



OHIO AUDITOR OF STATE  
**KEITH FABER**





**TROY CITY SCHOOL DISTRICT  
MIAMI COUNTY  
JUNE 30, 2021**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Troy City School District  
Miami County  
500 North Market Street  
Troy, Ohio 45373

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Troy City School District, Miami County, Ohio (the School District), as of and for the fiscal year ended June 30, 2021, 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.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 20 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require this presentation to include management's discussion and analysis, required budgetary comparison schedule, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

***Supplementary and Other Information***

Our audit was conducted to opine on the School District's basic financial statements taken as a whole.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2022, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 14, 2022

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**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)

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The discussion and analysis of the Troy City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for fiscal year 2021 are as follows:

*Overall:*

- Total net position increased by \$1.2 million, which represents a 4.1 percent increase from the beginning of the fiscal year due primarily to the increase in pooled cash and investment reported which resulted from increased revenues recorded for fiscal year 2021.
- Total assets of governmental activities increased by \$2.0 million due mainly to the increase in pooled cash and investments. This increase was partially offset by decrease in capital assets as depreciation expense for the year exceeded capital asset additions.
- General revenues accounted for \$52.7 million or 82.9 percent of total revenue. Program specific revenues in the form of charges for services, and operating grants and contributions accounted for nearly \$10.8 million or 17.1 percent of total revenues of \$63.5 million.
- Of the School District's \$62.3 million in expenses, approximately \$10.8 million were offset by program specific charges for services, grants or contributions. General revenues (primarily grants and entitlements, income taxes and property taxes) were used to cover a majority of the \$51.5 million of net expense reported for fiscal year 2021.
- The General Fund had \$52.3 million in revenues and \$49.0 million in expenditures representing 82.0 percent and 83.6 percent of the total governmental funds revenues and expenditures, respectively.
- The School District's only major fund is the General Fund. The General Fund's balance increased by \$3.3 million from the prior year.

### **Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Troy City School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregated view of the School District's finances and a longer-term view of those statements. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Troy City School District, the General Fund is by far the most significant fund and the only major governmental fund.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)

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**Reporting the School District as a Whole**

*Statement of Net Position and the Statement of Activities*

While this document contains a large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources; and use the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in that position. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District does not have any business-type activities.

**Reporting the School District's Most Significant Funds**

*Fund Financial Statements*

The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds, and therefore only the General Fund is presented separate from the other governmental funds.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2021 and 2020:

**TABLE 1**  
**NET POSITION JUNE 30**

	2021	Restated 2020
<b>Assets:</b>		
Current and Other Assets	\$ 43,675,680	40,984,171
Net OPEB Asset	3,377,773	3,177,937
Net Capital Assets	22,356,950	23,244,308
Total Assets	69,410,403	67,406,416
<b>Deferred Outflows of Resources:</b>		
Pension and OPEB	12,596,668	13,223,933
Deferred Charge on Refunding	789,280	878,261
Total Deferred Outflows of Resources	13,385,948	14,102,194
<b>Liabilities:</b>		
Current Liabilities	5,586,749	5,392,162
Long-Term Liabilities:		
Due Within One Year	1,250,995	1,190,766
Due in More Than One Year:		
Net Pension Liability	59,849,162	54,840,250
Net OPEB Liability	4,285,899	5,154,999
Other Long-Term Liabilities	15,038,704	16,326,133
Total Liabilities	86,011,509	82,904,310
<b>Deferred Inflows of Resources:</b>		
Pension and OPEB	7,186,040	8,300,120
Other	17,157,859	19,034,740
Total Deferred Inflows of Resources	24,343,899	27,334,860
<b>NET POSITION:</b>		
Net Investment in Capital Assets	10,597,056	10,615,622
Restricted	6,060,213	4,367,925
Unrestricted	(44,216,326)	(43,714,107)
Total Net Position	\$ (27,559,057)	(28,730,560)

**TROY CITY SCHOOL DISTRICT**  
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The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2021 and is reported pursuant to GASB 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27". Another significant liability for the School District is net other postemployment benefits (OPEB) liability, reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net OPEB asset and the deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 required the net pension liability and the net OPEB asset and liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension and OPEB benefits attributable to active and inactive employees' past service
- 2 Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement systems. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plans against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension systems are responsible for the administration of each plan.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Management's Discussion and Analysis  
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(Unaudited)

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Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event the contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB asset and liability, respectively, not accounted for as deferred inflows/outflows.

The amount by which the School District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources is called net position. As of June 30, 2021, the net position of the School District was a deficit of \$27.6 million due primarily to the recognition of the School District's proportionate share of the net pension and OPEB assets/liabilities. If the components of recording the net pension and OPEB assets/liabilities are removed from the Statement of Net Position, the School District's ending net position would be approximately a positive \$27.8 million. We feel this is important to mention as the management of the School District has no control over the management of the State-wide pension or OPEB plans or the benefits offered; both of which control the net pension and OPEB assets/liabilities amounts which have a significant effect on the School District's financial statements.

Net position invested in net capital assets reported at the end of fiscal year 2021 was approximately the same as it was in the prior year. The decrease in net capital assets was offset by a reduction in the capital related debt during the year. The portion subject to external restrictions upon its use (\$6.1 million) reported at June 30, 2021 was a 38.7 percent increase as additional operating grants for the food service program resulted in restricted net position of \$877,035 compared to a deficit net position, reported within unrestricted, in the prior year. The remaining deficit of net position of \$44.2 million is reported as unrestricted. As the effect of recognizing the net pension and OPEB assets/liabilities are closed through unrestricted net position, the increase in unrestricted net position deficit for the fiscal year was expected due to the changes reported by the State-wide retirement systems.

Total assets reported at June 30, 2021 increased by \$2.0 million from those reported at the beginning of the year. The largest increase reported related to pooled cash and investments which was the result of increased revenue recorded for the current fiscal year. This increase was partially offset by decrease in capital assets as depreciation expense for the year exceeded capital asset additions.

Total liabilities increased by \$3.1 million during the fiscal year as the School District's proportionate share of the net pension liabilities associated with the State-wide pension systems increased over \$5.0 million for the year. Total current liabilities reported at June 30, 2021 increased slightly as the increase in accounts payable and claims payable were more than the decreases in the other line-items reported. Claims payable increased over the prior year based on the actuarial study of claims incurred but not recorded being higher than those estimated for the prior year. Long-term liabilities other than net pension and OPEB liabilities decreased by \$1.2 million during the current year due to scheduled debt service payments made by the School District.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)

Table 2 shows the changes in net position for fiscal year 2021, as compared to fiscal year 2020:

**TABLE 2**  
**CHANGE IN NET POSITION, JUNE 30**

	2021	Restated 2020
<b>REVENUES:</b>		
Program Revenues:		
Charges for Services	\$ 2,158,462	2,911,398
Operating Grants and Contributions	8,681,511	5,455,730
General Revenues:		
Property Taxes	21,261,875	19,205,612
Income Taxes	12,163,699	12,005,466
Grants and Entitlements	17,935,007	17,647,641
Investment Earnings	84,479	565,720
Other	1,212,254	708,196
Total Revenues	63,497,287	58,499,763
<b>PROGRAM EXPENSES:</b>		
Instruction	41,335,886	40,567,355
Support Services:		
Pupils and Instructional Staff	4,797,347	4,573,053
Board of Education, Administration		
Fiscal and Business	6,372,981	6,447,970
Operation and Maintenance of Plant	3,748,642	3,494,807
Pupil Transportation	2,179,632	2,343,752
Central	290,009	264,561
Operation of Non-Instructional Services	2,391,558	2,077,662
Extracurricular Activities	442,494	592,526
Interest and Fiscal Charges	246,314	363,756
Depreciation Expense	520,921	520,921
Total Expenses	62,325,784	61,246,363
<i>Change in Net Position</i>	1,171,503	(2,746,600)
<i>Beginning Net Position</i>	(28,730,560)	(25,983,960)
<i>Ending Net Position</i>	\$ (27,559,057)	(28,730,560)

As shown in Table 2, \$52.7 million, or 82.9 percent, of the School District's total revenue is derived from general revenues, essentially property and income taxes as well as state entitlement programs. Overall, total revenue increased by approximately \$5.0 million, or 8.5 percent, compared with fiscal year 2020 amounts. Charges for Services, program revenue decreased by \$752,936 due to the on-going disruptions caused by the global pandemic during the fiscal year. Operating grant and contributions increased significantly as the School District received significant funding to help deal with the financial instability anticipated due to the pandemic. The increases in property and income tax revenues reported for the current year resulted from higher property values and improving economic conditions within the area.

Total expenses of the School District increased by \$1.1 million, or 1.8 percent, compared to those reported for fiscal year 2020. The increase in expenses was primarily due to increased personnel costs (wages and benefits) as well as additional provisions provided by the School District to help students remain safe during the global pandemic.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)

**TABLE 3**  
**TOTAL AND NET COST OF PROGRAM SERVICES**  
**FOR THE FISCAL YEAR ENDED JUNE 30,**

	2021		2020 - Restated	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 41,335,886	35,752,192	40,567,355	35,408,117
Support Services:				
Pupils and Instructional Staff	4,797,347	3,579,247	4,573,053	3,669,691
Board of Education, Administration, Fiscal and Business	6,372,981	6,290,170	6,447,970	6,374,531
Operation and Maintenance of Plant	3,748,642	3,628,311	3,494,807	3,463,576
Pupil Transportation	2,179,632	2,179,632	2,343,752	2,343,752
Central	290,009	290,009	264,561	264,561
Operation of Non-Instructional Services	2,391,558	(952,918)	2,077,662	367,041
Extracurricular Activities	442,494	(48,067)	592,526	89,613
Interest and Fiscal Charges	246,314	246,314	363,756	363,756
Depreciation Expense	520,921	520,921	520,921	520,921
Total Expenses	\$ <u>62,325,784</u>	<u>51,485,811</u>	<u>61,246,363</u>	<u>52,865,559</u>

Table 3 above shows the net cost of service reported for fiscal year 2021 compared with those reported for fiscal year 2020. Some of the School District's activities are financed through user charges, tuition and fees, and/or specific grants or contributions. These revenue sources are defined as program revenues, and the statement of activities shows these revenues in conjunction with the expenses of the School District to present the net cost of each function reported by the School District; that is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

In fiscal year 2021, 82.6 percent of the School District's expenses were financed through property taxes, income taxes and state foundation revenues (general revenues). In fiscal year 2021, the School District had program revenues totaling \$10.8 million, which was 29.6 percent more than the amount reported for the prior fiscal year as the School District received additional funding to assist in dealing with the financial difficulties caused by the pandemic. Additional decreases in charges for services program revenues were noted during the current year, a trend that began in the prior year. The primary driver of charges for services is revenue generated by food service operations and extracurricular activities, both of which have suffered during the on-going pandemic.

**The School District's Funds**

On the modified accrual basis of accounting, the School District's major governmental fund, the General Fund, had an ending fund balance totaling \$15.9 million, or 75.4 percent of the total fund balance for all governmental funds.

The School District's primary operating fund, the General Fund, ended the year with revenues exceeding expenditures by \$3.3 million, due primarily to the increases in property and income taxes received during the year as previously noted. The unassigned ending fund balance of the General Fund \$12.7 million represents approximately 26.0 percent of the total expenditures reported in the General Fund for fiscal year 2021.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)

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**General Fund Budgeting Highlights**

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

For the General Fund, original budgeted revenue, excluding other financing sources, was \$47.8 million compared with the final budgeted revenue of \$49.1 million, a 2.8 percent increase in budgeted revenue amounts during the year. Actual revenue for the year totaled \$49.1 million which mirrored the ending budgeted revenues. Increase in property and income taxes accounted for the majority of the increase in budgetary revenue from those anticipated in the original budget numbers.

Total actual expenditures on the budget basis (cash expenditures plus encumbrances), excluding other financing uses, were \$49.3 million, which is equal to the final budget and \$1.6 million less than those anticipated in the original budget. Certain COVID-19 related assistance programs, accounted for within special revenue funds, provided opportunities to allocate certain operational costs away from the general fund albeit temporary.

As the budget for the General Fund is amended throughout the fiscal year for unanticipated revenues and expenditures, the final amended budget amounts approximate the actual budgetary results realized by the School District.

**Capital Assets**

At the end of fiscal year 2021, the School District had nearly \$22.4 million invested in land, buildings, improvements, furniture and equipment, and vehicles in governmental activities net of accumulated depreciation. Costs associated with repair and maintenance of the School District's facilities and other assets that do not extend the useful life of the capitalized item is included within the operation and maintenance of plant function.

Table 4 shows fiscal year 2021 balances compared to 2020:

**TABLE 4**  
**CAPITAL ASSETS, JUNE 30**

	2021	2020
Land	\$ 1,417,612	1,417,612
Buildings	13,478,799	13,999,720
Improvements	5,486,747	5,910,190
Furniture and Equipment	393,172	375,094
Vehicles	1,580,620	1,541,692
Total Net Capital Assets	\$ 22,356,950	23,244,308

Overall, net capital assets decreased by \$887,358 compared to the fiscal year 2020 amount. The decrease in capital assets results from the amount of depreciation being charged for the fiscal year being more than the amount of new capital assets reported the fiscal year.



**TROY CITY SCHOOL DISTRICT**

**MIAMI COUNTY, OHIO**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

(Unaudited)

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During fiscal year 2021, \$588,688 of items were capitalized and \$1.5 million of depreciation being charged to the associated functional areas. The most significant additions to capital assets during the current year were purchasing new school buses as well as various improvements to School District facilities. All capital assets disposed of during the current year were fully depreciated.

For more detailed disclosures regarding the School District's capital assets, readers should read Note 9 to the basic financial statements.

**Long-Term Obligations**

During the fiscal year, the School District issued \$4.0 million of refunding bonds, the proceeds of which were used to advance refund \$4.0 million of 2012 refunding bonds. This refunding was undertaken to reduce the School District's scheduled debt service payments by \$525,595 over the next seven and a half years.

At June 30, 2021, the School District had total outstanding bonds of nearly \$11.8 million, of which \$765,000 is scheduled to mature in the next fiscal year. In addition, during the year, \$685,000 of principal payments were made. At June 30, 2021, the School District's overall legal debt margin was \$65.6 million and the unvoted debt margin was \$833,522.

For more detailed disclosures regarding the School District's long-term obligations readers should refer to Note 14 to the basic financial statements.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Treasurer's Office at Troy City School District, 500 North Market Street, Troy, Ohio 45373 or call (937) 332-6700.

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**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Statement of Net Position  
June 30, 2021

	Governmental Activities
<b>ASSETS:</b>	
Pooled Cash and Investments	\$ 18,061,790
Receivables:	
Income Taxes	3,582,555
Accounts	334,460
Intergovernmental	484,478
Property and Other Local Taxes	20,204,526
Materials and Supplies Inventory	57,503
Prepaid Items	101,723
Restricted Asset:	
Cash and Cash Equivalents with Escrow Agent	848,645
Net OPEB asset	3,377,773
Capital Assets:	
Nondepreciable	1,417,612
Depreciable, Net of Accumulated Depreciation	20,939,338
Total Assets	69,410,403
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred Charge on Refunding	789,280
Pension and OPEB	12,596,668
Total Deferred Outflows of Resources	13,385,948
<b>LIABILITIES:</b>	
Accounts Payable	316,364
Accrued Wages and Benefits	3,092,840
Intergovernmental Payable	952,619
Claims Payable	1,142,821
Accrued Interest Payable	22,997
Matured Compensated Absences	59,108
Noncurrent Liabilities:	
Due Within One Year	1,250,995
Due In More Than One Year	
Net Pension Liability	59,849,162
Net OPEB Liability	4,285,899
Other Amounts Due In More Than One Year	15,038,704
Total Liabilities	86,011,509
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Property Taxes not Levied to Finance Current Year Operations	16,841,795
Deferred Gain on Refunding	316,064
Pension and OPEB	7,186,040
Total Deferred Inflows of Resources	24,343,899
<b>NET POSITION:</b>	
Net Investment in Capital Assets	10,597,056
Restricted for:	
Hayner Cultural Center	648,495
Student Activities	725,500
Food Service	877,035
Educational Grants	520,307
Capital Projects	970,116
Debt Service	2,294,282
Other Purposes	24,478
Unrestricted	(44,216,326)
Total Net Position	\$ (27,559,057)

See accompanying notes to the basic financial statements.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Statement of Activities  
For the Fiscal Year Ended June 30, 2021

<b>Functions/Programs:</b>	Expenses	Program Revenues		Net (Expense)/ Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$ 29,042,748	1,176,364	2,323,741	(25,542,643)
Special	9,607,323	356,748	1,195,425	(8,055,150)
Vocational	8,615	-	-	(8,615)
Student Intervention Services	48,954	-	-	(48,954)
Other	2,628,246	-	531,416	(2,096,830)
Support Services:				
Pupils	3,113,170	-	1,123,579	(1,989,591)
Instructional Staff	1,684,177	-	94,521	(1,589,656)
Board of Education	668,303	-	-	(668,303)
Administration	4,631,162	18,959	51,652	(4,560,551)
Fiscal	640,565	-	-	(640,565)
Business	432,951	-	12,200	(420,751)
Operation and Maintenance of Plant	3,748,642	10,664	109,667	(3,628,311)
Pupil Transportation	2,179,632	-	-	(2,179,632)
Central	290,009	-	-	(290,009)
Operation of Non-Instructional Services	2,391,558	122,666	3,221,810	952,918
Extracurricular Activities	442,494	473,061	17,500	48,067
Interest and Fiscal Charges	246,314	-	-	(246,314)
Unallocated Depreciation *	520,921	-	-	(520,921)
Total	<u>\$ 62,325,784</u>	<u>2,158,462</u>	<u>8,681,511</u>	<u>(51,485,811)</u>
<b>General Revenues:</b>				
Property Taxes Levied for:				
General Purposes				18,819,210
Hayner Cultural Center				593,237
Debt Service				1,099,826
Capital Outlay				749,602
Income Taxes Levied for General Purposes				12,163,699
Grants, Entitlements and Contributions not Restricted to Specific Programs				17,935,007
Investment Earnings				84,479
Other Revenue				<u>1,212,254</u>
			Total General Revenues	<u>52,657,314</u>
			Change in Net Position	1,171,503
			Net Position, Beginning of Year - Restated	<u>(28,730,560)</u>
			Net Position, End of Year	<u>\$ (27,559,057)</u>

\* - This amount excludes the depreciation that is included in the direct expense of the various functions.

See accompanying notes to the basic financial statements.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Balance Sheet  
Governmental Funds  
June 30, 2021

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>			
Pooled Cash and Investments	\$ 12,232,213	5,021,441	17,253,654
Receivables:			
Property and Local Taxes	17,970,935	2,233,591	20,204,526
Income Taxes	3,582,555	-	3,582,555
Accounts	334,460	-	334,460
Intergovernmental	-	484,478	484,478
Due from Other Funds	28,632	-	28,632
Materials and Supplies Inventory	45,903	11,600	57,503
Prepaid Items	76,527	25,196	101,723
Restricted Asset:			
Cash and Cash Equivalents with Escrow Agent	848,645	-	848,645
Total Assets	<u>\$ 35,119,870</u>	<u>7,776,306</u>	<u>42,896,176</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>			
<b>LIABILITIES:</b>			
Accounts Payable	\$ 63,352	253,012	316,364
Accrued Wages and Benefits	2,934,705	158,135	3,092,840
Intergovernmental Payable	874,897	77,722	952,619
Matured Compensated Absences Payable	59,108	-	59,108
Due to Other Funds	-	28,632	28,632
Total Liabilities	<u>3,932,062</u>	<u>517,501</u>	<u>4,449,563</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Property Taxes not Levied to Finance			
Current Year Operations	15,015,406	1,826,389	16,841,795
Unavailable Revenue	245,698	240,158	485,856
Total Deferred Inflows of Resources	<u>15,261,104</u>	<u>2,066,547</u>	<u>17,327,651</u>
<b>FUND BALANCES:</b>			
Nonspendable	131,108	25,196	156,304
Restricted	848,645	5,186,698	6,035,343
Assigned	2,205,762	-	2,205,762
Unassigned	12,741,189	(19,636)	12,721,553
Total Fund Balances	<u>15,926,704</u>	<u>5,192,258</u>	<u>21,118,962</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 35,119,870</u>	<u>7,776,306</u>	<u>42,896,176</u>

See accompanying notes to the basic financial statements.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**  
Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
June 30, 2021

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Total Governmental Fund Balances	\$	21,118,962
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		22,356,950
Some revenues will not be available to pay for current period expenditures and therefore are reported as unavailable in the funds.		485,856
The Internal Service fund is used by management to charge the cost of providing medical insurance to the individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.		(334,685)
Certain long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		
General Obligation Bonds		(10,655,000)
Energy Conservation Bonds		(1,103,964)
Unamortized Bond Premiums		(474,146)
Deferred Charge on Refunding		789,280
Deferred Gain on Refunding		(316,064)
Accrued Interest Payable		(22,997)
Compensated Absences Payable (less matured)		(4,056,589)
The net pension and OPEB assets and liabilities are not due and payable in the current period; therefore the assets and liabilities and related deferred inflows and outflows are not reported in the governmental funds.		
Deferred Outflows - Pension and OPEB		12,596,668
Deferred Inflows - Pension and OPEB		(7,186,040)
Net OPEB Asset		3,377,773
Net OPEB Liability		(4,285,899)
Net Pension Liability		<u>(59,849,162)</u>
Net Position of Governmental Activities	\$	<u>(27,559,057)</u>

See accompanying notes to the basic financial statements

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2021

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
Property and Other Local Taxes	\$ 18,810,848	2,442,621	21,253,469
Income Taxes	12,488,769	-	12,488,769
Intergovernmental	18,196,524	8,336,331	26,532,855
Investment Earnings	84,076	403	84,479
Tuition and Fees	1,430,294	4,830	1,435,124
Charges for Services	-	222,666	222,666
Extracurricular Activities	82,618	380,248	462,866
Miscellaneous	1,192,949	117,143	1,310,092
Total Revenues	<u>52,286,078</u>	<u>11,504,242</u>	<u>63,790,320</u>
<b>EXPENDITURES:</b>			
Current:			
Instruction:			
Regular	24,285,143	1,776,253	26,061,396
Special	8,264,418	989,293	9,253,711
Vocational	8,615	-	8,615
Student Intervention Services	48,954	-	48,954
Other	2,125,695	510,848	2,636,543
Support Services:			
Pupils	1,726,867	1,123,579	2,850,446
Instructional Staff	1,401,872	184,587	1,586,459
Board of Education	668,303	-	668,303
Administration	3,831,451	324,677	4,156,128
Fiscal	540,011	25,721	565,732
Business	432,345	14,508	446,853
Operation and Maintenance of Plant	3,134,742	255,898	3,390,640
Pupil Transportation	2,194,437	39,293	2,233,730
Central	284,256	-	284,256
Operation of Non-Instructional Services	-	2,375,358	2,375,358
Extracurricular Activities	18,072	422,336	440,408
Capital Outlay	-	562,194	562,194
Debt Service:			
Principal	-	685,000	685,000
Interest	-	279,190	279,190
Issuance Costs	-	47,000	47,000
Total Expenditures	<u>48,965,181</u>	<u>9,615,735</u>	<u>58,580,916</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>3,320,897</u>	<u>1,888,507</u>	<u>5,209,404</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Refunding Bonds Issued	-	3,990,000	3,990,000
Payment to Refunded Bond Escrow Agent	-	(4,148,944)	(4,148,944)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(158,944)</u>	<u>(158,944)</u>
Net Change in Fund Balances	3,320,897	1,729,563	5,050,460
Fund Balance, Beginning of Year - Restated	<u>12,605,807</u>	<u>3,462,695</u>	<u>16,068,502</u>
Fund Balance, End of Year	<u>\$ 15,926,704</u>	<u>5,192,258</u>	<u>21,118,962</u>

See accompanying notes to the basic financial statements.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Fiscal Year Ended June 30, 2021

Total Net Change in Fund Balances - Total Governmental Funds	\$	5,050,460
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. These amounts for the current fiscal year are as follows:		
Capital Asset Additions		588,688
Current Year Depreciation		(1,476,046)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(293,033)
Repayment of bond principal is an expenditure and issuance of new debt is an other financing source in the governmental funds but reduce and increase long-term liabilities, respectively, in the statement of net position.		
General obligation bonds		685,000
General obligation bonds defeased through payment to escrow agent		4,148,944
General obligation refunding bonds issued		(3,990,000)
Some expenses reported in the statement of activities, such as compensated absences and certain components of debt obligations, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Compensated absences		(46,637)
Accrued interest payable		8,028
Amortization of bond premium		108,117
Amortization of deferred charge on refunding		(88,981)
Amortization of deferred gain on refunding		5,712
The Internal Service fund used by management to charge the cost of providing medical insurance to the individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenue is eliminated. The net operating income of the internal service fund is allocated among the governmental activities.		(75,588)
Contractually required pension and OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		4,286,447
Except for amounts reported as deferred outflows and inflows, changes in the net pension and OPEB assets and liabilities are reported as expenses in the statement of activities		<u>(7,739,608)</u>
Change in Net Position of Governmental Activities:	\$	<u>1,171,503</u>

See accompanying notes to the basic financial statements.



**TROY CITY SCHOOL DISTRICT**

**MIAMI COUNTY, OHIO**

Statement of Fund Net Position

Internal Service Fund

June 30, 2021

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	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
<b>ASSETS:</b>	
Pooled Cash and Investments	\$ <u>808,136</u>
<b>LIABILITIES:</b>	
Claims Payable	<u>1,142,821</u>
<b>NET POSITION:</b>	
Unrestricted (Deficit)	\$ <u><u>(334,685)</u></u>

See accompanying notes to the basic financial statements.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**  
Statement of Revenues, Expenses and  
Changes in Fund Net Position  
Internal Service Fund  
For the Fiscal Year Ended June 30, 2021

	<u>Governmental Activities</u>	<u>Internal Service Fund</u>
<b>OPERATING REVENUES:</b>		
Insurance Premium Contributions:		
Employer Contributions from District	\$	6,156,600
Employee Contributions		601,787
Stop Loss Premiums		<u>(877,131)</u>
Net Premium Contributions		5,881,256
Total Operating Revenues		<u>5,881,256</u>
<b>OPERATING EXPENSES:</b>		
Insurance Claims Expense:		
Total Claims Incurred		5,963,189
Claims Ceded to Stop Loss Coverage		<u>(249,808)</u>
Net Claims Incurred		5,713,381
Contractual Services		<u>243,463</u>
Total Operating Expenses		<u>5,956,844</u>
Operating Loss		(75,588)
Net Position, Beginning of Year		<u>(259,097)</u>
Net Position (Deficit), End of Year	\$	<u><u>(334,685)</u></u>

See accompanying notes to the basic financial statements.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**  
Statement of Cash Flows  
Internal Service Fund  
For the Fiscal Year Ended June 30, 2021

	Governmental Activities	Internal Service Fund
<u>Change in Pooled Cash and Investments</u>		
Cash Flows from Operating Activities:		
Cash Received from Quasi-External Transactions with Other Funds	\$ 6,156,600	
Cash Received for Employee Premiums	601,787	
Cash Payments for Premiums for Stop Loss Insurance	(877,131)	
Cash Payments for Insurance Claims	(5,887,600)	
Cash Received from Stop Loss Insurance	249,808	
Cash Payments for Contractual Services	(243,463)	
Net Cash Provided by Operating Activities	1	
Net Change in Pooled Cash and Investments		1
Pooled Cash and Investments, Beginning of Year		808,135
Pooled Cash and Investments, End of Year	\$	808,136
<u>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:</u>		
Operating Loss	\$ (75,588)	
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Changes in assets and liabilities:		
Decrease in Claims Payable		75,589
Total Adjustments		75,589
Net Cash Provided by Operating Activities	\$	1

See accompanying notes to the basic financial statements.

**TROY CITY SCHOOL DISTRICT**

**MIAMI COUNTY, OHIO**

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2021

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	<u>Private- Purpose Trust Funds</u>	<u>Custodial Fund</u>
<b>ASSETS:</b>		
Pooled Cash and Investments	\$ <u>283,053</u>	<u>-</u>
Total Assets	<u>283,053</u>	<u>-</u>
<b>LIABILITIES:</b>		
Accounts Payable	<u>34,521</u>	<u>5,604</u>
Total Liabilities	<u>34,521</u>	<u>5,604</u>
<b>NET POSITION:</b>		
Restricted for Student Scholarships	248,532	-
Restricted for Individuals, Organizations and Other Governments	<u>-</u>	<u>(5,604)</u>
Total Net Position	\$ <u><u>248,532</u></u>	<u><u>(5,604)</u></u>

See accompanying notes to the basic financial statements.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2021

	Private- Purpose Trust Funds	Custodial Fund
<b>ADDITIONS:</b>		
Gifts and Contributions	\$ 32,943	-
Investment Earnings	8,900	-
Extracurricular Amounts Collected for Other Organizations	-	32,179
Miscellaneous	4,000	-
Total Additions	45,843	32,179
<b>DEDUCTIONS:</b>		
Scholarship Payments in Accordance with Trust Agreements	38,771	-
Extracurricular Distributions to Other Organizations	-	37,783
Total Deductions	38,771	37,783
Change in Net Position	7,072	(5,604)
Net Position, Beginning of Year - Restated	241,460	-
Net Position, End of Year	\$ 248,532	(5,604)

See accompanying notes to the basic financial statements.

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**TROY CITY SCHOOL DISTRICT  
MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Troy City School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution of the State of Ohio. The School District operates under a locally elected, five-member Board of Education (Board) to provide educational and other services as required and permitted by the laws and regulations of the State of Ohio and United States of America. The School District is not a part of, or under the control of, the City of Troy, Ohio.

**Reporting Entity:** A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements are not misleading. 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 Troy City School District, this includes general operations, food service, student guidance, extracurricular activities, educational media, care and upkeep of grounds and buildings, preschool and student related activities of the School District. The following activities are included within the reporting entity:

**Hayner Cultural Center:** About fifty years ago, title to the real and personal property which presently comprises the bulk of Hayner Cultural Center passed from the estate of Mary Jane Hayner to the School District under Mrs. Hayner's will. This facility is now being operated as a fine arts center to provide fine arts exhibits, educational opportunities, and meeting facilities for the citizens of Troy and its surrounding communities. The School District has provided for a Governing Board whose responsibility in part is to preserve, maintain, and operate the Center. The School District has the authority to reject the recommendations of the Governing Board. Likewise, there is a financial benefit and financial burden relationship between the School District and the Center. Accordingly, the Hayner Cultural Center's financial statements are included within the special revenue funds.

**Parochial Schools:** Within the School District boundaries are four parochial schools, which are operated as private schools. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools. The activity of these State monies is reflected in a special revenue fund for financial reporting purposes.

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

The School District is associated with two jointly governed organizations. These organizations are presented in Note 15 to the basic financial statements. These organizations are:

**Jointly Governed Organizations:**  
Southwestern Ohio Educational Purchasing Council  
Metropolitan Educational Technology Association

**TROY CITY SCHOOL DISTRICT  
MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

The financial statements of the Troy City School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

***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 fiduciary funds. The activity of the internal service fund was eliminated to avoid the "doubling up" of revenues and expenses.

The statement of net position presents the financial condition of the governmental activities of the School District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

**Fund Financial Statements**

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



**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

***B. Fund Accounting***

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities/deferred inflows of resources is reported as fund balance. The General Fund is the only major fund of the School District:

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

The other governmental funds of the School District account for grants and other resources and capital projects of the School District whose uses are restricted to a particular purpose.

Proprietary Fund

The proprietary fund focuses on the determination of the changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Internal Service Fund – The internal service fund accounts for the financing of services provided by one department or agency to other department or agencies of the School District on a cost reimbursement basis. The School District has one internal service fund, which accounts for the self-insurance program which provides medical benefits to employees.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Custodial funds account for fiduciary resources not accounted for within trust funds. The School District has various funds established to provide scholarships to its students that are classified as private-purpose trust funds. The School District custodial fund accounts for State athletic tournament games, for which the School District acts as fiscal agent.

**TROY CITY SCHOOL DISTRICT  
MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

***C. Measurement Focus***

**Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position.

**Fund Financial Statements**

Governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows and inflows of resources, and in the presentation of expenses versus expenditures.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within ninety days of fiscal year end for all revenues except property tax. For property tax revenue, available means expected to be received within sixty days of fiscal year end.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the fiscal year in which the exchange on which the tax is imposed takes place. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, income taxes, grants, investment earnings, tuition, and student fees.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

***E. Deferred Outflows/Inflows of Resources***

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension, and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained further in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources until that time. For the District, deferred inflows of resources include property taxes, unavailable revenue, deferred gain on refunding, pension, and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes delinquent property taxes, income taxes, intergovernmental grants, and student fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 11 and 12).

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

***F. Budget Data***

All funds, other than custodial funds and the Auxiliary Services special revenue fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The 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 has established the legal level of control at the fund level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue, are identified by the School District. The amounts reported as the original budgeted amounts in the budgetary schedule reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary schedule reflect the amounts in the final amended certificate issued during fiscal year 2021.

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

***G. Pooled Cash and Investments***

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary and fiduciary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "pooled cash and investments" on the financial statements.

During fiscal year 2021, investments included STAROhio and negotiable certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

The School District's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the School District. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortization cost basis that provides a NAV per share that approximates fair value.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

For the fiscal year 2021, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption rates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2021 amounted to \$84,076; \$29,134 was assigned from other School District funds.

For purposes of the statement of cash flows and for presentation of the balance sheet, investments of the cash management pool are reported as pooled cash and investments.

***H. Materials and Supplies Inventory***

On government-wide financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption, donated food, and purchased food. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by nonspendable fund balance in the appropriate fund, which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

***I. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

***J. Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

***K. Capital Assets and Depreciation***

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported within the governmental activities on the government-wide statement of net position but are not reported in the fund statements.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements throughout the year. Donated capital assets are recorded at acquisition value as of the date received. The School District maintains a capitalization threshold of two thousand five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Buildings	40 years
Improvements	10 – 40 years
Furniture and Equipment	5 – 20 years
Textbooks	7 years
Vehicles	7 – 12 years

**L. Restricted Assets**

The restricted asset reported within the general fund represents the required sinking fund established in accordance with the covenants of the 2009 energy conservation bond issue. The School District agreed to set aside deposit quarterly to the sinking fund account held by the paying agent to be applied to the payment of the principal amount of the bonds at maturity.

**M. Interfund Activity**

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

**N. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees eligible to receive termination payments as of the balance sheet date and on leave balances accumulated by other employees expected to become eligible in the future to receive payments.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

The entire compensated absence liability is reported on the government-wide financial statements. For government-wide and governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to come due for payment as the result of retirement or termination of employment. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported on the fund level financial statements.

***O. Pensions/Other Postemployment Benefit (OPEB) Plans***

For purposes of measuring the net pension and OPEB assets, liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the pension and 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 and OPEB plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension and OPEB plans report investments at fair value.

***P. Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension and OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension and OPEB plans' fiduciary net position is not sufficient for payment of those benefits. Long-term debt payments paid from governmental funds are not recognized as a liability in the fund financial statements until they come due.

***Q. Net Position***

Net position represents the difference between assets and deferred outflows of resources compared with liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position are 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. The School District did not have any net position restricted by enabling legislation.

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

***R. Fund Balance***

The School District reports classifications of fund equity based on the purpose for which resources were received and the level of constraint placed on the resources. Nonspendable fund balance indicates resources that are not expected to be converted to cash because they are not in a spendable form. Resources that have purpose constraints placed upon them by laws, regulations, creditors, grantors, or other external parties are

**TROY CITY SCHOOL DISTRICT  
MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

considered available only for the purpose for which they were received and are reported as a restricted fund balance. The School District may limit the use of unreserved resources and they may be reported as committed or assigned fund balance depending on at what level of governance the constraints were placed. With an affirmative vote of its members, the Board of Education may create funds for which resources are committed to the established purpose of that fund. Through the School District’s purchasing policy the Board has given the Treasurer the authority to constrain monies for intended purposes, which are reported as assigned fund balances. All other funds in spendable form not restricted, committed or assigned are reported as an unassigned fund balance.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted fund balance is available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

**NOTE 3 – FUND BALANCES**

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

Fund Balances	General	Nonmajor Governmental Funds	Total
Nonspendable for:			
Inventory of Supplies	\$ 45,903	-	45,903
Prepays	76,527	25,196	101,723
Unclaimed Funds	8,678	-	8,678
Total Nonspendable	<u>131,108</u>	<u>25,196</u>	<u>156,304</u>
Restricted for:			
Debt Service	848,645	1,461,469	2,310,114
Capital Improvements	-	959,555	959,555
Food Service Operations	-	957,383	957,383
Student Scholarships	-	15,800	15,800
Hayner Cultural Center	-	699,781	699,781
Student Activities	-	725,500	725,500
State Educational Grants	-	352,050	352,050
Federal Education Grants	-	15,160	15,160
Total Restricted	<u>848,645</u>	<u>5,186,698</u>	<u>6,035,343</u>
Assigned for:			
Student and Staff Support	315,406	-	315,406
Subsequent Expenditures	194,105	-	194,105
Subsequent Appropriations	1,696,251	-	1,696,251
Total Assigned	<u>2,205,762</u>	<u>-</u>	<u>2,205,762</u>
Unassigned (Deficit)	<u>12,741,189</u>	<u>(19,636)</u>	<u>12,721,553</u>
Total Fund Balances	<u>\$ 15,926,704</u>	<u>5,192,258</u>	<u>21,118,962</u>



**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 4 - ACCOUNTABILITY**

The School District had two non-major special revenue funds reporting fund deficits as of June 30, 2021; the Elementary and Secondary School Emergency Relief fund (\$19,432) and Title II-A grant fund (\$204). These deficits were created by the application of generally accepted accounting principles. The general fund is liable for any deficit in this fund and provides operating transfers when cash is required, not when accruals occur.

**NOTE 5 – DEPOSITS AND INVESTMENTS**

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

Active Monies – Those monies required to be kept in “cash” or “near-cash” status for the immediate use of the district. Such monies must be maintained either as cash in the treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive Monies – Those monies not required for use within the current five-year period of designation of depositories. Inactive monies may be deposited or invested as certificate of deposit maturing no later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested in legal securities (see Note 2G).

**Deposits**

Custodial credit risk is the risk that, in the event of bank failure, the District’s deposits may not be returned. The District’s policy for deposits is that any balance not covered by depository insurance will be collateralized by the financial institution with pledged securities. Ohio law requires that deposits either be insured or be protected by:

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

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At year end, the carrying amount of the School District’s cash and deposits was \$15,313,540 (including \$8,790 of cash on hand) and the bank balance was \$16,591,370. Of the bank balance, \$3,318,146 was covered by federal depository insurance (FDIC) and \$13,273,224 was uninsured and collateralized.

**TROY CITY SCHOOL DISTRICT  
MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)**

Investments

Investments are reported at fair value. As of June 30, 2021, the School District had the following investments:

	Fair Value	Maturity (in years)		% of Portfolio	Credit Rating*
		Less than 1	1-3		
Negotiable CD's	\$ 1,806,682	1,146,810	659,872	59.60%	N/A
STAR Ohio	1,224,621	1,224,621	-	40.40%	AAAm
<b>Total Investments</b>	<b>\$ 3,031,303</b>	<b>2,371,431</b>	<b>659,872</b>		

\* - as rated by Standard & Poor's rating services

The School District's investment policy permits the purchase of any security specifically authorized by the Ohio Revised Code and includes the following:

*Interest Rate Risk* – 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. Ohio Revised Code §135.14(B)(7)(a) limits commercial paper to those assigned the highest credit rating by two nationally recognized rating services.

*Credit Risk* – The District has no investment policy that would further limit its investment risk other than what has been approved by State statute. The School District's negotiable certificates of deposits (CDs) were covered by FDIC.

*Concentration of Credit Risk* – The School District should normally seek to diversify its holdings of other investments by avoiding concentrations of specific issuers.

Fair Value Measurement

The School District's investments measured and reported at fair value are classified according to the following hierarchy:

- Level 1 – Investments reflect prices quoted in active markets.
- Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 – Investments reflect prices based upon unobservable sources.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)**

The categorization of investments within the hierarchy is based upon the transparency of the instrument and should not be perceived as the particular investment’s risk. The School District had the following reoccurring fair value measurements as of June 30, 2021:

<u>Investment Type</u>	<u>Total</u>	<u>Identical Assets (Level 1)</u>	<u>Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
Negotiable CDs	\$ 1,806,682	\$ -	\$ 1,806,682	\$ -
Total	<u>\$ 1,806,682</u>	<u>\$ -</u>	<u>\$ 1,806,682</u>	<u>\$ -</u>

Investments classified in Level 2 of the fair value hierarchy are valued using pricing sources as provided by the investment managers.

**NOTE 6 – PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis, while the School District’s fiscal year runs from July through June. First half tax 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 2021 represents collections of calendar year 2020 taxes. Real property taxes received during calendar year 2021 were levied after April 1, 2020 on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property 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 alternative payment dates to be established.

Public utility property tax revenue received in calendar year 2021 represents collection of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Miami 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, 2021 are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**TROY CITY SCHOOL DISTRICT  
MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

Property taxes receivable represents real property and public utility property taxes that are measurable as of June 30, 2021 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the portion of real property taxes available as an advance at June 30 was levied to finance current year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes. The amount available as an advance at June 30, 2021, was \$2,817,755, \$173,982, \$120,634 and \$95,987 in the General, Debt Service, Capital Project and Hayner funds, respectively.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis, it is reported as deferred inflows of resources – unavailable revenue, unless remitted to the School District within the available period.

The assessed values upon which the fiscal year 2021 taxes were collected are as follows:

	2021 First Half Collections		2020 Second Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 802,734,460	96.31%	775,120,130	96.32%
Public Utility	<u>30,787,270</u>	3.69%	<u>29,650,050</u>	3.68%
Total Assessed Value	\$ <u>833,521,730</u>	<u>100.00%</u>	<u>804,770,180</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$51.60</u>		<u>\$51.80</u>	

**NOTE 7 – INCOME TAX**

On January 1, 2007 the School District levied a voted 1.5 percent income tax on the earned income of individuals residing in the School District for the purpose of current expenses. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. For fiscal year 2021, this income tax generated \$12,163,699 for general operating purposes.

**NOTE 8 – RECEIVABLES**

Receivables at June 30, 2021, consisted of current and delinquent property taxes, income taxes, accounts (rent and student fees), intergovernmental grants and interfund transactions. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

**TROY CITY SCHOOL DISTRICT**  
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Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 8 – RECEIVABLES (Continued)**

A summary of the principal items of intergovernmental receivables follows:

	Amount
Nonmajor Governmental Funds:	
Food Service Reimbursement	\$ 188,793
Title IDEA-B Grant	13,085
Title I School Improvement Grant	37,074
Title III LEP Grant	26,973
Title I Grant	189,839
Title II-A Grant Fund	19,038
Title IV-A Grant	9,676
Total Intergovernmental Receivables	\$ 484,478

**NOTE 9 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance 6/30/2020	Additions	Deductions	Balance 6/30/2021
<b><u>Capital Assets, not being depreciated:</u></b>				
Land	\$ 1,417,612	-	-	1,417,612
<b><u>Capital Assets, being depreciated:</u></b>				
Buildings	30,430,819	-	-	30,430,819
Improvements	18,068,584	198,675	-	18,267,259
Furniture and Equipment	5,184,688	110,856	(9,064)	5,286,480
Vehicles	3,938,744	279,157	(360,818)	3,857,083
	57,622,835	588,688	(369,882)	57,841,641
<b><u>Less: Accumulated Depreciation:</u></b>				
Buildings	(16,431,099)	(520,921)	-	(16,952,020)
Improvements	(12,158,394)	(622,118)	-	(12,780,512)
Furniture and Equipment	(4,809,594)	(92,778)	9,064	(4,893,308)
Vehicles	(2,397,052)	(240,229)	360,818	(2,276,463)
	(35,796,139)	(1,476,046) *	369,882	(36,902,303)
<b>Capital Assets, being depreciated, net</b>	21,826,696	(887,358)	-	20,939,338
<b>Capital Assets, net</b>	\$ 23,244,308	(887,358)	-	22,356,950

**TROY CITY SCHOOL DISTRICT  
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Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 9 – CAPITAL ASSETS (Continued)**

\* - Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 665,536
Support Services:	
Instructional Staff	481
Administration	9,688
Business	337
Operation and Maintenance of Plant	30,514
Pupil Transportation	230,344
Operation of Non-Instructional Services	14,427
Extracurricular Activities	<u>3,798</u>
	955,125
Unallocated Depreciation	<u>520,921</u>
Total Depreciation Expense	<u>\$ 1,476,046</u>

Unallocated depreciation is depreciation of the individual school buildings throughout the District that essentially serve all functions/programs, and therefore is not included as a direct expense of any function or program but disclosed as a separate expense.

**NOTE 10 – RISK MANAGEMENT**

***A. Property and Liability***

The School District covers the majority of its risk (property, liability, etc.) through commercial insurance. There were no significant changes in coverages, retentions or limits during the fiscal year. Settled claims have not exceeded the commercial coverages in any of the previous three years.

***B. Health Insurance***

The School District provides health care coverage for its employees and is self-insured up to a stop loss limit of \$150,000 per employee for the cost of providing this coverage and an aggregate stop loss limit of \$7,907,669. Premiums are charged to the funds from which the covered employees are paid. Self-insured risk for health care benefits is accounted for with the School District’s internal service fund.

Expenses for claims are recorded as other expenditures/expenses when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The basis for estimating the liability for unpaid claims is based on past experience and large outstanding balances. The liability at June 30, 2021, is not discounted. An actuary was used in determining its liability. A summary of changes in self-insured claims for the year ended June 30, 2021, follows:

Year	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2020	\$ 1,120,764	4,534,527	(4,588,059)	1,067,232
2021	1,067,232	5,963,189	(5,887,600)	1,142,821

**TROY CITY SCHOOL DISTRICT  
MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for contractually-required pension contributions outstanding at the end of the fiscal year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

***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](http://www.ohsers.org) under Employers/Audit Resources.

**TROY CITY SCHOOL DISTRICT  
MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)**

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; or 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 year of service; 2.2% for the first 30 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 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. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

**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, and Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the 14% was allocated to only three of the funds (Pension Trust Fund, Death Benefit Fund and Medicare B Fund).

The School District's contractually required contribution to SERS was \$959,925 for fiscal year 2021. Of this amount, \$216,858 is reported as an intergovernmental payable.

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

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



**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)**

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 30 years of service regardless of age. Increases in age and service requirements increase effective August 1, 2015 and will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS Ohio plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

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

**Funding Policy** – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2021, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was approximately \$3,223,609 for fiscal year 2021. Of this amount, \$648,712 is reported as an intergovernmental payable.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)**

***Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources for Pensions***

The net pension liability was measured as of June 30, 2020, 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 and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 13,345,510	\$ 46,503,652	\$ 59,849,162
Proportion of the net pension liability	0.201770%	0.192192%	
Change in proportionate share	-0.005610%	0.000315%	
Pension expense	\$ 1,325,699	\$ 6,626,869	\$ 7,952,568

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ 25,923	\$ 104,343	\$ 130,266
Net difference between projected and actual earnings on pension plan investments	847,169	2,261,478	3,108,647
Change in assumptions	-	2,496,348	2,496,348
Change in School District's proportionate share and difference in employer contributions	-	873,876	873,876
School District contributions subsequent to the measurement date	<u>959,925</u>	<u>3,223,609</u>	<u>4,183,534</u>
Total	<u>\$ 1,833,017</u>	<u>\$ 8,959,654</u>	<u>\$ 10,792,671</u>

<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ -	\$ 297,360	\$ 297,360
Change in School District's proportionate share and difference in employer contributions	<u>275,253</u>	<u>-</u>	<u>275,253</u>
Total	<u>\$ 275,253</u>	<u>\$ 297,360</u>	<u>\$ 572,613</u>

\$4,183,534 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

**TROY CITY SCHOOL DISTRICT  
MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)**

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ (200,662)	\$ 2,071,564	\$ 1,870,902
2023	180,146	987,674	1,167,820
2024	353,119	1,339,524	1,692,643
2025	265,236	1,039,923	1,305,159
	\$ 597,839	\$ 5,438,685	\$ 6,036,524

**Actuarial Assumptions – SERS**

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented below:

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Investment rate of return	7.50 percent of net investments expense, including inflation
Actuarial cost method	Entry Age Normal

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females for active members. Mortality among service retired members and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

**TROY CITY SCHOOL DISTRICT  
MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)**

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015 adopted by the Board on April 21, 2016.

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 averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00%	1.85%
US stocks	22.50%	5.75%
Non-US stocks	22.50%	6.50%
Fixed income	19.00%	2.85%
Private equity	12.00%	7.60%
Real assets	17.00%	6.60%
Multi-asset strategies	<u>5.00%</u>	6.65%
Total	<u>100.00%</u>	

**Discount Rate** – Total pension liability was calculated using the discount rate of 7.5%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.5%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the 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 net pension liability calculated using the discount rate of 7.5%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%), or one percentage point higher (8.5%) than the current rate.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
School District's proportionate share of the net pension liability	\$ 18,281,718	\$ 13,345,510	\$ 9,203,936

**TROY CITY SCHOOL DISTRICT  
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Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)**

***Actuarial Assumptions - STRS***

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Payroll increases	3.00 percent
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Discount rate of return	7.45 percent
Cost-of-living adjustments (COLA)	0.00 percent

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

The actuarial assumptions were based on the results of an actual experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

**Discount Rate** – The discount rate used to measure the total pension liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

**TROY CITY SCHOOL DISTRICT  
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Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)**

***Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** – The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, 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 (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$ 66,213,105	\$ 46,503,652	\$ 29,801,533

**Social Security System**

All employees not covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2021, four of the members of the Board of Education have elected social security. The Board's liability is 6.2% of wages paid.

**NOTE 12 – POSTEMPLOYMENT BENEFITS**

***Net OPEB Asset/Liability***

The net OPEB asset/liability reported on the statement of net position represents a liability to (or assets for) employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB asset/liability represents the School District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB asset/liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments, health care cost trend rates 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 OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB asset/liability. Resulting adjustments to the net OPEB asset/liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

**TROY CITY SCHOOL DISTRICT**  
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Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)**

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability or fully-funded benefits as a long-term net OPEB asset on the accrual basis of accounting. Any liability for contractually-required OPEB contributions outstanding at the end of the fiscal year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

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

*Health Care Plan Description*— The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB Statement No. 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. 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 fiscal year 2021, there was no portion allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, the minimum compensation amount was \$23,000. 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 2021, the School District's surcharge obligation was \$102,913.

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

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

**TROY CITY SCHOOL DISTRICT**  
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Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)**

*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, 2021, STRS did not allocate any employer contributions to post-employment health care.

***OPEB Asset/liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB asset/liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB asset/liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB asset/liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net OPEB asset	\$ -	\$ 3,377,773	\$ 3,377,773
Proportionate share of the net OPEB liability	4,285,899	-	4,285,899
Proportion of the net OPEB asset/liability	0.197204%	0.192192%	
Change in proportionate share	-0.007783%	0.000315%	
OPEB (negative) expense	\$ (82,417)	\$ (130,543)	\$ (212,960)

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ 56,292	\$ 216,431	\$ 272,723
Net difference between projected and actual earnings on OPEB plan investments	48,293	118,378	166,671
Change in assumptions	730,597	55,759	786,356
Difference between employer contributions and proportionate share of contributions	231,773	243,561	475,334
School District contributions subsequent to the measurement date	<u>102,913</u>	<u>-</u>	<u>102,913</u>
Total	<u>\$ 1,169,868</u>	<u>\$ 634,129</u>	<u>\$ 1,803,997</u>

(continued)



**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)**

	SERS	STRS	Total
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ 2,179,680	\$ 672,803	\$ 2,852,483
Change in assumptions	107,951	3,208,317	3,316,268
Difference between employer contributions and proportionate share of contributions	444,676	-	444,676
Total	\$ 2,732,307	\$ 3,881,120	\$ 6,613,427

\$102,913 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset/liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ (314,674)	\$ (801,938)	\$ (1,116,612)
2023	(311,180)	(721,811)	(1,032,991)
2024	(311,748)	(693,704)	(1,005,452)
2025	(347,211)	(713,601)	(1,060,812)
2026	(283,015)	(152,714)	(435,729)
2027	(97,524)	(163,223)	(260,747)
	\$ (1,665,352)	\$ (3,246,991)	\$ (4,912,343)

**Actuarial Assumptions – SERS**

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

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

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will consider the employee’s entire career with the employer and 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.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)**

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented below:

Investment rate of return, including inflation	7.50% net of investment expense
Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Municipal bond index rate:	
Prior measurement date	3.13%
Measurement date	2.45%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Prior measurement date	3.22%
Measurement date	2.63%
Medical trend assumption:	
Pre-Medicare	7.00% - 4.75%
Medicare	5.25% - 4.75%

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, 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 allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00%	1.85%
US stocks	22.50%	5.75%
Non-US stocks	22.50%	6.50%
Fixed income	19.00%	2.85%
Private equity	12.00%	7.60%
Real assets	17.00%	6.60%
Multi-asset strategies	<u>5.00%</u>	6.65%
Total	<u>100.00%</u>	

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)**

**Discount Rate** – The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability at June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2035. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2034 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45% as of June 30, 2020 (i.e., municipal bond rate) was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rates** – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability calculated using the discount rate of 2.63%, as well as what the School District’s net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63%) and one percentage point higher (3.63%) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	\$ 5,245,834	\$ 4,285,899	\$ 3,522,752

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the School District’s net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (6.00% decreasing to 3.75%) and one percentage point higher (8.00% decreasing to 5.75%) than the current rates.

	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$ 3,374,819	\$ 4,285,899	\$ 5,504,245

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)**

***Actuarial Assumptions - STRS***

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	12.50% at age 20 to 2.50% at age 65	
Payroll increases	3.00%	
Investment rate of return	7.45%, net of investment expenses, including inflation	
Discount rate of return	7.45%	
Health care cost trends	<u>Initial</u>	<u>Ultimate</u>
Medical		
Pre-Medicare	5.00%	4.00%
Medicare	-6.69%	4.00%
Prescription Drug		
Pre-Medicare	6.50%	4.00%
Medicare	11.87%	4.00%

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

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

Actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, claim curves were trended to the fiscal year ending June 30, 2021 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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:

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)**

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

\* 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS 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 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on OPEB plan assets of 7.45% was used to measure the total OPEB liability as of June 30, 2020.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and the Health Care Cost Trend Rates** – The following table presents the School District's proportionate share of the net OPEB asset calculated using the current period discount rate assumption of 7.45%, 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 (6.45%) and one percentage point higher (8.45%) than the current rate. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates:

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
School District's proportionate share of the net OPEB asset	\$ 2,938,883	\$ 3,377,773	\$ 3,750,156
	<u>1% Decrease In Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase In Trend Rates</u>
School District's proportionate share of the net OPEB asset	\$ 3,727,041	\$ 3,377,773	\$ 2,952,313

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 13 – OTHER EMPLOYEE BENEFITS – COMPENSATED ABSENCES**

Administrators and classified staff who work twelve-month contracts are granted vacation leave. The leave amount is based on length of service and position. Accrued vacation leave may, in some cases, be carried over from one contract year to another, for up to three years. The School District accrues vacation leave benefits as earned.

District employees earn sick leave at fifteen days per year. Upon retirement or termination an employee is paid 25% of the accrued sick leave days, not to exceed a total of 50 days' severance pay. Sick leave benefits are accrued as a liability using the vesting method.

**NOTE 14 – LONG-TERM OBLIGATIONS**

Changes in long-term obligations of the School District during fiscal year 2021 were as follows:

	Amount Outstanding 6/30/20	Increase	Decrease	Amount Outstanding 6/30/21	Amount Due Within One Year
General Obligation Bonds:					
2012 Refunding Bonds					
Serial - 2.00% - 4.00%	\$ 5,305,000	-	(4,635,000)	670,000	670,000
2013 Refunding Bonds					
Serial - 3.00% - 5.00%	4,835,000	-	-	4,835,000	-
Term - 2.05% - 2.50%	1,200,000	-	(40,000)	1,160,000	40,000
Private Placement: 2021					
Serial Refunding Bonds - 1.76%	-	3,990,000	-	3,990,000	55,000
Add: Bond Premium	1,062,983	-	(588,837)	474,146	-
Total General Obligation Bonds	<u>12,402,983</u>	<u>3,990,000</u>	<u>(5,263,837)</u>	<u>11,129,146</u>	<u>765,000</u>
Net Pension Liability:					
STRS	42,432,368	4,071,284	-	46,503,652	-
SERS	12,407,882	937,628	-	13,345,510	-
Total Net Pension Liability	<u>54,840,250</u>	<u>5,008,912</u>	<u>-</u>	<u>59,849,162</u>	<u>-</u>
Net OPEB Liability:					
SERS	5,154,999	-	(869,100)	4,285,899	-
Total Net OPEB Liability	<u>5,154,999</u>	<u>-</u>	<u>(869,100)</u>	<u>4,285,899</u>	<u>-</u>
Energy Conservation Bonds 0.0%	1,103,964	-	-	1,103,964	-
Compensated Absences	4,009,952	552,403	(505,766)	4,056,589	485,995
Total Governmental Activities	<u>\$ 77,512,148</u>	<u>9,551,315</u>	<u>(6,638,703)</u>	<u>80,424,760</u>	<u>1,250,995</u>

The School District pays obligations related to employee compensation (compensated absences and pension and OPEB contributions) from the fund benefitting from their service.

**Legal Debt Margins**

As of June 30, 2021, the overall legal debt margin was \$65.6 million, an energy conservation debt limit of \$6.4 million, and an unvoted debt margin of \$833,522.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

General Obligation Bonds

The general obligation bond issues will be paid through the debt service fund from property taxes collected by the County Auditor. The School District issued general obligation debt for the following purposes:

- \$3,990,000 issued in fiscal year 2021 and maturing in fiscal year 2029, for the partial advance refunding of \$3,990,000 of 2012 refunding bonds. These Federally taxable bonds are current interest serial bonds and carry an interest rate of 1.76 percent. This refunding was undertaken by the School District to achieve an overall savings on debt service payments over the next seven and a half years totaling \$525,595 and achieving an economic gain of \$503,951.
- \$8,095,000, issued in fiscal year 2012 and maturing in fiscal year 2029, for the partial advance refunding of \$8,190,000 of 2005 school improvement bonds. These bonds are current interest serial bonds. \$3,990,000 of these bonds were advanced refunded through the issuance of the 2021 refunding bonds and will remain outstanding until the call date of December 1, 2021.
- \$7,659,990, issued in fiscal year 2013 and maturing in fiscal year 2032, for the partial advance refunding of \$7,660,000 of the 2005 school improvement bonds. The District is required to deposit a portion of the principal and interest payments into a sinking fund, starting on December 1, 2017 related to the term bond. The schedule for the sinking fund is as follows, however the financial institution has elected to consider the amounts paid in the below schedule to reduce the liability at time of payment:

Fiscal Year	Required Deposit
2022	\$ 40,000
2023	45,000
2024	45,000
2025	-
2026	-
2027-30	1,030,000
Total	\$ <u>1,160,000</u>

The general obligation future debt service requirements are as follows:

Fiscal Year	Principal	Interest	Private-Placement		Total
			Principal	Interest	
2022	\$ 710,000	172,270	55,000	72,081	1,009,351
2023	45,000	157,999	715,000	62,964	980,963
2024	45,000	157,077	730,000	50,248	982,325
2025	825,000	147,953	-	43,824	1,016,777
2026	845,000	129,995	-	43,824	1,018,819
2027-31	2,055,000	548,000	2,490,000	66,264	5,159,264
2032-33	2,140,000	64,647	-	-	2,204,647
Total	\$ <u>6,665,000</u>	<u>1,377,941</u>	<u>3,990,000</u>	<u>339,205</u>	<u>12,372,146</u>

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

Energy Conservation Bonds

The School District issued Energy Conservation Bonds totaling \$1,103,964, in fiscal year 2010, for the purpose of making energy conservation improvements to the School District’s various buildings. The bonds are a single term bond which do not bear interest and mature on September 1, 2024. Although the bonds are not subject to mandatory sinking fund redemption, the School District covenanted to set aside deposits quarterly which are to be held by the paying agent in a separate account, to be applied to the payment of the principal amount of the bonds at maturity.

At June 30, 2021 the fair value of the sinking account (separate account maintained by paying agent) was \$848,645 and is reported as restricted cash and cash equivalents with escrow agent within the general fund.

Annual deposit requirements to the sinking fund are as follows:

<u>Fiscal Year</u>		<u>Required Deposit</u>
2022	\$	75,964
2023		75,964
2024		88,625
2025		<u>25,325</u>
Total	\$	<u>265,878</u>

**NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS**

Southwestern Ohio Educational Purchasing Council – The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing council made up of 132 school districts and boards of developmental disabilities in 18 counties. The purpose of the council 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. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Any payments to SOEPC are made from the general fund. Each new member pays an initiation fee in addition to the annual membership fee and other appropriate assessments. The School District made no payments to SOEPC during fiscal year 2021.

Metropolitan Educational Technology Association – The School District is a participant in the Metropolitan Educational Technology Association (META), which is a data acquisition site used by the School District. META is an association of public school districts in a geographic area determined by the Ohio Department of Education. META was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member districts. During fiscal year 2021, the District contributed \$89,499 to META. The Board of META consists of one representative from each of the participating members. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.



**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 16 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

The following cash basis information describes the change in the year-end set-aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	<u>Capital Acquisition</u>
Set-aside Cash Balance, June 30, 2020	\$ -
Current Year Set-aside Requirement	786,018
Qualifying Disbursements	(36,175)
Current Year Off-Sets	<u>(749,843)</u>
Total	<u>-</u>
Balance Carried Forward to FY2022	\$ <u>-</u>

While the School District had many qualifying expenditures during the year, only \$36,175 are shown above since the permitted off-sets nearly exceeded the set-aside requirement for the fiscal year, presenting those expenditures is not necessary to demonstrate compliance. The excess of the current year off-sets over the current year set-aside requirement may not be used to reduce the set-aside requirements of future fiscal years.

**NOTE 17 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 2021.

**B. Litigation**

The School District is not currently party to legal proceedings

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 18 – INTERFUND TRANSACTIONS**

During fiscal year 2021, the School District’s General Fund’s prior year advances to other funds were repaid in 2020 totaling \$16,281 from the Title III-LEP Grant Fund (\$6,401), to the Title II-A Grant Fund (\$280) and to the Miscellaneous Federal Grant Fund (\$9,600). The General Fund made current year advances to the Elementary and Secondary School Emergency Relief Fund (\$24,010), Title I-D Grant (\$3,230), and the Title IIA (\$1,392) to provide funding for operations until grant funding is received.

**NOTE 19 – TAX ABATEMENTS**

During fiscal year 2021, the School District’s property tax revenues were reduced by an insignificant amount under Community Reinvestment Area (CRA) and Enterprise Zone (EZ) agreements, respectively. The CRA agreements and EZ agreements were entered into by the City of Troy.

The Ohio Community Reinvestment Area program is an economic development tool administered by the County that provides real property tax exemptions for property owners who renovate existing or construct new buildings. Under Ohio Revised Code section 3765 to 3735.70, city, village or county can petition the Ohio Department of Development to confirm that investment in a particular geographical area. Once the Department has confirmed the investment in the area, the community may offer real estate tax exemptions to taxpayers who are willing to invest in the area. Up to 12 years may be exempt for commercial and industrial remodeling and up to 15 years may be exempt for new construction. State law requires reimbursement agreements with school districts for tax revenue losses for CRA in place after 1994. Payments in lieu of taxes paid by the property owner directly to the school districts as required by the agreement are not reduced from the total amount of taxes abated.

The Ohio Enterprise Zone areas are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investments. EZAs are not part of the traditional zoning program, which limits the use of land; instead they allow local officials to negotiate with businesses to encourage new business investment in the zone. The EZA serves as an additional economic development tool for communities attempting to retain and expand their economic base. The EZA is a contract between the City and the company. The zone’s geographic area is identified by local communities involved in the creation of the zone. Once a zone is defined, the local legislative authority participating in the creation must petition the director of the Development Services Agency. The director must then certify the area for it to become an active Enterprise Zone. Tax incentives are negotiated at the local level, and an enterprise zone agreement must be in place before the project begins. Businesses interested in pursuing these incentives should contact the local Enterprise Zone Manager.

During fiscal year 2021, the School District received \$444,681 related to property tax revenues lost under the various abatement agreements directly from the companies.

**NOTE 20 – COVID-19 PANDEMIC**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the School District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act 2021, passed by Congress on December 1, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

During fiscal year 2021, the School District received \$402,297 through the Elementary and Secondary School Emergency Relief Program and \$207,017 through the Coronavirus Relief Fund Program.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 21 – RESTATEMENT OF NET POSITION/FUND BALANCE**

During fiscal year 2021, the School District reviewed and reclassified certain funds previously reported as private-purpose trust funds and determined they better meet the definition of governmental funds. As a result of these reclassification, restatement of previously reported net position and fund balance for July 1, 2020 occurred as follows:

	Governmental Activities	Private-Purpose Trust Funds	
Net Position at June 30, as previously reported	\$ (28,755,897)	\$ 266,797	
Adjustments:			
Reclassification of funds	25,337	(25,337)	
Net Position at June 30, 2020, as restated	<u>\$ (28,730,560)</u>	<u>\$ 241,460</u>	
	General Fund	Other Governmental Funds	Total Governmental Funds
Fund Balance at June 30, 2020, as previously reported	\$ 12,595,985	\$ 3,447,180	\$ 16,043,165
Adjustments:			
Reclassification of funds	9,822	15,515	25,337
Fund Balance at June 30, 2020, as restated	<u>\$ 12,605,807</u>	<u>\$ 3,462,695</u>	<u>\$ 16,068,502</u>

**NOTE 22 – SUBSEQUENT EVENT**

For fiscal year 2022, School District foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$1,763,949 in revenues and expenditures/expenses related to these programs. This new funding system calculates a unique base cost and a unique “per-pupil local capacity amount” for each district. The School District’s state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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**TROY CITY SCHOOL DISTRICT  
MIAMI COUNTY, OHIO**

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO  
LAST EIGHT FISCAL YEARS (1) (2)

	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.210782%	\$ 12,534,529	\$ 5,975,267	209.77%	65.52%
2015	0.210782%	10,667,557	6,186,782	172.42%	71.70%
2016	0.211095%	12,045,291	6,750,448	178.44%	69.16%
2017	0.206898%	15,143,049	6,425,493	235.67%	62.98%
2018	0.198230%	11,843,772	6,646,100	178.21%	69.50%
2019	0.213430%	12,223,522	6,868,711	177.96%	71.36%
2020	0.207380%	12,407,882	7,114,296	174.41%	70.85%
2021	0.201770%	13,345,510	7,073,621	188.67%	68.55%

(1) Information prior to 2014 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the School District's measurement date, which is the prior fiscal year-end.

**Notes to Schedule:**

*Change in assumptions.* In measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2015. Significant changes included a reduction of the discount rate from 7.75% to 7.50%, a reduction in the wage inflation rate from 3.25% to 3.00%, a reduction in the payroll growth assumption used from 4.00% to 3.50%, reduction in the assumed real wage growth rate from 0.75% to 0.50%, update of the rates of withdrawal, retirement and disability to reflect recent experience, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables for active members and service retired members and beneficiaries.

*Changes of benefit and funding terms.* In measurement year 2018, post-retirement increases in benefits included the following changes:

1. Members, or their survivors, retiring prior to January 1, 2018, receive a COLA increase of 3% of their base benefit on the anniversary of their initial date of retirement.
2. Members, or their survivors, retiring on and after January 1, 2018, receive a COLA increase on each anniversary of their initial date of retirement equal to the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0%, nor greater than 2.5%. COLAs are suspended for calendar years 2018, 2019, and 2020.
3. Members, or their survivors, retiring on and after April 1, 2018, will have their COLA delayed for three years following their initial date of retirement.

**TROY CITY SCHOOL DISTRICT  
MIAMI COUNTY, OHIO**

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM OF OHIO  
LAST EIGHT FISCAL YEARS (1) (2)

	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.175521%	\$ 50,855,322	18,063,338	281.54%	69.30%
2015	0.175521%	42,692,748	19,312,877	221.06%	74.70%
2016	0.174488%	48,223,258	17,562,000	274.59%	72.10%
2017	0.180473%	60,409,763	18,989,229	318.13%	66.80%
2018	0.185352%	44,030,744	20,377,171	216.08%	75.30%
2019	0.190626%	41,914,342	21,670,943	193.41%	77.30%
2020	0.191877%	42,432,368	22,527,057	188.36%	77.40%
2021	0.192192%	46,503,652	23,194,586	200.49%	75.50%

(1) Information prior to 2014 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the School District's measurement date, which is the prior fiscal year-end.

**Notes to Schedule:**

*Change in assumptions.* In measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0/25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

*Change in benefit terms.* Effective July 1, 2017, the COLA was reduced to zero.

**TROY CITY SCHOOL DISTRICT  
MIAMI COUNTY, OHIO**

SCHEDULE OF THE SCHOOL DISTRICT'S PENSION CONTRIBUTION  
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO  
LAST TEN FISCAL YEARS

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2012	\$ 956,503	\$ (956,503)	-	\$ 7,111,546	13.45%
2013	826,977	(826,977)	-	5,975,267	13.84%
2014	857,488	(857,488)	-	6,186,782	13.86%
2015	889,709	(889,709)	-	6,750,448	13.18%
2016	899,569	(899,569)	-	6,425,493	14.00%
2017	930,454	(930,454)	-	6,646,100	14.00%
2018	927,276	(927,276)	-	6,868,711	13.50%
2019	960,430	(960,430)	-	7,114,296	13.50%
2020	990,307	(990,307)	-	7,073,621	14.00%
2021	959,925	(959,925)	-	6,856,607	14.00%

**TROY CITY SCHOOL DISTRICT  
MIAMI COUNTY, OHIO**

SCHEDULE OF THE SCHOOL DISTRICT'S PENSION CONTRIBUTION  
STATE TEACHERS RETIREMENT SYSTEM OF OHIO  
LAST TEN FISCAL YEARS

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2012	\$ 2,488,088	\$ (2,488,088)	-	\$ 19,139,138	13.00%
2013	2,348,234	(2,348,234)	-	18,063,338	13.00%
2014	2,510,674	(2,510,674)	-	19,312,877	13.00%
2015	2,458,680	(2,458,680)	-	17,562,000	14.00%
2016	2,658,492	(2,658,492)	-	18,989,229	14.00%
2017	2,852,804	(2,852,804)	-	20,377,171	14.00%
2018	3,033,932	(3,033,932)	-	21,670,943	14.00%
2019	3,153,788	(3,153,788)	-	22,527,057	14.00%
2020	3,247,242	(3,247,242)	-	23,194,586	14.00%
2021	3,223,609	(3,223,609)	-	23,025,779	14.00%



**TROY CITY SCHOOL DISTRICT  
MIAMI COUNTY, OHIO**

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO  
LAST FIVE FISCAL YEARS (1) (2)

	School District's Proportion of the Net OPEB Liability	School District's Proportionate Share of the Net OPEB Liability	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.130206%	\$ 3,893,610	\$ 6,425,493	60.60%	11.49%
2018	0.133403%	3,580,183	6,646,100	53.87%	12.46%
2019	0.215643%	5,982,528	6,868,711	87.10%	13.57%
2020	0.204987%	5,154,999	7,114,296	72.46%	15.57%
2021	0.197204%	4,285,899	7,073,621	60.59%	18.17%

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the School District's measurement date, which is the prior fiscal year-end.

**Notes to Schedule:**

*Change in assumptions.* In measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2015. Significant changes included a reduction in the rate of inflation from 3.25% to 3.00%, a reduction in the payroll growth assumption from 4.00% to 3.50%, a reduction in assumed real wage growth from 0.75% to 0.50%, an update in rates of withdrawal, retirement and disability, and transitioning to the following mortality tables: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set back for both active male and female members; RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB (120% of male rates, and 110% of female rates) for service retired members and beneficiaries; and RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement among disabled members.

In measurement year 2018, medical trend rates have been adjusted to reflect premium decreases.

*Change in benefit and funding terms.* In measurement year 2018, SERS' funding policy allowed a 2.0% health care contribution rate to be allocated to the Health Care fund. The 2.0% is a combination of 0.5% employer contributions and 1.5% surcharge.

**TROY CITY SCHOOL DISTRICT  
MIAMI COUNTY, OHIO**

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)  
STATE TEACHERS RETIREMENT SYSTEM OF OHIO  
LAST FIVE FISCAL YEARS (1) (2)

	School District's Proportion of the Net OPEB Liability (Asset)	School District's Proportionate Share of the Net OPEB Liability (Asset)	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2017	0.180473%	\$ 9,651,745	\$ 18,989,229	50.83%	37.3%
2018	0.185352%	7,231,747	20,377,171	35.49%	47.1%
2019	0.190626%	(3,063,163)	21,670,943	(14.13%)	176.0%
2020	0.191877%	(3,177,937)	22,527,057	(14.11%)	174.7%
2021	0.192192%	(3,377,773)	23,194,586	(14.56%)	182.1%

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the School District's measurement date, which is the prior fiscal year-end.

**Notes to Schedule:**

*Change in assumption.* For measurement year 2017, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, and the long-term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For measurement year 2018, the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74. Valuation year per capital health care costs were updated.

*Change in benefit terms.* For measurement year 2017, the subsidy multiplier for non-Medicare benefit recipient was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

For measurement year 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For measurement year 2019, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For measurement year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2021 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

**TROY CITY SCHOOL DISTRICT  
MIAMI COUNTY, OHIO**

SCHEDULE OF THE SCHOOL DISTRICT'S OPEB CONTRIBUTION  
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO  
LAST SIX FISCAL YEARS (1)

	Contractually Required Contributions (2)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 95,074	\$ (95,074)	-	\$ 6,425,493	1.48%
2017	109,810	(109,810)	-	6,646,100	1.65%
2018	146,930	(146,930)	-	6,868,711	2.14%
2019	146,930	(146,930)	-	7,114,296	2.07%
2020	69,117	(69,117)	-	7,073,621	0.98%
2021	102,913	(102,913)	-	6,856,607	1.50%

(1) The School District elected not to present information prior to 2016. The School District will continue to present information for years available until a full ten-year trend is compiled.

(2) Includes Surcharge

**TROY CITY SCHOOL DISTRICT  
MIAMI COUNTY, OHIO**

SCHEDULE OF THE SCHOOL DISTRICT'S OPEB CONTRIBUTION  
STATE TEACHERS RETIREMENT SYSTEM OF OHIO  
LAST SIX FISCAL YEARS (1)

	Contractually Required Contributions (2)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ -	\$ -	\$ -	\$ 18,989,229	0.00%
2017	-	-	-	20,377,171	0.00%
2018	-	-	-	21,670,943	0.00%
2019	-	-	-	22,527,057	0.00%
2020	-	-	-	23,194,586	0.00%
2021	-	-	-	23,025,779	0.00%

(1) The School District elected not to present information prior to 2016. The School District will continue to present information for years available until a full ten-year trend is compiled.

(2) STRS allocated the entire 14% employer contribution rate toward pension benefits.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget and Actual (Non-GAAP Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>Revenues:</u></b>				
Taxes	\$ 28,229,485	29,012,830	29,012,830	-
Intergovernmental	17,255,272	17,734,092	17,734,092	-
Interest	80,140	82,364	82,364	-
Tuition and Fees	1,303,798	1,339,977	1,339,977	-
Miscellaneous	905,664	938,028	938,028	-
Total Revenues	<u>47,774,359</u>	<u>49,107,291</u>	<u>49,107,291</u>	-
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	24,854,094	24,283,882	24,283,882	-
Special	7,389,009	8,280,204	8,280,204	-
Vocational	15,000	8,615	8,615	-
Student Intervention	335,453	48,954	48,954	-
Other	2,616,229	2,199,118	2,199,118	-
Support Services:				
Pupils	2,112,808	1,745,219	1,745,219	-
Instructional Staff	1,512,286	1,440,200	1,440,200	-
Board of Education	759,471	676,115	676,115	-
Administration	3,749,718	3,818,493	3,818,493	-
Fiscal	518,600	540,052	540,052	-
Business	470,857	434,999	434,999	-
Operation and Maintenance of Plant	3,751,705	3,280,025	3,280,025	-
Pupil Transportation	2,434,126	2,169,517	2,169,517	-
Central	242,800	283,058	283,058	-
Extracurricular Activities	18,054	18,622	18,622	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	75,964	75,964	75,964	-
Total Expenditures	<u>50,856,174</u>	<u>49,303,037</u>	<u>49,303,037</u>	-
Excess of Revenues Over (Under) Expenditures	<u>(3,081,815)</u>	<u>(195,746)</u>	<u>(195,746)</u>	-
<b><u>Other Financing Sources (Uses):</u></b>				
Proceeds from Sale of Capital Assets	8,757	9,000	9,000	-
Refund of Prior Year Expenditures	125,532	121,783	121,783	-
Advances In	15,842	16,282	16,282	-
Advances Out	-	(34,236)	(34,236)	-
Transfers In	2,786	2,863	2,863	-
Total Other Financing Sources (Uses)	<u>152,917</u>	<u>115,692</u>	<u>115,692</u>	-
Net Change in Fund Balance	(2,928,898)	(80,054)	(80,054)	-
Fund Balance, Beginning of Year	10,804,897	10,804,897	10,804,897	-
Prior Year Encumbrances Appropriated	470,677	470,677	470,677	-
Fund Balance, End of Year	<u>\$ 8,346,676</u>	<u>11,195,520</u>	<u>11,195,520</u>	-

See accompanying notes to the required supplementary information.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2021

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**NOTE A - BUDGETARY**

Basis of Budgeting

Basis of budgeting refers to when revenues and expenditures or expenses are recognized in the accounts. The Troy City School District's (the School District) budget for all legislated funds are prepared on a cash-encumbrance basis wherein transactions are recorded when cash is received or disbursed, or when a commitment has been recorded as an encumbrance against an applicable appropriation. Fund balances shown are unencumbered cash balances. This basis is utilized for all interim financial statements issued during the year.

The basis of budgeting differs from generally accepted accounting principles (GAAP) used for the School District's year-end financial statements contained in the basic financial statements. Under that basis of accounting, revenues are generally recognized when the obligation to the School District arises; the budget basis however, recognizes revenue only when cash has been received. In the basic financial statements, expenditures are generally recognized in the period in which they are incurred. Under that budget basis, expenditures are recognized when cash has been disbursed or when an encumbrance has been placed against an appropriation.

General Budget Policies

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All governmental funds are subject to annual expenditure budgets except for the Auxiliary Service Fund (Special Revenue Fund), which are deemed to be appropriated. The School District follows the procedures outlined below in establishing the expenditures budget data reported in the required supplementary information.

Prior to January 20, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Miami County Budget Commission for rate determination.

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary schedule reflect the amounts in the final amended certificate issued during fiscal year 2021.

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**

Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2021

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**NOTE A – BUDGETARY (Continued)**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures within the individual funds. The level at which the Board of Education approves the annual appropriation resolution is the School District legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission.

Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the schedule of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than custodial funds, consistent with statutory provisions.

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances plus expenditures may not legally exceed appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at fiscal year-end are reported within the restricted, committed or assigned designations of fund balance for governmental funds.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. The encumbered appropriations balance is carried forward to the subsequent fiscal year and need not be reappropriated.

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual – General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the fund liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).

**TROY CITY SCHOOL DISTRICT**  
**MIAMI COUNTY, OHIO**  
Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2021

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**NOTE A – BUDGETARY (Continued)**

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

	Net Change in Fund Balances
	General Fund
GAAP Basis	\$ 3,320,897
Revenue Accruals	(2,919,934)
Expenditure Accruals	(167,305)
Encumbrances	(249,739)
Transfers & Advances	(15,091)
Perspective Difference	<u>(48,882)</u>
Budget (Non-GAAP) Basis	\$ <u><u>(80,054)</u></u>

The perspective difference noted in the above reconciliation is a result of reporting the Uniform School Supplies, Public School, and Unclaimed Monies special revenue funds as a function of the General Fund for GAAP purposes as those funds no longer meet the definition of special revenue funds in accordance with GASB Statement No. 54.



**TROY CITY SCHOOL DISTRICT  
MIAMI COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
COVID-19 School Breakfast Program	10.553	59,882	
School Breakfast Program	10.553	603,915	
COVID-19 National School Lunch Program	10.555	177,648	
National School Lunch Program	10.555	1,309,549	160,121
Total Child Nutrition Cluster		<u>2,150,994</u>	<u>160,121</u>
Total U.S. Department of Agriculture		<u>2,150,994</u>	<u>160,121</u>
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
<i>Passed Through Ohio Department of Education</i>			
COVID-19 Coronavirus Relief Fund	21.019	207,017	
Total U.S. Department of the Treasury		<u>207,017</u>	
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	935,172	
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027	1,031,520	
Total Special Education Cluster (IDEA)		<u>1,031,520</u>	
English Language Acquisition State Grants	84.365	14,454	
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	130,842	
Student Support and Academic Enrichment Program	84.424	72,458	
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	84.425D	408,456	
Total U.S. Department of Education		<u>2,592,902</u>	
<b>Total Expenditures of Federal Awards</b>		<u><b>\$4,950,913</b></u>	<u><b>\$160,121</b></u>

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

**TROY CITY SCHOOL DISTRICT  
MIAMI COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Troy City School District (the School District's) under programs of the federal government for the fiscal year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

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

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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



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Columbus, Ohio 43215  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Troy City School District  
Miami County  
500 North Market Street  
Troy, Ohio 45373

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Troy City School District, Miami County, (the School District) as of and for the fiscal year ended June 30, 2021, 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 April 14, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 14, 2022



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Columbus, Ohio 43215  
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(800) 282-0370

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

Troy City School District  
Miami County  
500 North Market Street  
Troy, Ohio 45373

To the Board of Education:

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

We have audited the Troy City School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Troy City School District's major federal programs for the fiscal year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal programs.

***Management's Responsibility***

The School District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to opine on the School District's compliance for the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal programs occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on each of the School District's major programs. However, our audit does not provide a legal determination of the School District's compliance.

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

In our opinion, Troy City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2021.

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

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect each major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 14, 2022

**TROY CITY SCHOOL DISTRICT  
MIAMI COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2021**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

None.

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

None.

# OHIO AUDITOR OF STATE KEITH FABER



**TROY CITY SCHOOL DISTRICT**

**MIAMI 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 5/5/2022**

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