170,748	188,752
Contributions and Donations	7,400	-	-	1,925	9,325
Payments in Lieu of Taxes	44,499	-	-	-	44,499
Miscellaneous	134,394	-	-	3,864	138,258
Total Receipts	<u>15,197,097</u>	<u>707,320</u>	<u>-</u>	<u>727,208</u>	<u>16,631,625</u>
Disbursements					
Current:					
Instruction:					
Regular	7,944,767	-	-	-	7,944,767
Special	1,251,618	-	-	342,507	1,594,125
Vocational	359,241	-	-	9,023	368,264
Support Services:					
Pupils	706,322	-	-	-	706,322
Instructional Staff	446,624	-	-	300	446,924
Board of Education	21,626	-	-	-	21,626
Administration	1,243,440	-	3,455	10,800	1,257,695
Fiscal	382,896	13,154	-	1,275	397,325
Operation and Maintenance of Plant	1,032,872	-	207,092	122,790	1,362,754
Pupil Transportation	502,577	-	171,992	-	674,569
Central	431	-	-	-	431
Extracurricular Activities	363,543	-	-	165,016	528,559
Capital Outlay	-	-	111,448	-	111,448
Debt Service:					
Principal	-	465,000	-	-	465,000
Interest	-	280,813	-	-	280,813
Total Disbursements	<u>14,255,957</u>	<u>758,967</u>	<u>493,987</u>	<u>651,711</u>	<u>16,160,622</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>941,140</u>	<u>(51,647)</u>	<u>(493,987)</u>	<u>75,497</u>	<u>471,003</u>
Other Financing Sources (Uses)					
Transfers In	-	-	400,000	-	400,000
Transfers Out	(400,000)	-	-	-	(400,000)
Total Other Financing Sources and Uses	<u>(400,000)</u>	<u>-</u>	<u>400,000</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	541,140	(51,647)	(93,987)	75,497	471,003
Fund Balance at Beginning of Year	11,174,195	2,221,357	510,770	246,422	14,152,744
Fund Balance at End of Year	<u>\$ 11,715,335</u>	<u>\$ 2,169,710</u>	<u>\$ 416,783</u>	<u>\$ 321,919</u>	<u>\$ 14,623,747</u>

See accompanying notes to the basis financial statements

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property Taxes	\$ 3,660,440	\$ 3,323,573	\$ 3,323,573	\$ -
Income Tax	2,401,770	2,521,916	2,521,916	-
Intergovernmental	8,261,315	8,674,578	8,674,578	-
Interest	265,804	279,101	291,566	12,465
Tuition and Fees	165,664	173,951	173,951	-
Rent	5,762	6,050	6,050	-
Contributions and Donations	6,428	6,750	7,000	250
Payments in Lieu of Taxes	42,379	44,499	44,499	-
Miscellaneous	51,968	54,568	54,629	61
Total Receipts	<u>14,861,530</u>	<u>15,084,986</u>	<u>15,097,762</u>	<u>12,776</u>
Disbursements				
Current:				
Instruction:				
Regular	7,639,769	7,645,482	7,970,910	(325,428)
Special	1,350,741	1,345,028	1,311,721	33,307
Vocational	376,828	376,828	359,414	17,414
Support Services:				
Pupils	773,627	773,627	734,542	39,085
Instructional Staff	537,549	537,549	489,964	47,585
Board of Education	31,981	31,981	22,236	9,745
Administration	1,349,352	1,349,352	1,306,206	43,146
Fiscal	401,154	401,154	383,317	17,837
Business	554,373	554,373	-	554,373
Operation and Maintenance of Plant	1,230,838	1,230,838	1,090,655	140,183
Pupil Transportation	617,803	617,803	596,986	20,817
Central	1,295	1,295	431	864
Extracurricular Activities				
Academic Oriented Activities	17,052	17,052	36,482	(19,430)
Sport Oriented Activities	346,015	346,015	329,175	16,840
Total Disbursements	<u>15,228,377</u>	<u>15,228,377</u>	<u>14,632,039</u>	<u>596,338</u>
Excess of Receipts Over (Under) Disbursements	<u>(366,847)</u>	<u>(143,391)</u>	<u>465,723</u>	<u>609,114</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	55,085	55,085	78,999	23,914
Transfers Out	(800,000)	(400,000)	(400,000)	-
Total Other Financing Sources (Uses)	<u>(744,915)</u>	<u>(344,915)</u>	<u>(321,001)</u>	<u>23,914</u>
Net Change in Fund Balances	(1,111,762)	(488,306)	144,722	633,028
Fund Balance at Beginning of Year	10,687,699	10,687,699	10,687,699	-
Prior Year Encumbrances Appropriated	413,828	413,828	413,828	-
Fund Balance at End of Year	<u>\$ 9,989,765</u>	<u>\$ 10,613,221</u>	<u>\$ 11,246,249</u>	<u>\$ 633,028</u>

See accompanying notes to the basic financial statements

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**STATEMENT OF FUND NET POSITION – CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2020**

	<u>All other Enterprise Funds</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 52,692</u>
<u>Net Position</u>	
Unrestricted	<u>\$ 52,692</u>

See accompanying notes to the basis financial statements

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND NET POSITION –
CASH BASIS – PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>All other Enterprise Funds</u>
<u>Operating Receipts</u>	
Tuition	\$ 5,990
Sales	404,497
Miscellaneous	200
Total Operating Revenues	<u>410,687</u>
<u>Operating Disbursements</u>	
Salaries	211,689
Fringe Benefits	105,643
Purchased Services	2,966
Materials and Supplies	193,678
Other	453
Total Operating Disbursements	<u>514,429</u>
Operating Loss	<u>(103,742)</u>
<u>Non-Operating Receipts</u>	
Federal and State Subsidies	<u>116,703</u>
Net Change in Net Position	12,961
Net Position at Beginning of Year	<u>39,731</u>
Net Position at End of Year	<u>\$ 52,692</u>

See accompanying notes to the basis financial statements

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**STATEMENT OF FIDUCIARY NET POSITION –CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2020**

	<u>Agency</u>
<u>Assets</u>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 120,513</u>
<u>Net Position</u>	
Held on Behalf of Students	116,752
Held on Behalf of Others	<u>3,761</u>
Total Net Position	<u>\$ 120,513</u>

See accompanying notes to the basis financial statements

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1: REPORTING ENTITY

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

The District was established through the consolidation of existing land areas and school districts. The District serves an area of approximately 80 square miles. It is located in Darke County, and includes all of the Villages of Versailles, Yorkshire, and North Star and portions of surrounding Townships. It is staffed by 7 non-certificated employees, 96 certificated employees who provide services to 1,313 students and other community members. The District currently operates one instructional and one administrative building.

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

Jointly Governed Organizations:

Western Ohio Computer Organization
Southwestern Ohio Educational Purchasing Council

Public Entity Risk Pool:

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan
Southwestern Ohio Educational Purchasing Council Medical Benefits Plan

Related Organization:

Worch Memorial Library

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

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

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

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

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

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

The following are the District's major governmental funds:

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

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

Permanent Improvement Fund - This fund is used to account for all transactions related to the acquiring, construction, or improving of such permanent improvements.

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

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

B. **Fund Accounting** (Continued)

PROPRIETARY FUNDS

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

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

Special Enterprise Fund – This fund is used to account for charges for services and operating grants restricted to the special enterprise operations of the District.

FIDUCIARY FUNDS

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Agency funds are custodial in nature. The District's agency funds account for student activities and for payments made by employees to maintain health care coverage for periods when payroll deductions are not possible.

C. **Basis of Accounting**

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

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

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

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

D. Budgetary Process

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

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

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

E. Cash and Investments

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

Investments of the District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are stated at cost which approximates market value.

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

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

During fiscal year 2020, investments were limited to STAR Ohio, Negotiable CD's, U.S. Government money market mutual funds, U.S. Agency Notes, U.S. Treasury Bills and U.S. Treasury Notes. The District's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the District. The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For the fiscal year 2020, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2020 was \$291,566.

F. **Restricted Assets**

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

G. **Inventory and Prepaid Items**

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

H. **Capital Assets**

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

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

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

L. Pensions/Other Postemployment Benefits (OPEB)

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

M. Long-Term Obligations

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

N. Net Position

Net Position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

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

N. **Net Position** (Continued)

The government-wide statement of net position reports \$2,908,412 of the restricted component of net position, none of which is restricted by enabling legislation. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

O. **Fund Balance**

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

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are not spendable in form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned. This fund balance classification was not utilized in fiscal year 2019.

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

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District’s Board of Education. Those committed amounts cannot be used for any other purpose unless the District’s Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. This fund balance classification was not utilized in fiscal year 2020.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts would represent intended uses established by the District’s Board of Education.

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

O. **Fund Balance** (Continued)

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

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

P. **Interfund Transactions**

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

NOTE 3: **CHANGE IN ACCOUNTING PRINCIPLES**

During the fiscal year, the District implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*). The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statements information for certain component units. The implementation of this Statement did not have an effect on the financial statements of the District.

GASB Statement No. 95, *Postponement of the Effect Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The District has postponed the implementation of GASB Statement No. 84.

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DARKE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

NOTE 4: FUND BALANCES

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

Fund Balances	General	Bond Retirement	Permanent Improvement	Other Governmental	Total
<i>Restricted for</i>					
Capital Projects	\$ -	\$ -	\$ 416,783	\$ -	\$ 416,783
Debt Service	-	2,169,710	-	-	2,169,710
Classroom Facilities					
Maintenance	-	-	-	151,785	151,785
State Funded Programs	-	-	-	89,890	89,890
Student Activities	-	-	-	80,244	80,244
<i>Total Restricted</i>	<u>-</u>	<u>2,169,710</u>	<u>416,783</u>	<u>321,919</u>	<u>2,908,412</u>
<i>Assigned to</i>					
FY 2021 Appropriations	80,188	-	-	-	80,188
Instruction	88,088	-	-	-	88,088
Support Services	320,032	-	-	-	320,032
Public School Support	44,930	-	-	-	44,930
<i>Total Assigned</i>	<u>533,238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>533,238</u>
<i>Unassigned</i>	<u>11,182,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,182,097</u>
Total Fund Balances	<u>\$ 11,715,335</u>	<u>\$ 2,169,710</u>	<u>\$ 416,783</u>	<u>\$ 321,919</u>	<u>\$ 14,623,747</u>

NOTE 5: COMPLIANCE

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

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

NOTE 6: BUDGETARY BASIS OF ACCOUNTING

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

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

Net Change in Fund Balance	General
Cash Basis	\$ 541,140
Encumbrances	(408,119)
Funds Budgeted as Special Revenue Funds but Reported as part of the General Fund for the Cash Basis Reports	11,701
Budget Basis	\$ 144,722

NOTE 7: DEPOSITS AND INVESTMENTS

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

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

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

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

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

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

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

Interim monies may be deposited or invested in the following securities:

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

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

NOTE 7: DEPOSITS AND INVESTMENTS (Continued)

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

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

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

Deposits

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

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

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The District's financial institution had enrolled in OPCS as of June 30, 2020.

At fiscal year end, \$2,250,000 of the District's bank balance of \$2,498,589 was covered by Federal Depository Insurance and \$248,589 was uninsured and collateralized with securities held by the pledging financial institution's trust department, but not in the District's name. \$2,050,000 of the bank balance consists of certificates of deposit issued by Greenville Federal Bank utilizing the Certificate of Deposit Account Registry Service (CDARS).

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. As previously discussed Star Ohio is reported at its net asset value. All other investments of the District are valued using quoted market prices (Level 1 and Level 2 inputs). As of June 30, 2020, the District had the following investments:

<u>Investment Type</u>	<u>Measurement Value</u>	<u>Credit Rating (*)</u>	<u>Investment Maturities (in Years)</u>		
			<u><1</u>	<u>1-2</u>	<u>2-4</u>
StarOhio	\$ 2,297,085	AAAm	\$ 2,297,085	\$ -	\$ -
Negotiable CD's	8,178,512	N/A	2,716,480	497,751	4,964,281
Mutual Funds	88,244	N/A	88,244	-	-
US Treasury Bills	199,617	A-1+	199,617	-	-
US Treasury Notes	1,105,953	AA+	1,105,953	-	-
US Agency Notes	668,911	AA+	-	299,451	369,460
Total Investments	\$ 12,538,322		\$ 6,407,379	\$ 797,202	\$ 5,333,741

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

Credit Risk The District has no investment policy dealing with credit risk, beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard service rating service.

Custodial Credit Risk For an investment, custodial credit risk is the risk that in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The District has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

NOTE 8: **PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property located in the District. Real property tax receipts received in calendar year 2020 represent the collection of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed values as of January 1, 2019, the lien date.

Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax receipts received in calendar year 2019 represent the collection of calendar year 2018 taxes. Public utility personal property taxes received in calendar year 2020 became a lien on December 31, 2018, were levied after April 1, 2018, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility property is currently assessed at varying percentages of true value.

The District receives property taxes from Darke and Shelby counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

	<u>2019 Second Half Collections</u>		<u>2020 First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real Property	\$ 178,321,420	98.51%	\$ 182,807,320	98.74%
Public Utility Property	2,691,850	1.49%	2,338,880	1.26%
	<u>\$ 181,013,270</u>	<u>100.00%</u>	<u>\$ 185,146,200</u>	<u>100.00%</u>
 Tax Rate				
(per \$1,000 of Assessed Valuation)	<u>\$ 41.96</u>		<u>\$ 41.96</u>	

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

NOTE 9: INCOME TAX

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

NOTE 10: INTERFUND TRANSACTIONS

During fiscal year 2019, the General Fund transferred \$400,000 to the Permanent Improvement Fund for equipment purchases including vehicles and technology and building improvements as needed.

NOTE 11: RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020, the District contracted with Phelan Insurance Agency for the following insurance coverage:

Property (\$5,000 deductible, subject to scheduled limits)	\$ 57,767,120
Boiler and Machinery (\$5,000 deductible)	57,767,120
Auto Liability/Physical Damage (\$1,000 deductible)	1,000,000
General Liability - Aggregate Limit	2,000,000
Per Occurrence	1,000,000
School Leaders Errors and Omissions Liability (\$2,500 deductible each occurrence)	1,000,000
Umbrella Coverage	2,000,000
Sexual Misconduct & Molestation Liability	1,000,000
Violent Event	300,000

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

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

B. Medical, Dental, and Vision Benefits

Effective June 1, 2005, the District joined the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP), an insurance purchasing pool (Note 18). The intent of the MBP is to achieve the benefit of reduced health insurance premiums for the District by virtue of its grouping and representation with other participants in the MBP. The health insurance experience of the participating school districts is calculated and a premium rate is applied to all school districts in the MBP. Each participant pays its health insurance premiums to the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan. Participation in the MBP is limited to school districts that can meet the MBP's selection criteria. The District also purchases its dental and vision insurance in the purchasing pool agreements with the Southwestern Ohio Educational Purchasing Council.

C. Workers' Compensation

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

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

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

NOTE 12: **PENSION PLANS**

A. Net Pension Liability

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

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

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

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

The net pension liability was measured as of July 1, 2019, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the total employer contributions of all participating entities.

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

A. Net Pension Liability (Continued)

Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability Prior Measurement Date	0.0585650%	0.05631001%	
Proportion of the Net Pension Liability Current Measurement Date	<u>0.0615646%</u>	<u>0.05660054%</u>	
Change in Proportionate Share	<u>0.0029996%</u>	<u>0.0002905%</u>	
Proportionate Share of the Net Pension Liability	\$3,683,517	\$12,516,870	\$ 16,200,387

Actuarial Assumptions - SERS

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

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

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

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

A. Net Pension Liability (Continued)

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

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

The RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates is used to evaluate allowances to be paid. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement.

The most recent experience study was completed June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class.

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

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute.

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

A. Net Pension Liability (Continued)

Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$5,161,926	\$3,683,517	\$2,443,688

Actuarial Assumptions - STRS

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

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

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

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

A. Net Pension Liability (Continued)

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

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

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

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

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

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

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

A. Net Pension Liability (Continued)

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	\$18,292,010	\$12,516,870	\$7,627,917

B. School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit Age 65 with 5 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

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

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

The cost-of-living adjustment (COLA) is based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was the entire 14.00 percent. No allocation was made to the Health Care Fund.

The District's contractually required contribution to SERS was \$282,925 for fiscal year 2020.

C. State Teachers Retirement System (STRS)

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

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

Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years or service credit at any age.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12.0 of the 14.0 percent member rates goes to the DC Plan and the remaining 2.0 percent goes to the DB plan. Member contributions to the DC plan are allocated among investment choices by the member, and contributions to the DB plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

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

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

The District's contractually required contribution to STRS was \$958,927 for fiscal year 2020.

D. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2020, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 13: **DEFINED BENEFIT OPEB PLANS**

A. Net OPEB Liability/Asset

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

A. Net OPEB Liability/Asset (Continued)

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

B. School Employees Retirement System (SERS)

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

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

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

B. School Employees Retirement System (SERS) Continued

Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, there was no contribution made to health care. A health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600.

Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The surcharge is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$39,062 for fiscal year 2020.

C. State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

D. Net OPEB Liability/Asset

The net OPEB liability and net OPEB asset were measured as of June 30, 2019, and the total OPEB liability and asset used to calculate the net OPEB liability and net OPEB asset were determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability and net OPEB asset were based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.05916990%	0.05631001%	
Proportion of the Net OPEB Liability/asset			
Current Measurement Date	0.06301210%	0.05660054%	
Change in Proportionate Share	0.00384220%	0.00029053%	
Proportionate Share of the Net OPEB Liability/(asset)	\$ 1,584,623	\$ (937,440)	\$ 647,183

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.

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

D. Net OPEB Liability/Asset (Continued)

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

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.22 percent
Prior Measurement Date	3.70 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

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

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

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

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

D. Net OPEB Liability/Asset (Continued)

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

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

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

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

D. Net OPEB Liability/Asset (Continued)

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

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
District's proportionate share of the net OPEB liability	\$1,269,603	\$1,584,623	\$2,002,575

	1% Decrease (6.25 % decreasing to 3.75%)	Current Trend Rate (7.25 % decreasing to 4.75%)	1% Increase (8.25 % decreasing to 5.75%)
District's proportionate share of the net OPEB liability	\$1,923,430	\$1,584,623	\$1,315,229

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Payroll Increases	3 percent	
Discount Rate of Return	7.45 percent	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	5.87 percent	4.00 percent
Medicare	4.93 percent	4.00 percent
Prescription Drug		
Pre-Medicare	7.73 percent	
Medicare	9.62 percent	4.00 percent

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)

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

D. Net OPEB Liability/Asset (Continued)

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

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

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

Benefit Term Changes Since the Prior Measurement Date Claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984 per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

D. Net OPEB Liability/Asset (Continued)

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

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

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

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

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

D. Net OPEB Liability/Asset (Continued)

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net OPEB asset	\$779,538	\$937,440	\$1,018,751
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$1,012,584	\$937,440	\$804,836

NOTE 14: **DEBT**

The changes in the District's long-term obligations during fiscal year 2020 were as follows:

	Rate	7/1/2019	Additions	Reductions	6/30/2020	One Year
<u>General Long-Term Debt</u>						
General Obligation Bond						
2015 School Improvement						
Refunding Bond Serial	1.00-4.00%	\$ 9,140,000	\$ -	\$ 465,000	\$ 8,675,000	\$ 475,000
Total General Long-Term Debt		\$ 9,140,000	\$ -	\$ 465,000	\$ 8,675,000	\$ 475,000

General Obligation Bonds –

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

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

NOTE 14: DEBT (Continued)

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2020, were as follows:

Fiscal Year ending June 30	Principal	Interest	Total
2021	\$ 475,000	\$ 271,413	\$ 746,413
2022	480,000	261,863	741,863
2023	495,000	249,638	744,638
2024	505,000	236,531	741,531
2025	515,000	223,125	738,125
2026-2030	2,835,000	856,963	3,691,963
2031-2035	3,370,000	319,763	3,689,763
	\$ 8,675,000	\$ 2,419,296	\$ 11,094,296

NOTE 15: SET-ASIDE REQUIREMENTS

The District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in future years. The following cash basis information identifies the changes in the fund balance reserves for capital improvements during fiscal year 2020:

	Capital Acquisition
Set-aside balances as of June 30, 2019	\$ -
Current year set-aside requirements	240,819
Current year offsets	(417,735)
Qualifying disbursements	(211,732)
Total	\$ (388,648)

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

NOTE 16: CONTINGENCIES

A. Grants

The District received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2020, if applicable, cannot be determined at this time.

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

NOTE 16: **CONTINGENCIES** (Continued)

B. Litigation

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

C. State Foundation Funding

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school district, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2020 foundation funding for the District; therefore, the financial statement impact is not determinable at this time.

NOTE 17: **JOINTLY GOVERNED ORGANIZATIONS**

Western Ohio Computer Organization (WOCO) – The District is a participant in Western Ohio (WOCO), which is a computer consortium. WOCO is an association of public school districts in a geographic area. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of WOCO consists of 3 ESC Superintendents, 5 Superintendents (one from each county), 1 Treasurer, 1 EMIS Coordinator, and 1 Tech Director of member school districts. During fiscal year 2020, the District paid \$131,980 to WOCO. Financial information can be obtained from Donn Walls, who serves as Director, at 129 E. Court Street, Sidney, Ohio 45365.

Southwestern Ohio Educational Purchasing Council - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 255 school districts in 40 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are primarily made from the General Fund. During fiscal year 2020, the District paid a total of \$1,944,100 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

NOTE 18: **PUBLIC ENTITY RISK POOLS**

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

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

NOTE 19: **RELATED ORGANIZATON**

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

JAMES G. ZUPKA, C.P.A., INC.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Board of Education
Versailles Exempted Village School District
Versailles, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Versailles Exempted Village School District, Darke County, Ohio, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Versailles Exempted Village School District, Ohio's basic financial statements and have issued our report thereon dated October 15, 2020, wherein we noted that the Versailles Exempted Village School District, Ohio, uses a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Versailles Exempted Village School District, Ohio's internal control over financial reporting (internal control) to determine the 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 Versailles Exempted Village School District, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the Versailles Exempted Village School District, Ohio's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Versailles Exempted Village School District, Ohio'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as **Item 2020-001**.

Versailles Exempted Village School District Response to Finding

The Versailles Exempted Village School District, Ohio's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Versailles Exempted Village School District, Ohio's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Versailles Exempted Village School District, Ohio'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.

James G. Zupka,

CPA, President

James G. Zupka, CPA, Inc.

Certified Public Accountants

Digitally signed by James G. Zupka, CPA,
President
DN: cn=James G. Zupka, CPA, President, o=James
G. Zupka, CPA, Inc., ou=Accounting,
email=jgz@jgzcpa.com, c=US
Date: 2020.10.26 09:16:58 -04'00'

October 15, 2020

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
DARKE COUNTY OHIO
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2020**

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

Finding 2020-001 – Noncompliance Finding – Annual Financial Report

Condition/Criteria

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

Ohio Administrative Code Section 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. However, the District prepares its financial statements and notes following the cash basis of accounting. This is a comprehensive basis other than generally accepted accounting principles.

Effect

The accompanying financial statements and footnotes omit assets, liabilities, fund equities, and disclosures that, while material cannot be determined at this time. Pursuant to the Ohio Revised Code Section 117.38, the District may be fined and subject to various other administrative remedies for its failure to file the required financial report within the required time limits.

Recommendation

We recommend the District take the necessary steps to ensure the annual report is prepared in accordance with generally accepted accounting principles.

District Response

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

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT
 DARKE COUNTY OHIO
 SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
 JUNE 30, 2020**

The prior audit report, as of June 30, 2019, included a non-compliance finding.

Finding Number	Finding Summary	Status	Additional Information
2019-001	Failure to prepare financial statements in accordance with accounting principles generally accepted in the United States of America	Finding not corrected.	Reissued as Finding 2020-001

The prior audit report, as of June 30, 2019 included no management letter recommendations

OHIO AUDITOR OF STATE KEITH FABER



VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT

DARKE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/24/2020

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

This report is a matter of public record and is available online at
www.ohioauditor.gov