



OHIO AUDITOR OF STATE
KEITH FABER



TRI-VILLAGE LOCAL 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

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

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash basis financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Tri-Village Local 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, the major fund and the aggregate remaining fund information of the Tri-Village Local 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.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 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.

A handwritten signature in black ink, appearing to read "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

May 14, 2025

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Tri-Village Local School District
Darke County
Statement of Net Position - Cash Basis
June 30, 2024

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$8,214,236
Net Position	
Restricted for:	
Capital Outlay	\$377,634
Other Purposes	648,798
Unrestricted	7,187,804
<i>Total Net Position</i>	\$8,214,236

See accompanying notes to the basic financial statements

Tri-Village Local School District
Darke County
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2024

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$4,952,664	\$154,165	\$250,492	(\$4,548,007)
Special	1,251,380	378,533	176,220	(696,627)
Support Services:				
Pupil	927,757	-	175,101	(752,656)
Instructional Staff	300,893	-	11,174	(289,719)
Board of Education	30,552	-	-	(30,552)
Administration	766,726	461	4,051	(762,214)
Fiscal	394,302	-	-	(394,302)
Operation and Maintenance of Plant	1,223,743	24,422	43,713	(1,155,608)
Pupil Transportation	673,052	27,628	27,164	(618,260)
Central	19,717	218	3,995	(15,504)
Operation of Non-Instructional Services	638,653	178,203	218,807	(241,643)
Extracurricular Activities	669,534	299,469	75,689	(294,376)
Capital Outlay	1,649,174	-	-	(1,649,174)
Principal Retirement	681,000	-	-	(681,000)
Interest and Fiscal Charges	245,918	-	-	(245,918)
<i>Total Governmental Activities</i>	<u>\$14,425,065</u>	<u>\$1,063,099</u>	<u>\$986,406</u>	<u>(12,375,560)</u>
General Receipts				
Property Taxes Levied for:				
General Purposes				2,973,238
Capital Maintenance				17,881
Debt Service				101,440
Income Taxes Levied for General Purposes				1,850,996
Grants and Entitlements not Restricted to				
Specific Programs				6,730,325
Gifts and Donations not Restricted to				
Specific Programs				32,063
Interest				332,259
Miscellaneous				26,170
<i>Total General Receipts</i>				<u>12,064,372</u>
Change in Net Position				(311,188)
<i>Net Position Beginning of Year</i>				<u>8,525,424</u>
<i>Net Position End of Year</i>				<u>\$8,214,236</u>

See accompanying notes to the basic financial statements

Tri-Village Local School District
Darke County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2024

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$7,187,821	\$1,026,415	\$8,214,236
<i>Total Assets</i>	<u>\$7,187,821</u>	<u>\$1,026,415</u>	<u>\$8,214,236</u>
Fund Balances			
Restricted	\$17	\$543,420	\$543,437
Committed	-	482,995	482,995
Assigned	290,300	-	290,300
Unassigned	6,897,504	-	6,897,504
<i>Total Fund Balances</i>	<u>\$7,187,821</u>	<u>\$1,026,415</u>	<u>\$8,214,236</u>

See accompanying notes to the basic financial statements

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

*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds*

For the Fiscal Year Ended June 30, 2024

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property Taxes	\$2,973,238	\$119,321	\$3,092,559
Income Taxes	1,850,996	-	1,850,996
Intergovernmental	6,787,372	839,273	7,626,645
Interest	327,105	16,911	344,016
Tuition and Fees	321,200	97,730	418,930
Rent	22,500	-	22,500
Extracurricular Activities	80,425	254,323	334,748
Contributions and Donations	31,019	79,373	110,392
Charges for Services	975	161,209	162,184
Miscellaneous	145,016	2,641	147,657
<i>Total Receipts</i>	<u>12,539,846</u>	<u>1,570,781</u>	<u>14,110,627</u>
Disbursements			
Current:			
Instruction:			
Regular	4,605,824	346,840	4,952,664
Special	1,147,538	103,842	1,251,380
Support Services:			
Pupil	742,332	185,425	927,757
Instructional Staff	289,738	11,155	300,893
Board of Education	30,552	-	30,552
Administration	762,224	4,502	766,726
Fiscal	391,404	2,898	394,302
Operation and Maintenance of Plant	1,163,255	60,488	1,223,743
Pupil Transportation	653,178	19,874	673,052
Central	15,504	4,213	19,717
Operation of Non-Instructional Services	241,625	397,028	638,653
Extracurricular Activities	367,355	302,179	669,534
Capital Outlay	260,634	1,388,540	1,649,174
Debt Service:			
Principal Retirement	286,000	395,000	681,000
Interest and Fiscal Charges	241,968	3,950	245,918
<i>Total Disbursements</i>	<u>11,199,131</u>	<u>3,225,934</u>	<u>14,425,065</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,340,715</u>	<u>(1,655,153)</u>	<u>(314,438)</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Assets	3,250	-	3,250
Transfers In	-	1,647,632	1,647,632
Transfers Out	(1,627,028)	(20,604)	(1,647,632)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,623,778)</u>	<u>1,627,028</u>	<u>3,250</u>
<i>Net Change in Fund Balances</i>	<u>(283,063)</u>	<u>(28,125)</u>	<u>(311,188)</u>
<i>Fund Balances Beginning of Year</i>	<u>7,470,884</u>	<u>1,054,540</u>	<u>8,525,424</u>
<i>Fund Balances End of Year</i>	<u><u>\$7,187,821</u></u>	<u><u>\$1,026,415</u></u>	<u><u>\$8,214,236</u></u>

See accompanying notes to the basic financial statements

Tri-Village Local School District
Darke County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property Taxes	\$2,759,026	\$2,759,026	\$2,973,238	\$214,212
Income Taxes	1,700,000	1,700,000	1,850,996	150,996
Intergovernmental	6,296,374	6,296,374	6,787,372	490,998
Interest	100,000	100,000	327,105	227,105
Tuition and Fees	281,852	281,852	291,079	9,227
Extracurricular Activities	-	-	900	900
Rent	-	-	22,500	22,500
Contributions and Donations	15,000	15,000	26,000	11,000
Charges for Services	4,000	4,000	975	(3,025)
Miscellaneous	9,500	9,500	18,428	8,928
<i>Total Receipts</i>	<u>11,165,752</u>	<u>11,165,752</u>	<u>12,298,593</u>	<u>1,132,841</u>
Disbursements				
Current:				
Instruction:				
Regular	4,608,760	4,596,760	4,516,153	80,607
Special	998,354	1,239,154	1,207,250	31,904
Support Services:				
Pupil	804,758	781,388	742,516	38,872
Instructional Staff	342,351	334,577	290,058	44,519
Board of Education	46,136	46,136	30,852	15,284
Administration	800,853	791,268	763,528	27,740
Fiscal	409,481	409,808	392,444	17,364
Operation and Maintenance of Plant	1,221,720	1,397,165	1,284,149	113,016
Pupil Transportation	768,339	732,192	659,040	73,152
Central	25,000	25,000	15,504	9,496
Operation of Non-Instructional Services	470,951	271,706	235,660	36,046
Extracurricular Activities	279,365	337,260	331,685	5,575
Capital Outlay	220,830	312,830	284,705	28,125
Debt Service:				
Principal Retirement	286,000	286,000	286,000	-
Interest and Fiscal Charges	241,968	241,968	241,968	-
<i>Total Disbursements</i>	<u>11,524,866</u>	<u>11,803,212</u>	<u>11,281,512</u>	<u>521,700</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(359,114)</u>	<u>(637,460)</u>	<u>1,017,081</u>	<u>1,654,541</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Fixed Assets	0	0	3,250	3,250
Refund of Prior Year Expenditures	65,000	65,000	126,588	61,588
Transfers Out	-	(1,632,028)	(1,632,028)	-
Refund of Prior Year Receipts	(30,000)	(50,000)	(49,795)	205
<i>Total Other Financing Sources (Uses)</i>	<u>35,000</u>	<u>(1,617,028)</u>	<u>(1,551,985)</u>	<u>65,043</u>
<i>Net Change in Fund Balance</i>	<u>(324,114)</u>	<u>(2,254,488)</u>	<u>(534,904)</u>	<u>1,719,584</u>
<i>Fund Balance Beginning of Year</i>	<u>7,133,303</u>	<u>7,133,303</u>	<u>7,133,303</u>	<u>-</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>272,122</u>	<u>272,122</u>	<u>272,122</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,081,311</u></u>	<u><u>\$5,150,937</u></u>	<u><u>\$6,870,521</u></u>	<u><u>\$1,719,584</u></u>

See accompanying notes to the basic financial statements

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 1 - Description of the School District and Reporting Entity

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

The School District was established in 1972 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 82 square miles. It is located in Darke County, and includes the Village of New Madison and portions of Butler, Harrison, Liberty, Neave and Washington Townships. The Board of Education controls the School District's instructional building and administrative building that are staffed by 42 classified employees and 59 certificated full-time personnel. The School District's average daily membership (ADM) for fiscal year 2024 was 726.79.

A. Primary Government

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

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

The School District participates in two jointly governed organizations, one related organization and three insurance purchasing pools. Note 13 to the basic financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

META Solutions

Southwestern Ohio Educational Purchasing Council (SOEPC)

Related Organization:

New Madison Public Library

Insurance Purchasing Pools:

SOEPC Workers' Compensation Group Rating Plan

SOEPC Medical Benefits Plan

SOEPC Property, Fleet and Liability Insurance Program

Note 2 - Summary of Significant Accounting Policies

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

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 2 - Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

The School District's basic financial statements consist of 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 business-type activities or fiduciary funds.

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

Fund Financial Statements:

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

B. Fund Accounting

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

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

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

C. Basis of Accounting

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.

The School District's financial statements are prepared using the cash basis of accounting. 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 this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

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 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.

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 2 - Summary of Significant Accounting Policies (Continued)

The School District invested funds in negotiable and nonnegotiable certificates of deposit, federal agency bonds, US Treasury Notes and Bonds, First American Government Money Market Fund and STAR Ohio during fiscal year 2024.

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.

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 \$327,105, including \$40,874 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. These items are not reflected as assets in the accompanying financial statements.

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.

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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.

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

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.

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 2 - Summary of Significant Accounting Policies (Continued)

Net position restricted for other purposes include resources for food service operations, 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 Board of Education uses the object level within each fund and function as its legal level of control.

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:

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 3 - Deposits and Investments (Continued)

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 five years 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:

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;

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 3 - Deposits and Investments (Continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40% 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.

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, certain School District financial institutions did not participate in the OPCS while certain other financial institutions did participate in the OPCS. Those financial institutions that did participate were approved for a reduced collateral rate of 102% through the OPCS.

At fiscal year-end, the carrying amount of the School District's deposits was \$458,795 and the bank balance was \$686,747. The bank balance is insured by the FDIC or collateralized through OPCS or through securities pledged by the financial institution to the School District.

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 3 - Deposits and Investments (Continued)

Investments

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

Investment Type	Carrying Value	Investment Maturity				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
FHLB	\$ 130,110	\$ -	\$ -	\$ 47,421	\$ -	\$ 82,689
FNMA	164,531	-	164,531	-	-	-
FFCB	558,223	-	-	50,028	89,228	418,967
FAMCA	189,901	49,801	-	-	-	140,100
FMCC	149,985	-	-	-	149,985	-
TVA	48,092	-	-	-	-	48,092
US Treasury Bonds	138,252	-	-	-	74,412	63,840
US Treasury Notes	997,253	64,761	-	98,174	-	834,318
Negotiable Certificates of Deposit	813,967	545,805	148,702	-	-	119,460
First American Government Obligations Fund	30,039	30,039	-	-	-	-
STAR Ohio	4,535,088	4,535,088	-	-	-	-
Total Investments	\$ 7,755,441	\$ 5,225,494	\$ 313,233	\$ 195,623	\$ 313,625	\$ 1,707,466

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. Moody’s rates the federal agency bonds and notes Aaa.

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

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

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 3 - Deposits and Investments (Continued)

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	1.69%
FNMA	2.12%
FFCB	7.20%
FAMCA	2.44%
FMCC	1.93%
TVA	0.62%
US Treasury Bonds	1.78%
US Treasury Notes	12.86%
Negotiable Certificates of Deposit	10.49%
First American Government Obligations Fund	0.39%
STAR Ohio	58.48%
	<u>100.00%</u>

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 County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 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.

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 4 - Property Taxes (Continued)

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	\$99,345,080	76.9 %	\$138,247,200	82.0 %
Public Utility Personal	29,854,730	23.1 %	30,318,180	18.0%
Total	<u>\$129,199,810</u>	<u>100.0 %</u>	<u>\$168,565,380</u>	<u>100.0 %</u>
Tax rate per \$1,000 of assessed valuation	\$31.63		\$28.78	

Note 5 - Income Tax

The School District levies a voted tax of 1.5% for general operations on the income of residents and of estates. The original 1% tax was effective on January 1, 1991, and is a continuing tax. In May 1999, the voters of the School District approved an increase of .5% for a total continuing income tax of 1.5% effective January 1, 2000. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue credited to the General Fund in fiscal year 2024 is \$1,850,996.

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 participated in the Southwestern Ohio EPC Liability, Fleet and Property Insurance program administered by World Risk Management.

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 6 - Risk Management (Continued)

Coverage provided is as follows:

Building and Contents – replacement cost (\$5,000 deductible)	\$46,618,996
Boiler & Machinery (\$10,000 deductible)	250,000,000
Crime (\$5,000 deductible)	1,000,000
Automobile Liability (per occurrence, \$1,000 deductible)	1,000,000
Medical Payments Occurrence/Aggregate	5,000/50,000
Education General Liability:	
Occurrence	1,000,000
Aggregate	3,000,000
Employee Benefit Liability	
Occurrence	1,000,000
Aggregate	3,000,000
School Board Legal Liability (\$25,000 deductible)	1,000,000
Umbrella Policy/Excess Liability	5,000,000
Excess Property	
Occurrence	250,000,000
Flood/Earthquake	
Annual Aggregate	25,000,000
Special Crime Kidnap & Ransom Coverage	
Per Insured Person (\$2,500 deductible)	250,000
Incident Aggregate	1,500,000
Site Pollution Incident (\$50,000 deductible)	1,000,000
Cyber/Identity Theft (\$25,000 deductible)	5,000,000

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

B. Workers' Compensation

For fiscal year 2024, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 13). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting provides administrative, cost control and actuarial services to the GRP.

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 6 - Risk Management (Continued)

C. Employee Medical Benefits

For fiscal year 2024, the School District participated in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP), an insurance purchasing pool (Note 13). The intent of the MBP is to achieve the benefit of reduced health insurance premiums for the School District by virtue of its grouping and representation with other participants in the MBP. The health insurance experience of the participating school districts is calculated and a premium rate is applied to all school districts in the MBP. Each participant pays its health insurance premiums to Southwestern Ohio Educational Purchasing Council Medical Benefits Plan. Participation in the MBP is limited to school districts that can meet the MBP's selection criteria.

Note 7 - Defined Benefit Pension Plans

The 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 (Asset)

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

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

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.

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 7 - Defined Benefit Pension Plans (Continued)

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, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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.

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 7 - Defined Benefit Pension Plans (Continued)

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

The School District's contractually required contribution to SERS was \$248,816 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.

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% 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% 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% 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.

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 7 - Defined Benefit Pension Plans (Continued)

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

The 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 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 \$675,288 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:

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 7 - Defined Benefit Pension Plans (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.03631330%	0.03141936%	
Current Measurement Date	0.03498580%	0.03147031%	
Change in Proportionate Share	<u>-0.00132750%</u>	<u>0.00005095%</u>	
Proportionate Share of the Net Pension Liability	\$1,933,146	\$6,777,112	\$8,710,258

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 7 - Defined Benefit Pension Plans (Continued)

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
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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 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.

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

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 7 - Defined Benefit Pension Plans (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	100.00%	

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

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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability	\$2,853,224	\$1,933,146	\$1,158,155

Actuarial Assumptions - STRS

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

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 7 - Defined Benefit Pension Plans (continued)

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, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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 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.

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

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Real Rate of Return **</u>
Domestic Equity	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	<u>100.00%</u>	

*Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% 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.

Tri-Village Local School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 7 - Defined Benefit Pension Plans (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.00% 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 the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio'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 pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability	\$10,421,698	\$6,777,112	\$3,694,789

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 (asset).

A. School Employees Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. 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.

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 8 - Defined Benefit OPEB Plans (Continued)

Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School District's surcharge obligation was \$25,401.

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 \$25,401 for fiscal year 2024.

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 8 - Defined Benefit OPEB Plans (Continued)

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 or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% 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 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	0.0368549%	0.03141936%	
Current Measurement Date	<u>0.0358306%</u>	<u>0.03147031%</u>	
Change in Proportionate Share	-0.0010243%	0.00005095%	
Proportionate Share of the Net OPEB			
Liability (Asset)	\$590,290	(\$612,054)	(\$21,764)

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.

Tri-Village Local School District
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Notes to the Basic Financial Statements
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Note 8 - Defined Benefit OPEB Plans (Continued)

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 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%

In 2023, the following mortality assumptions were used:

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

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

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

Tri-Village Local School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 8 - Defined Benefit OPEB Plans (Continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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>	

Tri-Village Local School District
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Notes to the Basic Financial Statements
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Note 8 - Defined Benefit OPEB Plans (Continued)

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 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 School District's proportionate share of the net OPEB liability, what the School District's proportionate share of 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 the School District's proportionate share of the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$754,559	\$590,290	\$460,756

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$433,665	\$590,290	\$797,838

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:

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For the Fiscal Year Ended June 30, 2024

Note 8 - Defined Benefit OPEB Plans (Continued)

	<u>June 30, 2023</u>		<u>June 30, 2022</u>	
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				
	<u>Initial</u>	<u>Ultimate</u>	<u>Initial</u>	<u>Ultimate</u>
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 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.

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 8 - Defined Benefit OPEB Plans (Continued)

Benefit Term Changes Since the Prior Measurement Date – Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

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:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Real Rate of Return **</u>
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	100.00%	

*Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% 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.

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 School District's proportionate share of the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

Tri-Village Local School District
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Notes to the Basic Financial Statements
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Note 8 - Defined Benefit OPEB Plans (Continued)

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
School District's proportionate share of the net OPEB (asset)	(\$518,024)	(\$612,054)	(\$693,945)
	<u>1% Decrease</u> <u>In Trend Rate</u>	<u>Current</u> <u>Trend Rate</u>	<u>1% Increase</u> <u>in Trend Rate</u>
School District's proportionate share of the net OPEB (asset)	(\$697,745)	(\$612,054)	(\$508,841)

Note 9 - Leases

During prior years, the School District entered into a lease-purchase agreement for the renovation and construction of the additions to the high school. The School District is leasing the project site from Buckeye Leasing Services. Buckeye Leasing Services assigned Zions Bancorporation, National Association as trustee, transferring rights, title, and interest in the project to the trustee. The School District is acting as an agent for the lessor and constructed the facilities and improvements from the proceeds provided by the lessor. The total expenditures on the building lease were \$476,587 during fiscal year 2024.

The following is a schedule of the future minimum lease payments required under the building lease and the present value of the minimum lease payments as of June 30, 2024:

<u>Year ending June 30:</u>	<u>Amount</u>
2025	\$476,588
2026	476,187
2027	475,388
2028	474,188
2029	477,488
2030-2034	2,380,606
2035-2039	2,377,187
2040-2042	1,419,356
Total	8,556,988
Less: Amount Representing Interest and Fees	(2,166,988)
Present Value of Minimum Lease Payments	\$6,390,000

In addition to the building lease, the School District also leases copiers. The copier lease ends in May 2025 and the School District has the option to purchase the copiers at the end of the lease for the fair market value. The following is a schedule of the further minimum lease payments required under the copier lease and the present value of the minimum lease payments as of June 30, 2024:

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

Note 9 - Leases (Continued)

<u>Year ending June 30:</u>	<u>Amount</u>
2025	<u>\$21,131</u>

Note 10 – Long-Term Liabilities

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

	Amount Outstanding 6/30/2023	Additions	Deletions	Amount Outstanding 6/30/2024	Amount Due in One Year
Governmental Activities					
2016 School Improvement Refunding Bonds	\$395,000	\$0	(\$395,000)	\$0	\$0
Building Lease	6,635,000	0	(245,000)	6,390,000	255,000
2015 Energy Conservation Bonds	304,740	0	(41,000)	263,740	42,000
Total Long Term Liabilities	<u>\$ 7,334,740</u>	<u>\$0</u>	<u>\$ (681,000)</u>	<u>\$ 6,653,740</u>	<u>\$ 297,000</u>

On July 20, 2015, the School District issued \$571,740 in energy conservation bonds. The interest rate on the bonds is 3.30% with a final maturity December 1, 2029. The debt will be retired from the General Fund with savings obtained on energy costs.

On September 22, 2016, the School District issued \$2,510,000 in school improvement refunding bonds. The interest rate on the bonds is 2% with a final maturity date of December 1, 2023. The bonds were used to refund \$2,510,000 of the 2009 school facilities construction and improvement refunding bonds. These bonds were retired during fiscal year 2024 from the Debt Service Fund.

At June 30, 2024, the School District’s overall legal debt margin was \$15,170,884, an energy conservation debt margin of \$1,253,348, and an un-voted debt margin of \$168,565. Principal and interest requirements to retire long-term liabilities outstanding at June 30, 2024, are as follows:

Fiscal Year Ending	Energy Conservation Bonds		
June 30,	Principal	Interest	Total
2025	\$ 42,000	\$ 8,010	\$ 50,010
2026	42,000	6,624	48,624
2027	44,000	5,205	49,205
2028	45,000	3,737	48,737
2029	45,000	2,252	47,252
2030	45,740	755	46,495
Total	<u>\$ 263,740</u>	<u>\$ 26,583</u>	<u>\$ 290,323</u>

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 11 – Fund Balance

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

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

Fund Balance	General	Other Governmental Funds	Total Governmental Funds
Restricted for:			
Food Service Operations	\$ -	\$ 271,596	\$ 271,596
Title I	-	2,196	2,196
Classroom Maintenance	-	35,834	35,834
Athletics	-	107,843	107,843
Student Activities	-	49,754	49,754
Capital Projects	-	20,604	20,604
Student Wellness and Success	-	8,097	8,097
Natural Resource Grant	17	-	17
Other Grants	-	47,496	47,496
Total Restricted	17	543,420	543,437
Committed to:			
Wee Patriots Preschool	-	125,965	125,965
Capital Projects	-	357,030	357,030
Total Committed	-	482,995	482,995
Assigned for:			
Unpaid Obligations	241,639	-	241,639
Public School Support	46,628	-	46,628
School Supplies	2,033	-	2,033
Total Assigned	290,300	-	290,300
Unassigned	6,897,504	-	6,897,504
Total Fund Balance	\$ 7,187,821	\$ 1,026,415	\$ 8,214,236

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 12 - Set-Aside Calculations

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

The following cash basis information describes the change in the fiscal year-end set-aside amounts for capital acquisition. State statute requires disclosing this information.

	Capital Acquisitions
Set-aside Reserve Balance as of June 30, 2023	<u>\$0</u>
Current Year Set-aside Requirement	167,310
Qualifying Disbursements	(147,327)
Current Year Offsets	<u>(19,983)</u>
Totals	<u><u>\$0</u></u>
Set-aside Balances Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>

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

The School District had current year offsets that reduced the capital improvements set-aside amount to zero. During fiscal years 2001, 2010, and 2022, the School District issued \$5,701,000, \$2,980,000 and \$6,970,000, respectively, in capital related school improvement bonds/leases. These proceeds may be used to reduce capital acquisition below zero for future years. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$15,677,039 as of June 30, 2024.

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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

A. Jointly Governed Organizations

META Solutions – The School District is a participant in the META Solutions, which is a computer consortium. META develops, implements, and supports the technology and instruction needs of schools. The Board of Directors of META consists of a president and vice president along with 11 members. The School District paid META \$31,582 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, 100 Executive Drive, Marion, OH 43302.

Southwestern Ohio Educational Purchasing Council - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of 310 school districts/organizations in 54 counties in Ohio and 2 in Kentucky. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One-year prior notice is necessary for withdrawal from the group.

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2024, the School District paid \$1,379,969 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

B. Related Organization

New Madison Public Library – The New Madison Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Tri-Village Local School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees.

The School District did not make any contributions to the New Madison Public Library during fiscal year 2024. Financial information can be obtained from the New Madison Public Library, Sandra Wolfe, Clerk/Treasurer, at 142 South Main, New Madison, Ohio 45346.

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 13 - Jointly Governed Organizations, Related Organization and Insurance Purchasing Pools
(Continued)

C. Insurance Purchasing Pools

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

Southwestern Ohio Educational Purchasing Council Medical Benefits Plan – The School District participates in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP). The MBP's business and affairs are conducted by a six-member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each fiscal year, the participating school districts pay an enrollment fee to the MBP to cover the costs of administering the program. During fiscal year 2024, the School District paid \$1,324,693 for medical benefits.

Southwestern Ohio Educational Purchasing Council Property, Fleet and Liability Insurance Program – The School District participates in the Southwestern Ohio Educational Council Property, Fleet and Liability Insurance Program (PFL). The PFL's business affairs are conducted by a six-member committee consisting of various PFL representatives that are elected by the general assembly. The purpose of the program is to jointly provide or obtain casualty, property, employer liability, general liability, risk management, professional liability, group coverage and other protections for participating school districts. During fiscal year 2024, the School District paid \$54,781 for insurance coverage. Financial information can be obtained from Ken Swink, Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

Note 14 - Contingencies

A. Grants

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

B. Litigation

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

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 14 – Contingencies (continued)

C. School Foundation

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 adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, DEW has finalized adjustments and they were not significant.

Note 15 – Budgetary Basis of Accounting

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

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

Cash Basis	\$ (283,063)
Encumbrances	(241,639)
Perspective Differences	(10,202)
Budgetary Basis	<u><u>\$ (534,904)</u></u>

Note 16 – Compliance

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

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 17 – Contractual Commitments

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

Vendor	Amount
Fieldturf USA, Inc.	\$ 337,533
Concrafted, LLC	73,465
JL Dimel, LLC	26,638
Level MB, LLC	19,500
Flaig Lumber Co.	26,171
Behr Design, LLC	22,958
Darke County ESC	59,627
Titan Commercial Flooring	37,900

Note 18 - Transfers

During fiscal year 2024, the School District transferred \$1,627,028 from the General Fund to the Capital Projects Fund. The transfer was to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In addition, the School District transferred \$20,604 from the Bond Retirement Fund to the Permanent Improvement Fund to close out the debt service fund as the 2016 School Improvement Refunding Bonds were paid off.

Note 19 – Implementation of New Accounting Policies

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.

Tri-Village Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 19 – Implementation of New Accounting Policies (Continued)

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. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the School District.

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.

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OHIO AUDITOR OF STATE KEITH FABER

65 East State Street
Columbus, Ohio 43215
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800-282-0370

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

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

To the Board of Education:

We have audited, in accordance with 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 major fund and the aggregate remaining fund information of the Tri-Village Local 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 14, 2025, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles.

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 opinion 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.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2024-001 and 2024-002.

School District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 14, 2025

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

**SCHEDULE OF FINDINGS
JUNE 30, 2024**

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.

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 is aware of the requirements to file financial statements in accordance with GAAP; however, after performing a cost-benefit analysis, the School District has elected to prepare its financial statements utilizing the cash basis of accounting.

FINDING NUMBER 2024-002

Noncompliance

Ohio Rev. Code § 3313.46 provides, in part, that in addition to any other law governing the bidding for contracts by the board of education of any school district, when any such board determines to build, repair, enlarge, improve, or demolish any school building, the cost of which will exceed the amount specified in §9.17 of the Revised Code, except in cases of urgent necessity, or for the security and protection of school property, and except as otherwise provided in division (D) of § 713.23 and in § 125.04 of the Rev. Code, all of the following shall apply:

- Prepare plans and specifications
- Advertise for bids once a week for not less than two consecutive weeks, or as provided in Ohio Rev. Code § 7.16
- Open the bids at the time and place specified by the Board in the advertisement for bids
- When the work bid includes both labor and materials, the Board may require that each be separately bid or may require that they be bid as one.
- The award of the contract is to the lowest responsible bidder.

FINDING NUMBER 2024-002
(Continued)

- The contract is between the board and the bidders. The board is required to approve and retain estimates and make them available to the Auditor of State upon request.
- If two or more bids are equal and are lower than any others, either may be accepted. However, the work is not to be divided among the bidders.
- When there is reason to suspect collusion among the bidders, those suspects are to be rejected.

The School District paid a vendor \$1,094,311 during fiscal year 2024 for the construction of a new press box and concession area in the baseball/softball complex without bidding the project as specified in Ohio Rev. Code § 3313.46. The School District did not properly subject the project to competitive purchasing requirements as required by the Ohio Rev. Code.

The School District should approve and implement internal controls to ensure that contracts exceeding the bidding threshold are subject to competitive bidding practices as required by the Ohio Rev. Code.

Officials' Response:

On June 28, 2021, the Board of Education selected a vendor as "Best Value Construction Manager at Risk" through a competitive bidding process as required by Ohio Rev. Code 3313.46 for the Early Learning Center Preschool and the Patriot Activity Center. While the vendor was still onsite, the Board of Education approved two change orders/contracts on August 14, 2023, for the construction of a Press Box and Concession Building Project at the baseball/softball fields not to exceed \$255,000 and the construction of restrooms and lockers rooms at the baseball/softball fields not to exceed \$650,000.

Per O.R.C. 3313.46, public bidding for school boards in the State of Ohio is statutorily required when the school board "determines to build, repair, enlarge, improve, or demolish any **school building**." The term "school building" is not expressly defined in R.C. 3313.46 and there are differing definitions in other statutes such as the Building Code. The definition that has commonly been applied to the bidding statute is the definition contained in the Building Code, based on the relationship between bidding and building (R.C. 1.42). Specifically, the Building Code defines a "school building" as "a structure used for the instruction of students," (B.C. 201, Adm. Code 4101:1-2-01, R.C. 3781.16). The term "instruction" is interpreted to pertain specifically to "curricular subjects;" not extracurricular activities, where pupils are "directed, supervised, or coached," (R.C. 3313.53(B)). As a result, **the Building Code definition limits the applicability of the bidding statute to the four walls of a classroom facility**. After contacting legal counsel on May 1, 2023, discussing the "non-instructional" aspect of the projects, and counsel's verbal guidance, the Tri-Village Board of Education and the administration interpreted the guidelines for the Building Code deemed the baseball/softball complex projects as "non-instructional" and outside the purview of the bidding statute. Thus, the softball/baseball complex improvements were procured under a more flexible proposal-type approach governed by Board policy while also saving both money and time in the process.

Auditor of State's Conclusion:

The School District should have used competitive bidding for the project. "School building" is an undefined term for purposes of Ohio Rev. Code § 3313.46 and should be defined in accordance with its ordinary meaning. Ordinary meaning being defined as a building owned by a School District.



TRI-VILLAGE LOCAL SCHOOL

P.O. Box 31
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Kimberly Chowning
Treasurer

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 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) – Failure to prepare financial statements in accordance with generally accepted accounting principles. Finding initially occurred in fiscal year 2010.	Not Corrected	Reissued as Finding 2024-001. Audit costs continue to increase. Thus, the School District prepares OCBOA cash-basis financial statements. This does not affect the audit opinion or School District credit rating.

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OHIO AUDITOR OF STATE KEITH FABER



TRI-VILLAGE LOCAL SCHOOL DISTRICT

DARKE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/5/2025

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