



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT  
DARKE COUNTY  
JUNE 30, 2024**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

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

#### ***Opinions***

We have audited the cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Versailles Exempted Village School District, Darke County, Ohio (the School District), as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Versailles Exempted Village School District, as of June 30, 2024, and the respective changes in cash basis financial position thereof and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with the cash basis of accounting described in Note 2.

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

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

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

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

***Emphasis of Matter***

As discussed in Note 19 to the financial statements, during 2024, the School District adopted new accounting guidance in Governmental Accounting Standards Board Statement (GASB) No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No.62*. Our opinion is not modified with respect to this matter.

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

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

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

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

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

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

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

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2025, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

May 23, 2025

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**Versailles Exempted Village School District**  
**Darke County, Ohio**  
***Statement of Net Position - Cash Basis***  
***June 30, 2024***

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 12,041,401	\$ 417,139	\$ 12,458,540
<b>NET POSITION:</b>			
Restricted for Capital Projects	1,136,275	-	1,136,275
Restricted for Debt Service	275,979	-	275,979
Restricted for Other Purposes	546,415	-	546,415
Unrestricted	<u>10,082,732</u>	<u>417,139</u>	<u>10,499,871</u>
<i>Total Net Position</i>	<u><i>\$ 12,041,401</i></u>	<u><i>417,139</i></u>	<u><i>12,458,540</i></u>

See accompanying notes to the basic financial statements

**Versailles Exempted Village School District**  
**Darke County, Ohio**  
**Statement of Activities - Cash Basis**  
**For the Fiscal Year Ended June 30, 2024**

	<b>Program Receipts</b>			<b>Net (Disbursement) Receipts and Changes in Net Position</b>		
	<b>Expenses</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Governmental Activities:</b>						
Instruction:						
Regular	\$ 8,662,781	\$ 25,839	\$ 69,182	\$ (8,567,760)	\$ -	\$ (8,567,760)
Special	1,951,790	-	987,953	(963,837)	-	(963,837)
Vocational	464,366	-	114,759	(349,607)	-	(349,607)
Support Services:						
Pupils	750,807	-	-	(750,807)	-	(750,807)
Instructional Staff	793,768	-	172,447	(621,321)	-	(621,321)
Board of Education	26,445	-	-	(26,445)	-	(26,445)
Administration	1,366,235	-	6,642	(1,359,593)	-	(1,359,593)
Fiscal	486,557	-	-	(486,557)	-	(486,557)
Business	15,672	-	-	(15,672)	-	(15,672)
Operation and Maintenance of Plant	1,908,375	13,618	4,975	(1,889,782)	-	(1,889,782)
Pupil Transportation	761,712	2,168	178,441	(581,103)	-	(581,103)
Central	1,135	-	-	(1,135)	-	(1,135)
Extracurricular Activities	1,308,539	589,776	113,701	(605,062)	-	(605,062)
Capital Outlay	4,786,253	-	171,506	(4,614,747)	-	(4,614,747)
Debt Service:						
Principal	786,559	-	-	(786,559)	-	(786,559)
Interest and Fiscal Charges	232,478	-	-	(232,478)	-	(232,478)
<b>Total Governmental Activities</b>	<b>24,303,472</b>	<b>631,401</b>	<b>1,819,606</b>	<b>(21,852,465)</b>	<b>-</b>	<b>(21,852,465)</b>
<b>Business-Type Activities:</b>						
Food Service	945,333	573,125	228,198	-	(144,010)	(144,010)
Preschool	-	29,520	-	-	29,520	29,520
<b>Total Business-Type Activities</b>	<b>945,333</b>	<b>602,645</b>	<b>228,198</b>	<b>-</b>	<b>(114,490)</b>	<b>(114,490)</b>
<b>Totals</b>	<b>\$ 25,248,805</b>	<b>\$ 1,234,046</b>	<b>\$ 2,047,804</b>	<b>(21,852,465)</b>	<b>(114,490)</b>	<b>(21,966,955)</b>
<b>General Receipts:</b>						
Taxes:						
Property Taxes, Levied for General Purposes				4,333,848	-	4,333,848
Property Taxes, Levied for Debt Service				423,966	-	423,966
Property Taxes, Levied for Capital Maintenance				64,031	-	64,031
Income Taxes				3,125,900	-	3,125,900
Payments in Lieu of Taxes				117,394	-	117,394
Grants and Entitlements not Restricted to Specific Programs				8,906,644	-	8,906,644
Gifts and Donations not Restricted to Specific Programs				22,365	-	22,365
Investment Earnings				631,308	15,744	647,052
Miscellaneous				67,397	124	67,521
<b>Total General Receipts</b>				<b>17,692,853</b>	<b>15,868</b>	<b>17,708,721</b>
<b>Change in Net Position</b>				<b>(4,159,612)</b>	<b>(98,622)</b>	<b>(4,258,234)</b>
<b>Net Position Beginning of Year</b>				<b>16,201,013</b>	<b>515,761</b>	<b>16,716,774</b>
<b>Net Position End of Year</b>				<b>\$ 12,041,401</b>	<b>\$ 417,139</b>	<b>\$ 12,458,540</b>

See accompanying notes to the basic financial statements

**Versailles Exempted Village School District**  
**Darke County, Ohio**  
***Statement of Assets and Fund Balances - Cash Basis***  
***Governmental Funds***  
***June 30, 2024***

	<u>General</u>	<u>Capital Projects</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 9,008,840	<u>\$ 1,136,275</u>	<u>\$ 1,896,286</u>	<u>\$ 12,041,401</u>
<b>FUND BALANCES:</b>				
Restricted	-	1,136,275	822,394	1,958,669
Committed	150,000	-	-	150,000
Assigned	883,214	-	1,078,892	1,962,106
Unassigned	7,975,626	-	(5,000)	7,970,626
<i>Total Fund Balances</i>	<u>\$ 9,008,840</u>	<u>\$ 1,136,275</u>	<u>\$ 1,896,286</u>	<u>\$ 12,041,401</u>

See accompanying notes to the basic financial statements

**Versailles Exempted Village School District**  
**Darke County, Ohio**  
**Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2024**

	General	(Formerly Major) Bond Retirement	Capital Projects	All Other Governmental Funds	Total Governmental Funds
<b>Receipts:</b>					
Property and Other Local Taxes	\$ 4,333,848	-	-	\$ 487,997	\$ 4,821,845
Income Tax	3,125,900	-	-	-	3,125,900
Intergovernmental	9,503,954	-	-	959,435	10,463,389
Interest	631,308	-	-	-	631,308
Tuition and Fees	25,099	-	-	-	25,099
Rent	13,618	-	-	-	13,618
Extracurricular Activities	11,112	-	-	545,623	556,735
Gifts and Donations	21,365	-	147,160	114,701	283,226
Payments in Lieu of Taxes	117,394	-	-	-	117,394
Miscellaneous	67,397	-	-	35,781	103,178
<i>Total Receipts</i>	<i>17,850,995</i>	<i>-</i>	<i>147,160</i>	<i>2,143,537</i>	<i>20,141,692</i>
<b>Disbursements:</b>					
Current:					
Instruction:					
Regular	8,615,551	-	-	47,230	8,662,781
Special	1,523,278	-	-	428,512	1,951,790
Vocational	459,345	-	-	5,021	464,366
Support Services:					
Pupils	750,807	-	-	-	750,807
Instructional Staff	586,784	-	99,405	107,579	793,768
Board of Education	26,445	-	-	-	26,445
Administration	1,350,097	-	-	16,138	1,366,235
Fiscal	477,135	-	-	9,422	486,557
Business	15,672	-	-	-	15,672
Operation and Maintenance of Plant	1,293,014	-	20,669	594,692	1,908,375
Pupil Transportation	633,797	-	-	127,915	761,712
Central	1,135	-	-	-	1,135
Extracurricular Activities	494,654	-	195,820	618,065	1,308,539
Capital Outlay	-	-	4,734,385	51,868	4,786,253
Debt Service:					
Principal	-	-	281,559	505,000	786,559
Interest	-	-	123,220	109,258	232,478
<i>Total Disbursements</i>	<i>16,227,714</i>	<i>-</i>	<i>5,455,058</i>	<i>2,620,700</i>	<i>24,303,472</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>1,623,281</i>	<i>-</i>	<i>(5,307,898)</i>	<i>(477,163)</i>	<i>(4,161,780)</i>
<b>OTHER FINANCING SOURCES AND USES:</b>					
Transfers In	-	-	868,779	400,000	1,268,779
Advances In	66,100	-	-	66,100	132,200
Proceeds from Sale of Capital Assets	2,168	-	-	-	2,168
Transfers Out	(1,268,779)	-	-	-	(1,268,779)
Advances Out	(66,100)	-	-	(66,100)	(132,200)
<i>Total Other Financing Sources and Uses</i>	<i>(1,266,611)</i>	<i>-</i>	<i>868,779</i>	<i>400,000</i>	<i>2,168</i>
<i>Net Change in Fund Balances</i>	<i>356,670</i>	<i>-</i>	<i>(4,439,119)</i>	<i>(77,163)</i>	<i>(4,159,612)</i>
<i>Fund balances as previously reported</i>	<i>8,652,170</i>	<i>425,708</i>	<i>5,575,394</i>	<i>1,547,741</i>	<i>16,201,013</i>
<i>Adjustment - changes in major fund to nonmajor fund</i>	<i>-</i>	<i>(425,708)</i>	<i>-</i>	<i>425,708</i>	<i>-</i>
<i>Fund balances at beginning of year, as adjusted</i>	<i>8,652,170</i>	<i>-</i>	<i>5,575,394</i>	<i>1,973,449</i>	<i>16,201,013</i>
<i>Fund Balances at End of Year</i>	<i>\$ 9,008,840</i>	<i>\$ -</i>	<i>\$ 1,136,275</i>	<i>\$ 1,896,286</i>	<i>\$ 12,041,401</i>

See accompanying notes to the basic financial statements

**Versailles Exempted Village School District**  
**Darke County, Ohio**  
**Statement of Receipts, Disbursements and Changes**  
**In Fund Balance - Budget (Budgetary Basis) and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2024**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>RECEIPTS:</b>				
Property and Other Local Taxes	\$ 3,770,456	\$ 3,770,456	\$ 4,333,848	\$ 563,392
Income Tax	2,660,356	2,660,356	3,125,900	465,544
Intergovernmental	9,382,717	9,382,717	9,503,954	121,237
Interest	558,149	558,149	631,308	73,159
Tuition and Fees	22,735	22,735	22,772	37
Rent	10,323	10,323	13,618	3,295
Gifts and Donations	1,742	1,742	13,633	11,891
Miscellaneous	170,349	170,349	138,310	(32,039)
<b>Total Receipts</b>	<b>16,576,827</b>	<b>16,576,827</b>	<b>17,783,343</b>	<b>1,206,516</b>
<b>DISBURSEMENTS:</b>				
Current:				
Instruction:				
Regular	8,337,241	8,478,565	8,740,067	(261,502)
Special	1,651,475	1,670,422	1,560,263	110,159
Vocational	449,212	436,601	470,232	(33,631)
Support Services:				
Pupils	1,045,011	1,045,010	998,494	46,516
Instructional Staff	1,044,891	970,196	666,509	303,687
Board of Education	46,740	46,740	29,998	16,742
Administration	2,247,280	2,248,913	1,451,152	797,761
Fiscal	542,598	542,599	492,068	50,531
Business	902,157	247,557	21,649	225,908
Operation and Maintenance of Plant	1,452,722	1,452,724	1,395,729	56,995
Pupil Transportation	748,257	788,257	688,423	99,834
Central	12	12	1,392	(1,380)
Extracurricular Activities:				
Academic Oriented Activities	9,875	9,875	40,323	(30,448)
Sport Oriented Activities	390,938	390,937	456,213	(65,276)
<b>Total Disbursements</b>	<b>18,868,409</b>	<b>18,328,408</b>	<b>17,012,512</b>	<b>1,315,896</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>(2,291,582)</b>	<b>(1,751,581)</b>	<b>770,831</b>	<b>2,522,412</b>
<b>OTHER FINANCING SOURCES AND USES:</b>				
Advances In	-	-	66,100	66,100
Proceeds from Sale of Capital Assets	-	-	900	900
Refund of Prior Year Expenditures	9,315	9,315	43,313	33,998
Transfers Out	(1,268,779)	(1,418,779)	(1,418,779)	-
Advances Out	(468,000)	(66,100)	(66,100)	-
<b>Total Other Financing Sources and Uses</b>	<b>(1,727,464)</b>	<b>(1,475,564)</b>	<b>(1,374,566)</b>	<b>100,998</b>
<b>Net Change in Fund Balances</b>	<b>(4,019,046)</b>	<b>(3,227,145)</b>	<b>(603,735)</b>	<b>2,623,410</b>
<b>Fund Balance (Deficit) at Beginning of Year - Restated</b>	<b>8,182,681</b>	<b>8,182,681</b>	<b>8,182,681</b>	<b>-</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>385,882</b>	<b>385,882</b>	<b>385,882</b>	<b>-</b>
<b>Fund Balance (Deficit) at End of Year</b>	<b>\$ 4,549,517</b>	<b>\$ 5,341,418</b>	<b>\$ 7,964,828</b>	<b>\$ 2,623,410</b>

See accompanying notes to the financial statements

**Versailles Exempted Village School District**  
**Darke County, Ohio**  
***Statement of Fund Net Position - Cash Basis***  
***Proprietary Funds***  
***June 30, 2024***

**All Other Enterprise Funds**

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**ASSETS:**

Equity in Pooled Cash and Cash Equivalents	\$ 417,139
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**NET POSITION:**

Unrestricted	\$ 417,139
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See accompanying notes to the basic financial statements

**Versailles Exempted Village School District**  
**Darke County, Ohio**  
***Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis***  
***Proprietary Funds***  
***For the Fiscal Year Ended June 30, 2024***

	<b>All Other Enterprise Funds</b>
<b>OPERATING RECEIPTS:</b>	
Tuition	\$ 29,520
Sales	573,125
Other	52
<i>Total Operating Receipts</i>	<hr/> <hr/> 602,697
<b>OPERATING DISBURSEMENTS:</b>	
Salaries	305,470
Fringe Benefits	162,510
Purchased Services	79,029
Materials and Supplies	397,854
Other	470
<i>Total Operating Disbursements</i>	<hr/> <hr/> 945,333
<i>Operating Loss</i>	<hr/> <hr/> (342,636)
<b>NON-OPERATING RECEIPTS:</b>	
Interest	15,744
Federal and State Subsidies	228,198
Refund of Prior Year Expense	72
<i>Total Non-Operating Receipts</i>	<hr/> <hr/> 244,014
<i>Net Change in Net Position</i>	<hr/> <hr/> (98,622)
<i>Net Position at Beginning of Year</i>	515,761
<i>Net Position at End of Year</i>	<hr/> <hr/> \$ 417,139

See accompanying notes to the basic financial statements

## **Versailles Exempted Village School District**

### **Darke County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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

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

The School District was established through the consolidation of existing land areas and school districts. The School 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 Townships. The Board of Education controls the School District’s instructional building and administrative building that are staffed by 74 classified employees and 95 certificated full-time personnel. The School District’s average daily membership (ADM) for fiscal year 2024 was 656.32.

#### ***A. Primary Government***

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

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

The School District participates in two jointly governed organizations, one related organization and two insurance purchasing pools. Note 12 to the basic financial statements provides additional information for these entities. These organizations are:

##### **Jointly Governed Organizations:**

- Western Ohio Computer Organization
- Southwestern Ohio Educational Purchasing Council (SOEPC)

##### **Related Organization:**

- Worch Memorial Library

##### **Insurance Purchasing Pools:**

- SOEPC Workers’ Compensation Group Rating Plan
- SOEPC Medical Benefits Plan

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

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

# **Versailles Exempted Village School District**

**Darke County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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## ***A. Basis of Presentation***

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

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

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

The statement of net position presents the cash balance of the governmental and business-type activities of the School District at fiscal year-end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental 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 School District's general receipts.

### ***Fund Financial Statements:***

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental 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.

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.

## **Versailles Exempted Village School District**

**Darke County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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### ***B. Fund Accounting***

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

#### **Governmental Funds**

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

The following are the School 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.

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

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

#### **Proprietary Funds**

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

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

### ***C. Basis of Accounting***

Although the Ohio Administrative Code § 117-2-03(B) requires that the School District's financial report to follow generally accepted accounting principles, the School District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. This is a comprehensive basis of accounting other than generally accepted accounting principles.

## **Versailles Exempted Village School District**

### **Darke County, Ohio**

#### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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.

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

To improve cash management, cash received by the School District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

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

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

During fiscal year 2024, the School District invested funds in STAR Ohio, US Government money market mutual funds, US Agency Notes, Commercial Paper, US Treasury Bills and US Treasury Notes.

During fiscal year 2024, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized costs basis that provides an NAV per share that approximates fair value. For fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transactions to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

## **Versailles Exempted Village School District**

### **Darke County, Ohio**

#### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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Following Ohio statutes, the Board of Education specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2024 was \$631,308, including \$15,744 assigned from other School District funds.

#### ***E. Inventory and Prepaid Items***

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

#### ***F. Capital Assets***

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

#### ***G. Interfund Receivables/Payables***

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

#### ***H. Compensated Absences***

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

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

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

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

#### ***J. Long-term Obligations***

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash-basis of accounting. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease or financed purchase transaction is not the result of a cash transaction,

## **Versailles Exempted Village School District**

**Darke County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments and financed purchase payments are reported when paid.

### **K. Leases**

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

### **L. Subscription Based Information Technology Arrangements (SBITAs)**

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

### **M. Fund Balance**

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

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

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

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

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

## **Versailles Exempted Village School District**

### **Darke County, Ohio**

#### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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

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

#### ***N. Net Position***

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

Net position restricted for other purposes include resources for classroom facilities maintenance, music and athletic programs, and federal and state grants restricted to cash disbursement for specified purposes. The School District first applies restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

#### ***O. Interfund Transactions***

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

#### ***P. Budgetary Data***

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

## **Versailles Exempted Village School District**

**Darke County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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

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

### **Note 3 - Deposits and Investments**

#### ***Investment Policies***

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts including but not limited to passbook accounts.

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

Interim monies are to be deposited or invested in the following securities:

**Versailles Exempted Village School District**

**Darke County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40% of the interim monies available for investment at any one time if training requirements have been met.

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

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

# Versailles Exempted Village School District

## Darke County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

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At fiscal year end, the School District had \$400 in undeposited cash on hand which is included on the financial statements of the School 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 School District will not be able to recover deposits or collateral securities that are in possession of an outside party. The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by (1) eligible securities pledged to and deposited with either the School District or a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of deposits being secured (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of the State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of the State. During fiscal year 2024, the School District financial institution did participate in the OPCS. The financial institution was approved for a reduced collateral rate of 102% through the OPCS.

At fiscal year-end, the carrying amount of the School District's deposits was \$471,803 and the bank balance was \$522,887. The bank balance is insured by the FDIC or collateralized through OPCS.

### ***Investments***

As of June 30, 2024, the School District had the following investments and maturities:

Investment Type	Carrying Value	Investment Maturity (in Years)		
		Less than one year	One - Two Years	Greater than two years
FHLB	\$ 624,875	\$ 125,000	\$ 499,875	\$ -
FNMA	355,000	-	355,000	-
FFCB	647,357	-	-	647,357
FHLM	514,764	200,000	314,764	-
Commercial Paper	1,035,520	1,035,520	-	-
US Treasury Bills	571,610	571,610	-	-
US Treasury Notes	567,105	169,668	-	397,437
First American Government Obligations Fund	12,316	12,316	-	-
STAR Ohio	7,657,790	7,657,790	-	-
<b>Total Investments</b>	<b>11,986,337</b>	<b>\$ 9,771,904</b>	<b>\$ 1,169,639</b>	<b>\$ 1,044,794</b>
Carrying Amount of Deposits	471,803			
Petty Cash	400			
<b>Total</b>	<b>\$ 12,458,540</b>			

## **Versailles Exempted Village School District**

### **Darke County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

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

*Credit Risk* – State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District’s investment policy does not further limit its investment choices. Standard & Poor’s rates the School District’s investment in STAR Ohio and the First American Government money market fund AAAm. Standard & Poor’s rates the federal agency notes AA+, the Commercial Paper A-1, the US Treasury Bills A-1+ and the US Treasury Notes AA+.

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

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

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

FHLB	5.21%
FNMA	2.96%
FFCB	5.40%
FHLM	4.30%
Commercial Paper	8.64%
US Treasury Bills	4.77%
US Treasury Notes	4.73%
First American Government Obligations Fund	0.10%
STAR Ohio	63.89%
	<hr/>
	100.00%

# Versailles Exempted Village School District

Darke County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

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## **Note 4 - Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2024 represents collections of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State law at 35% of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2024 represents collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien December 31, 2022, were levied after April 1, 2023 and are collected with real property taxes. Public utility real property is assessed at 35% of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Darke and Shelby counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024, are available to finance fiscal year 2024 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2024 taxes were collected are:

	2023 Second-Half Collections		2024 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$204,947,370	98.53 %	\$264,304,380	98.72 %
Public Utility Personal	3,053,910	1.47 %	3,416,370	1.28%
Total	<u>\$208,001,280</u>	<u>100.00 %</u>	<u>\$267,720,750</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$39.00		\$40.60	

## **Versailles Exempted Village School District**

### **Darke County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

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The School District had property tax abatements with various entities that resulted in total taxes abated in the amount \$276,824 during fiscal year 2024.

#### **Note 5 - Income Tax**

Effective January 1, 2013, the School 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 School District after withholding amounts for administrative fees and estimated refunds. This levy was renewed in 2020. Income tax revenue credited to the General Fund in fiscal year 2024 is \$3,125,900.

#### **Note 6 - Risk Management**

##### ***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2024, the School District contracted with Phelan Insurance Agency for the following coverage:

Coverage provided is as follows:

Building and Contents – replacement cost (\$2,500 deductible)	\$85,303,627
Boiler & Machinery (\$10,000 deductible)	250,000,000
Crime (\$1,000 deductible)	250,000
Automobile Liability (per occurrence, \$1,000 deductible)	1,000,000
Medical Payments Occurrence/Aggregate	5,000
General Liability:	
Occurrence	1,000,000
Aggregate	2,000,000
Employee Benefit Liability (\$1,000 deductible)	
Occurrence	1,000,000
Aggregate	3,000,000
Stop Gap/Employers Liability	
Occurrence	1,000,000
Aggregate	1,000,000
School Leaders E&O (\$2,500 deductible)	
Occurrence	1,000,000
Aggregate	1,000,000
Umbrella Policy/Excess Liability	2,000,000
Sexual Misconduct & Molestation	
Per Insured Person (\$2,500 deductible)	1,000,000
Incident Aggregate	1,000,000
Cyber	250,000

## **Versailles Exempted Village School District**

### **Darke County, Ohio**

#### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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

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

Effective June 1, 2005, the School District joined the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP), an insurance purchasing pool (Note 12). The intent of the MBP is to achieve the benefit of reduced health insurance premiums for the School District by virtue of its grouping and representation with other participants in the MBP. The health insurance experience of the participating school districts is calculated and a premium rate is applied to all school districts in the MBP. Each participant pays its health insurance premiums to 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 School District also purchases its dental and vision insurance in the purchasing pool agreements with the Southwestern Ohio Educational Purchasing Council.

#### ***C. Workers' Compensation***

For fiscal year 2024, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 12). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting provides administrative, cost control and actuarial services to the GRP.

#### **Note 7 - Defined Benefit Pension Plans**

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

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

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

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

## **Versailles Exempted Village School District**

**Darke County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium.

State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset).

Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

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

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

Age and service requirements for retirement are as follows:

## **Versailles Exempted Village School District**

**Darke County, Ohio**

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. In 2023, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2024.

**Funding Policy –** Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% 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% for plan members and 14% 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, 2024, the allocation to the Pension Trust Fund, Death Benefits Fund, and Medicare B Fund was 14%; 0% was allocated to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$358,927 for fiscal year 2024.

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

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

## **Versailles Exempted Village School District**

### **Darke County, Ohio**

#### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

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 of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91 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 CO Plan offers features of both the DB Plan and the DC Plan. In the CO Plan, 12% of the 14% member rate is deposited into the member's DC account and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the CO Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

New members who choose the DC Plan or CO 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 Ohio plan. The optional annuitization of a member's defined contribution account or the defined

**Versailles Exempted Village School District**  
**Darke County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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contribution portion of a member's CO Plan account to a lifetime benefit results in STRS Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options in the GASB 68 schedules of employer allocations and pension amounts by employer.

A DB or CO Plan member with five or more years of credited service, who is determined to be disabled, may qualify for a disability benefit. New members on or after July 1, 2013 must have at least 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**Funding Policy – Employer and member contribution rates** are established by the Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2024 employer and member contribution rates of 14% was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$1,050,530 fiscal year 2024.

***Net Pension Liability***

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net Pension Liability			
Prior Measurement Date	0.06342240%	0.05482740%	
Current Measurement Date	0.06122910%	0.05401837%	
Change in Proportionate Share	<u>-0.00219330%</u>	<u>-0.00080903%</u>	
Proportionate Share of the Net Pension Liability	\$3,383,224	\$11,632,822	\$15,016,046

***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.

# **Versailles Exempted Village School District**

## **Darke County, Ohio**

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023, are presented below:

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

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

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

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

# Versailles Exempted Village School District

Darke County, Ohio

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For the Fiscal Year Ended June 30, 2024*

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	0.75%
US Equity	24.75%	4.82%
Non-US Equity Developed	13.50%	5.19%
Non-US Equity Emerging	6.75%	5.98%
Fixed Income/Global Bonds	19.00%	2.24%
Private Equity	12.00%	7.49%
Real Estate/Real Assets	17.00%	3.70%
Private Debt/Private Credit	5.00%	5.64%
Total	<u>100.00%</u>	

**Discount Rate** The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2023 was 14 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

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

	1% Decrease	Current	1% Increase
	Discount Rate		
School District's proportionate share of the net pension liability	\$4,993,464	\$3,383,224	\$2,026,902

## ***Actuarial Assumptions - STRS***

Key methods and assumptions used in the June 30, 2023, actuarial valuation are presented below:

**Versailles Exempted Village School District****Darke County, Ohio***Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2024*

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Inflation	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on service
Investment Rate of Return	7.00 percent, net of investment expenses
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00%	6.60%
International Equity	22.00%	6.80%
Alternatives	19.00%	7.38%
Fixed Income	22.00%	1.75%
Real Estate	10.00%	5.75%
Liquidity Reserves	1.00%	1.00%
<b>Total</b>	<b>100.00%</b>	

# Versailles Exempted Village School District

Darke County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

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

**Discount Rate** The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$17,888,698	\$11,632,822	\$6,342,057

**Changes Between Measurement Date and Reporting Date** – The discount rate remained at 7.00% for June 30, 2023 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

## Note 8 – Defined Benefit OPEB Plans

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

### **A. School Employees Retirement System**

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certified 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

## **Versailles Exempted Village School District**

**Darke County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1981, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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

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

**Funding Policy** - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School District's surcharge obligation was \$43,122.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$43,122 for fiscal year 2024.

# **Versailles Exempted Village School District**

## **Darke County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

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### ***B. State Teachers Retirement System (STRS)***

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

### ***Net OPEB Liability (Asset)***

The net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability/(asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset)			
Prior Measurement Date	0.0649972%	0.05482740%	
Current Measurement Date	0.0629645%	0.05401837%	
Change in Proportionate Share	-0.0020327%	-0.00080903%	
Proportionate Share of the Net OPEB Liability (Asset)			
Liability (Asset)	\$1,037,306	(\$1,050,583)	(\$13,277)

## **Versailles Exempted Village School District**

### **Darke County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

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#### ***Actuarial Assumptions - SERS***

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023, compared with June 30, 2022, are presented below:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Inflation	2.40%	2.40%
Projected salary increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Municipal bond index rate	3.86%	3.69%
Single Equivalent interest rate, net of plan investment expense, including inflation price	4.27%	4.08%
Health Care Cost Trend Rate	6.75 to 4.40%	7.00 to 4.40%

## Versailles Exempted Village School District

Darke County, Ohio

*Notes to the Basic Financial Statements  
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**Healthy Retirees** - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.

**Disabled Retirees** - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

**Contingent Survivors** - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

**Actives** - PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial 5-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

# Versailles Exempted Village School District

Darke County, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	0.75%
US Equity	24.75%	4.82%
Non-US Equity Developed	13.50%	5.19%
Non-US Equity Emerging	6.75%	5.98%
Fixed Income/Global Bonds	19.00%	2.24%
Private Equity	12.00%	7.49%
Real Estate/Real Assets	17.00%	3.70%
Private Debt/Private Credit	5.00%	5.64%
<b>Total</b>	<b><u>100.00%</u></b>	

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27%. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022 and the June 30, 2023 total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86% at June 20, 2023 and 3.69% at June 30, 2022.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$1,325,973	\$1,037,306	\$809,679

# Versailles Exempted Village School District

Darke County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

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	1% Decrease	Current	1% Increase
	Discount Rate		
School District's proportionate share of the net OPEB liability	\$762,073	\$1,037,306	\$1,402,027

### ***Actuarial Assumptions - STRS***

Key methods and assumptions used in the June 30, 2023, actuarial valuation, compared with the June 30, 2022 actuarial valuation are presented below:

	June 30, 2023		June 30, 2022	
	Initial	Ultimate	Initial	Ultimate
Projected salary increases	Varies by service from 2.50% to 8.50%		Varies by service from 2.50% to 8.50%	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Discount rate of return	7.00%		7.00%	
Payroll increases	3.00%		3.00%	
Health care cost trends				
Medical				
Pre-Medicare	7.50%	4.14%	7.50%	3.94%
Medicare	-10.94%	4.14%	-68.78%	3.94%
Prescription Drug				
Pre-Medicare	-11.95%	4.14%	9.00%	3.94%
Medicare	1.33%	4.14%	-5.47%	3.94%

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

For June 30, 2023, actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub- 2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

# Versailles Exempted Village School District

## Darke County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

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based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

**Assumption Changes Since the Prior Measurement Date** - The discount rate remained unchanged at 7.00% for the June 30, 2023 valuation.

**Benefit Term Changes Since the Prior Measurement Date** - Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based.

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00%	6.60%
International Equity	22.00%	6.80%
Alternatives	19.00%	7.38%
Fixed Income	22.00%	1.75%
Real Estate	10.00%	5.75%
Liquidity Reserves	1.00%	1.00%
Total	<b>100.00%</b>	

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

\*\*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of 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 OPEB liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

# Versailles Exempted Village School District

Darke County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate** - The following table represents the School District's proportionate share of the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the School District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	Current		
	1% Decrease	Discount Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	(\$889,181)	(\$1,050,583)	(\$1,191,147)
	1% Decrease In Trend Rate	Current Trend Rate	1% Increase in Trend Rate
School District's proportionate share of the net OPEB (asset)	(\$1,197,669)	(\$1,050,583)	(\$873,419)

## **Note 9 – Debt**

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

	Amount	Additions	Deletions	Amount	Amount
	Outstanding 6/30/2023			Outstanding 6/30/2024	Due in One Year
<b>Governmental Activities</b>					
2015 School Improvement Refunding Bond Serial 1.00-4.00%	\$ 505,000	\$ 0	(\$505,000)	\$ 0	\$ 0
2021 School Improvement Refunding Bond Serial 3.00-4.00%	5,620,000	0	-	5,620,000	470,000
Direct Borrowing - Financed Purchase Payable 2.75%	<u>4,538,384</u>	<u>0</u>	<u>(281,559)</u>	<u>4,256,825</u>	<u>289,686</u>
<b>Total Debt</b>	<b><u>\$ 10,663,384</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ (786,559)</u></b>	<b><u>\$ 9,876,825</u></b>	<b><u>\$ 759,686</u></b>

## **General Obligation Bonds**

On December 8, 2015 the School 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

## Versailles Exempted Village School District

### Darke County, Ohio

#### Notes to the Basic Financial Statements

#### For the Fiscal Year Ended June 30, 2024

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(including premium) was received to pay off old debt. The final payment was made on the bonds in fiscal year 2024.

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

#### Financed Purchase

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

At June 30, 2024, the School District's overall legal debt margin was \$14,494,023, an energy conservation debt margin of \$2,409,487 with an un-voted debt margin of \$267,721.

Principal and interest requirements to retire long-term liabilities outstanding at June 30, 2024, are as follows:

Fiscal Year Ending	General Obligation Bonds			Financed Purchase Payable		
	Principal	Interest	Total	Principal	Interest	Total
June 30, 2025	\$ 470,000	\$ 101,109	\$ 571,109	\$ 289,686	\$ 115,092	\$ 404,778
2026	475,000	95,602	570,602	297,708	107,071	404,779
2027	485,000	89,094	574,094	305,951	98,828	404,779
2028	490,000	81,657	571,657	314,181	90,598	404,779
2029	500,000	73,363	573,363	323,122	81,657	404,779
2030-2034	2,635,000	215,639	2,850,639	1,754,721	269,172	2,023,893
2035-2037	565,000	6,724	571,724	971,457	40,489	1,011,946
Total	<u>\$ 5,620,000</u>	<u>\$ 663,188</u>	<u>\$6,283,188</u>	<u>\$4,256,826</u>	<u>\$ 802,907</u>	<u>\$ 5,059,733</u>

#### Note 10 – Fund Balance

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

**Versailles Exempted Village School District**

**Darke County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

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

Fund Balance	General	Capital Projects	Other	Total
			Governmental Funds	Governmental Funds
Restricted for:				
Debt Service	\$ -	\$ -	\$ 275,979	\$ 275,979
Classroom Facilities Maintenance	-	-	98,024	98,024
Athletics	-	-	288,534	288,534
Student Activities	-	-	159,857	159,857
Capital Projects	-	1,136,275	-	1,136,275
<b>Total Restricted</b>	<b>-</b>	<b>1,136,275</b>	<b>822,394</b>	<b>1,958,669</b>
Committed to:				
Termination Benefits	150,000	-	-	150,000
<b>Total Committed</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>150,000</b>
Assigned for:				
Capital Projects	-	-	1,078,892	1,078,892
Unpaid Obligations	810,090	-	-	810,090
Public School Support	73,124	-	-	73,124
<b>Total Assigned</b>	<b>883,214</b>	<b>-</b>	<b>1,078,892</b>	<b>1,962,106</b>
Unassigned	7,975,626	-	(5,000)	7,970,626
<b>Total Fund Balance</b>	<b>\$ 9,008,840</b>	<b>\$ 1,136,275</b>	<b>\$ 1,896,286</b>	<b>\$ 12,041,401</b>

**Note 11 - Set-Aside Calculations**

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

# Versailles Exempted Village School District

## Darke County, Ohio

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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	Capital Acquisitions
Set-aside Reserve Balance as of June 30, 2023	\$0
Current Year Set-aside Requirement	274,167
Current Year Offsets	(6,321)
Qualifying Disbursements	<u>(267,846)</u>
Totals	<u><u>\$0</u></u>
Set-aside Balances Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>

### **Note 12 - Jointly Governed Organizations, Related Organization and Insurance Purchasing Pools**

#### ***A. Jointly Governed Organizations***

*Western Ohio Computer Organization (WOCO)* – The School District is a participant in Western Ohio Computer Organization (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 2024, the School District paid \$279,155 to WOCO. Financial information can be obtained from Donn Walls, who serves as Director, at 129 E. Court Street, Sidney, Ohio 45365.

*Southwestern Ohio Educational Purchasing Council* - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of over 130 school districts and board of development disabilities in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One-year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are primarily made from the General Fund. During fiscal year 2024, the School District paid a total of \$2,797,841 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.

#### ***B. Related Organization***

*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 School

## **Versailles Exempted Village School District**

**Darke County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Worch Memorial Library, Curtis Schafer, Director at 790 S Center Street, Versailles, Ohio 45380.

### ***C. Insurance Purchasing Pools***

*Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan* - The School 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 Board consisting of the Chairperson, the Vice-Chairperson and nine other members elected by the member school districts. The Executive Director of the GRP serves as the coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP which is included in their annual premium to cover the costs of administering the program.

*Southwestern Ohio Educational Purchasing Council Medical Benefits Plan* – The School District participates in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP). The MBP's business and affairs are conducted by the Benefits Plan Administrator and governed by an eleven-member Executive Board elected by the member school districts. Each member school district designates a voting representative to the Southwestern Ohio Educational Purchasing Council. Each fiscal year, the participating school districts pay an administrative fee which is included in their annual premium to the MBP to cover the costs of administering the program. The district also purchases its dental and vision insurance in the purchasing pool agreements with the Southwestern Ohio Educational Purchasing Council.

### **Note 13 - Contingencies**

#### ***A. Grants***

The School District receives financial assistance from federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2024.

#### ***B. Litigation***

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

#### ***C. State Foundation Funding***

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to

## **Versailles Exempted Village School District**

### **Darke County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

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adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. These reviews have been finalized and resulted in no significant adjustments that would impact the School District.

#### **Note 14 – Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations and changes in fund balance on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget (Budgetary Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and cash basis is

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

Cash Basis	\$	356,670
Encumbrances		(810,090)
Perspective Differences		<u>(150,315)</u>
Budgetary Basis	\$	<u><u>(603,735)</u></u>

#### **Note 15 – Compliance**

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

#### **Note 16 – Contractual Commitments**

At June 30, 2024, the School District had the following outstanding commitments.

## **Versailles Exempted Village School District**

### **Darke County, Ohio**

#### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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Vendor	Amount
Western Ohio Therapy	\$ 182,854
Speech Pathology Services	64,826
Rush Truck Centers of Ohio Inc	130,000
Benchmark Education Company LLC	57,582
Slagle Mechanical Contractors Inc	346,855

#### **Note 17 - Transfers**

During fiscal year 2024, the General Fund transferred \$868,779 to the Capital Projects fund for the building expansion project and to make financed purchase payments.

In addition, the School District transferred \$400,000 from the General Fund to the Permanent Improvement fund for future improvement projects.

#### **Note 18 – Deficit Fund Balance**

The Title IV, Part A, Student Support and Academic Enrichment Programs Fund had a deficit fund balance of \$5,000 at June 30, 2024. The deficit will be eliminated in fiscal year 2025 when grant dollars are received.

#### **Note 19 – Change in Accounting Principles**

For fiscal year 2024, the School District has implemented certain paragraphs of GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "Omnibus 2022", GASB Statement No. 100, "Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62" and Implementation Guide No. 2023-1.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the School District.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the School District.

**Versailles Exempted Village School District**

**Darke County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. These financial statements reflect the movement of the bond retirement fund to a nonmajor fund from major fund as previously reported on the financial statements.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the School District.

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT  
DARKE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> <b>Program / Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster:			
National School Lunch Program	10.555	\$169,828	\$72,869
COVID-19 National School Lunch Program	10.555	38,360	
Total Child Nutrition Cluster		208,188	72,869
<b>Total U.S. Department of Agriculture</b>		<b>208,188</b>	<b>72,869</b>
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
<i>Passed Through Ohio Facilities Construction Commission</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	300,000	
Total U.S. Department of the Treasury		300,000	
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education and Workforce</i>			
Title I Grants to Local Educational Agencies	84.010	110,880	
Special Education Cluster:			
Special Education Grants to States	84.027	254,341	
Special Education Preschool Grants	84.173	5,740	
Total Special Education Cluster		260,081	
Student Support and Academic Enrichment Program	84.424	5,000	
COVID-19 Education Stabilization Fund	84.425U	284,785	
Total U.S. Department of Education		660,746	
<b>Total Expenditures of Federal Awards</b>		<b>\$1,168,934</b>	<b>\$72,869</b>

*The accompanying notes are an integral part of this schedule.*

**VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR § 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Versailles Exempted Village School District (the School District) under programs of the federal government for the fiscal year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

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

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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



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

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

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Versailles Exempted Village School District, Darke County, Ohio (the School District) as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated May 23, 2025, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles. We also noted the School District adopted new accounting guidance in Governmental Accounting Standards Board Statement (GASB) No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*.

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

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

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

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

Versailles Exempted Village School District  
Darke County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2024-001.

***School District's Response to Finding***

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

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

May 23, 2025



65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

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

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

To the Board of Education:

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

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

We have audited Versailles Exempted Village School District's, Darke County, (the School District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Versailles Exempted Village School District's major federal programs for the fiscal year ended June 30, 2024. Versailles Exempted Village School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Versailles Exempted Village School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

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

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

Versailles Exempted Village School District

Darke County

Independent Auditor's Report on Compliance with Requirements

Applicable to Each Major Federal Program and on Internal Control Over Compliance

Required by the Uniform Guidance

Page 2

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

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

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

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

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

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

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

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

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

Versailles Exempted Village School District

Darke County

Independent Auditor's Report on Compliance with Requirements

Applicable to Each Major Federal Program and on Internal Control Over Compliance

Required by the Uniform Guidance

Page 3

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

May 23, 2025

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VERSAILLES EXEMPTED VILLAGE SCHOOL DISTRICT  
DARKE COUNTY

SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2024

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	COVID-19 Coronavirus State and Local Fiscal Recovery Funds (AL #21.027)  Special Education Cluster
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2024-001

**Noncompliance**

**Ohio Rev. Code § 117.38** provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

**FINDING NUMBER 2024-001**  
**(Continued)**

**Ohio Admin. Code 117-2-03(B)**, requires the School District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

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

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

**Officials' Response:** The School District intends to continue to prepare cash statements in order to save money.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**None**



# Versailles

## EXEMPTED VILLAGE SCHOOLS

David Harmon, Superintendent  
[david.harmon@vtigers.org](mailto:david.harmon@vtigers.org)

459 S. Center St.  
Versailles, OH 45380  
(P) 937-526-4773  
(F) 937-526-5745  
[www.versailles.k12.oh.us](http://www.versailles.k12.oh.us)

Lori Koch, Interim Treasurer  
[lori.koch@vtigers.org](mailto:lori.koch@vtigers.org)

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

JUNE 30, 2024

Finding Number	Finding Summary	Status	Additional Information
2023-001	Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(B) – The School District did not file an annual financial report prepared in accordance, with generally accepted accounting principles (GAAP)	Not Corrected	The School Districts intends to continue prepare cash statements in order to save money. Comment repeated as Finding 2024-001
2023-002	Material Weakness - Recording of Financial Activity and Accuracy of Reporting. This finding described material errors that were identified and adjusted on the School District's June 30, 2023 financial statements. In addition, described a fund balance adjustment made within the School District's accounting system.	Corrected	Errors related to the fiscal year 2023 financial statements were corrected.

### Board of Education

Jake Broering, President \* Jerry Shardo, Vice-President \* Matt Magoto \* Christy Prakel \* Steve Ruhenkamp



# Versailles

## EXEMPTED VILLAGE SCHOOLS

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David Harmon, Superintendent  
[david.harmon@vtigers.org](mailto:david.harmon@vtigers.org)

459 S. Center St.  
Versailles, OH 45380  
(P) 937-526-4773  
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[www.versailles.k12.oh.us](http://www.versailles.k12.oh.us)

Lori Koch, Interim Treasurer  
[lori.koch@vtigers.org](mailto:lori.koch@vtigers.org)

### CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)  
JUNE 30, 2024

**Finding Number:** 2024-001

**Planned Corrective Action:** The School District intends to continue to prepare cash statements in order to save money.

**Anticipated Completion Date:** Not applicable

**Responsible Contact Person:** Lori R Koch, Interim Treasurer

### Board of Education

Jake Broering, President \* Jerry Shardo, Vice-President \* Matt Magoto \* Christy Prakel \* Steve Ruhenkamp

# 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 6/12/2025

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

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