



OHIO AUDITOR OF STATE  
**KEITH FABER**





**TRI-VALLEY LOCAL SCHOOL DISTRICT  
MUSKINGUM COUNTY  
JUNE 30, 2022**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Tri-Valley Local School District  
Muskingum County  
36 East Muskingum Avenue  
Dresden, Ohio 43821

To the Board of Education:

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tri-Valley Local School District, Muskingum County, Ohio (the School District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tri-Valley Local School District, Muskingum County, Ohio as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, and schedules of Net Pension and Other Post-employment Benefit Liabilities and Pension and Other Post-employment Benefit Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2023, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

February 27, 2023

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**Tri-Valley Local School District**  
**Muskingum County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2022*  
*(Unaudited)*

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The discussion and analysis of the Tri-Valley Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's 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 2022 are as follows:

- Net position increased \$6,357,201 from 2021.
- Capital assets of governmental activities decreased \$1,609,214 during fiscal year 2022.
- Outstanding debt of governmental activities decreased from the prior year as a result of principal payments on outstanding debt.

***Using this Annual Report***

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the School District as a whole 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 aggregate view of the School District's finances and a longer-term view of those finances. 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 nonmajor funds presented in total in one column. In the case of the School District, the general fund and the capital projects fund are the most significant funds.

***Reporting the School District as a Whole***

*Statement of Net Position and the Statement of Activities*

While the basic financial statements contain the 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 fiscal year 2022?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using 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.

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These two statements report the School District's net position and changes in net position. This 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 which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non-instructional services, i.e., food service operations and community services.

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

***Fund Financial Statements***

Fund financial reports provide detailed information about the School District's major funds. 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. The School District's major governmental funds are the general fund and the capital projects fund.

***Governmental Funds*** Most of 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 accounting, 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.

***Proprietary Fund*** The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements.

***Reporting the School District's Fiduciary Responsibilities***

The School District is the trustee, or fiduciary, for some of its scholarship programs. This activity is presented as custodial funds. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

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**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 2022 compared to 2021:

**Table 1**  
**Net Position**

	Governmental Activities		
	2022	2021	Change
<b>Assets</b>			
Current & Other Assets	\$ 41,601,870	\$ 37,822,169	\$ 3,779,701
Net OPEB Asset	2,186,029	1,703,543	482,486
Capital Assets	40,741,009	42,350,223	(1,609,214)
<i>Total Assets</i>	<u>84,528,908</u>	<u>81,875,935</u>	<u>2,652,973</u>
<b>Deferred Outflows of Resources</b>			
Pension & OPEB	9,362,063	7,057,213	2,304,850
<i>Total Deferred Outflows of Resources</i>	<u>9,362,063</u>	<u>7,057,213</u>	<u>2,304,850</u>
<b>Liabilities</b>			
Current & Other Liabilities	4,353,639	4,237,076	116,563
Long-Term Liabilities:			
Due Within One Year	1,323,060	1,248,716	74,344
Due In More Than One Year:			
Pension & OPEB	21,193,868	35,401,353	(14,207,485)
Other Amounts	10,765,121	12,109,328	(1,344,207)
<i>Total Liabilities</i>	<u>37,635,688</u>	<u>52,996,473</u>	<u>(15,360,785)</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	6,476,389	7,113,098	(636,709)
Pension & OPEB	18,651,418	4,053,302	14,598,116
<i>Total Deferred Inflows of Resources</i>	<u>25,127,807</u>	<u>11,166,400</u>	<u>13,961,407</u>
<b>Net Position</b>			
Net Investment in Capital Assets	30,613,321	31,241,321	(628,000)
Restricted	5,545,018	7,016,272	(1,471,254)
Unrestricted	(5,030,863)	(13,487,318)	8,456,455
<i>Total Net Position</i>	<u>\$ 31,127,476</u>	<u>\$ 24,770,275</u>	<u>\$ 6,357,201</u>

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Collectively, the net pension liability (NPL), reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27* and the net OPEB liability, pursuant to GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, are the largest liabilities reported by the School District at June 30, 2022. 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 asset/liability (NOA/NOL) to the reported net position and subtracting 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 *net 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 require the net pension liability and the net OPEB asset/liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/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 assets/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 system. In Ohio, there is no legal means to enforce the unfunded asset/liability of the pension/OPEB plan *as 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 retirement system is responsible for the administration of the pension and OPEB plans.

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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 that 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/liability, respectively, not accounted for as deferred inflows/outflows.

***Governmental Activities***

Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles and infrastructure. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School Districts's net position represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position is a deficit balance, which is primarily caused by the accounting treatment related to GASB 68 and GASB 75.

The significant increase in current and other assets was for equity in pooled cash and investments, primarily due to property tax revenues for the increased property tax valuation. The purchase of chromebooks for the High School and Middle School at year-end caused a significant increase in current and other liabilities for accounts payable.

There was a change in net pension/OPEB liability for the School District. These fluctuations are due to changes in the retirement systems unfunded liabilities/assets that are passed through to the School District's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL/NOA and are described in more detail in their respective notes.

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In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2022 and 2021.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		
	2022	2021	Change
<b>Revenues</b>			
<i>Program Revenues</i>			
Charges for Services	\$ 2,301,161	\$ 2,821,792	\$ (520,631)
Operating Grants	5,110,955	5,894,090	(783,135)
Capital Grants	9,370	177,723	(168,353)
<i>Total Program Revenues</i>	<u>7,421,486</u>	<u>8,893,605</u>	<u>(1,472,119)</u>
<b>General Revenues</b>			
Property Taxes	13,888,607	12,868,450	1,020,157
Grants & Entitlements	19,704,575	16,823,239	2,881,336
Other	(20,114)	285,111	(305,225)
<i>Total General Revenues</i>	<u>33,573,068</u>	<u>29,976,800</u>	<u>3,596,268</u>
<i>Total Revenues</i>	<u>40,994,554</u>	<u>38,870,405</u>	<u>2,124,149</u>
<b>Program Expenses</b>			
Instruction:			
Regular	14,731,157	18,803,308	(4,072,151)
Special	5,319,581	5,737,437	(417,856)
Vocational	179,410	268,336	(88,926)
Student Intervention Services	-	11,710	(11,710)
Support Services:			
Pupils	1,317,356	1,322,070	(4,714)
Instructional Staff	204,270	174,021	30,249
Board of Education	814,618	692,108	122,510
Administration	2,958,933	3,408,899	(449,966)
Fiscal	682,411	742,342	(59,931)
Operation and Maintenance of Plant	2,864,393	3,159,273	(294,880)
Pupil Transportation	2,300,031	2,410,570	(110,539)
Central	436,211	569,507	(133,296)
Operation of Non-Instructional/Shared Services:			
Food Service Operations	1,581,375	1,474,955	106,420
Community Services	179,810	220,772	(40,962)
Extracurricular Activities	822,390	706,702	115,688
Debt Service:			
Interest and Fiscal Charges	245,407	313,082	(67,675)
<i>Total Expenses</i>	<u>34,637,353</u>	<u>40,015,092</u>	<u>(5,377,739)</u>
<i>Change in Net Position</i>	6,357,201	(1,144,687)	7,501,888
<i>Net Position Beginning of Year</i>	<u>24,770,275</u>	<u>25,914,962</u>	<u>(1,144,687)</u>
<i>Net Position End of Year</i>	<u>\$ 31,127,476</u>	<u>\$ 24,770,275</u>	<u>\$ 6,357,201</u>

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The School District switched to the Ohio Fair School Funding Plan during fiscal year 2022, causing the fluctuations in charges for services for tuition as well as grants and entitlements. The decrease in operating grant revenue during 2022 was primarily caused by the state and federal grant proceeds for Coronavirus relief received in the prior year exceeding current year proceeds. The decrease in capital grants was caused by the receipt of donations for field turf in the prior year.

Fluctuations in instructional and support services expenses were caused by changes in the School District's pension and OPEB accruals as previously discussed in addition to a decline in expenditures resulting from the COVID-19 pandemic.

The dependence upon general revenues for governmental activities is apparent. Approximately 80 percent of governmental activities are supported through taxes and other general revenues; such revenues are approximately 83 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

***Governmental Funds***

The School District's major funds are accounted for using the modified accrual basis of accounting.

	Fund Balance 6/30/2022	Fund Balance 6/30/2021	Increase (Decrease)
General Fund	\$ 19,590,975	\$ 16,966,665	\$ 2,624,310
Capital Projects Fund	4,500,000	2,000,000	2,500,000

The increase in the general fund's net change in fund balance was most significantly caused by revenues continuing to exceed expenditures. The increase in property taxes revenue is primarily due to an increase assessed property values while the increase in intergovernmental revenue was due to the implementation of the Ohio Fair School Funding Plan, as previously discussed. Miscellaneous revenue increased due to a reimbursement from the ESSER grant fund for prior year expenditures related to the COVID-19 pandemic.

The increase in the capital projects fund's net change in fund balance was caused by an incoming transfer from the general fund for building improvements throughout the School District.

***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.

During the course of fiscal year 2022, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

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***Original Budget Compared to Final Budget*** During the year, the School District amended their original budgeted revenues to more accurately reflect property tax revenues and to budget for additional expected intergovernmental revenues due to the new Ohio Fair School Funding Plan. Original budgeted appropriations were amended to keep pace with the increased financial resources expected to be available. Original budgeted other financing sources and uses were amended to include a transfer to the capital projects fund for building improvements, as previously discussed and a reimbursement from the ESSER grant fund for prior year expenditures related to the COVID-19 pandemic, as previously discussed.

***Final Budget Compared to Actual Results*** A comparison of actual revenues to final budgeted revenues shows a significant shortage in tuition and fees and intergovernmental revenues as actual revenues for the Ohio Fair School Funding budget plan fell short of expectations. A review of actual expenditures compared to the appropriations in the final budget revealed a significant variance as COVID-19 relief grants received offset the need for support from the general fund.

***Capital Assets and Debt Administration***

**Capital Assets**

There were no significant changes in the School District's capital assets from the prior year, other than depreciation. See Note 6 for more information about the capital assets of the School District.

**Debt**

There were no significant changes in the School District's debt during the fiscal year, other than debt retirement. See Note 12 for additional details.

***Current Issues***

The School District has developed a fiscal practice of spending within the limits of available revenues. Beginning in fiscal year 2011, the School District reduced its expenditures in all areas, including staffing, so as to maintain a positive cash position. Those changes, along with continued fiscal monitoring, have helped put the School District in a better financial position for the future. Additional reductions in expenses will be considered in the coming years on an as needed basis. Raising revenues by means of an operating levy will be considered only when all viable reductions have been exhausted.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures had impacted previous periods and will continue to impact subsequent periods of the School District. Due to the dynamic environment and change in fiscal policies, the exact impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be reasonably estimated.

***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 any questions about this report or need additional financial information, contact Ryan Smith, Treasurer of Tri-Valley Local School District, 36 E. Muskingum Avenue, Dresden, Ohio, 43821 or email at [rdsmith@tvschools.org](mailto:rdsmith@tvschools.org).



**Tri-Valley Local School District**  
**Muskingum County, Ohio**  
*Statement of Net Position*  
*June 30, 2022*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 27,494,633
Intergovernmental Receivable	890,342
Taxes Receivable	13,216,895
Net OPEB Asset	2,186,029
Non-Depreciable Capital Assets	4,754,526
Depreciable Capital Assets, net	35,986,483
<i>Total Assets</i>	84,528,908
<b>Deferred Outflows of Resources</b>	
Pension	8,250,469
OPEB	1,111,594
<i>Total Deferred Outflows of Resources</i>	9,362,063
<b>Liabilities</b>	
Accounts Payable	519,344
Accrued Wages and Benefits	3,070,365
Contracts Payable	32,222
Intergovernmental Payable	532,208
Claims Payable	199,500
Long-Term Liabilities:	
Due Within One Year	1,323,060
Due In More Than One Year:	
Net Pension Liability	18,447,268
Net OPEB Liability	2,746,600
Other Amounts Due in More Than One Year	10,765,121
<i>Total Liabilities</i>	37,635,688
<b>Deferred Inflows of Resources</b>	
Property Taxes Levied for the Next Year	6,476,389
Pension	14,441,288
OPEB	4,210,130
<i>Total Deferred Inflows of Resources</i>	25,127,807
<b>Net Position</b>	
Net Investment in Capital Assets	30,613,321
Restricted for:	
Capital Outlay	1,865,982
Debt Service	2,068,686
State Programs	179,913
Federal Programs	66,937
Restricted for Building Maintenance	403,026
Other Purposes	960,474
Unrestricted	(5,030,863)
<i>Total Net Position</i>	\$ 31,127,476

See accompanying notes to the basic financial statements.

**Tri-Valley Local School District**  
**Muskingum County, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2022

	Program Revenues			Net (Expense) Revenue and Change in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$ 14,731,157	\$ 1,245,555	\$ 104,032	\$ -	\$ (13,381,570)
Special	5,319,581	351,088	770,774	-	(4,197,719)
Vocational	179,410	-	-	-	(179,410)
Support Services:					
Pupils	1,317,356	68	64,572	-	(1,252,716)
Instructional Staff	204,270	-	-	-	(204,270)
Board of Education	814,618	-	122	-	(814,496)
Administration	2,958,933	52,634	-	-	(2,906,299)
Fiscal	682,411	-	-	-	(682,411)
Operation and Maintenance of Plant	2,864,393	-	1,129,930	-	(1,734,463)
Pupil Transportation	2,300,031	-	1,144,316	-	(1,155,715)
Central	436,211	188	-	-	(436,023)
Operation of Non-Instructional/Shared Services:					
Food Service Operations	1,581,375	155,802	1,893,989	-	468,416
Community Services	179,810	155,613	3,220	-	(20,977)
Extracurricular Activities	822,390	340,213	-	9,370	(472,807)
Interest and Fiscal Charges	245,407	-	-	-	(245,407)
<i>Total</i>	<u>\$ 34,637,353</u>	<u>\$ 2,301,161</u>	<u>\$ 5,110,955</u>	<u>\$ 9,370</u>	<u>(27,215,867)</u>

**General Revenues**

Property Taxes Levied for:	
General Purpose	12,596,768
Debt Services	1,080,496
Capital Outlay	211,343
Grants and Entitlements not Restricted to Specific Programs	19,704,575
Investment Earnings	(117,130)
Miscellaneous	97,016
<i>Total General Revenues</i>	<u>33,573,068</u>
<i>Change in Net Position</i>	6,357,201
<i>Net Position Beginning of Year</i>	<u>24,770,275</u>
<i>Net Position End of Year</i>	<u>\$ 31,127,476</u>

See accompanying notes to the basic financial statements.

**Tri-Valley Local School District**  
**Muskingum County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2022*

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$ 16,966,958	\$ 4,500,000	\$ 5,096,353	\$ 26,563,311
Interfund Receivable	682,001	-	-	682,001
Intergovernmental Receivable	-	-	890,342	890,342
Taxes Receivable	12,054,513	-	1,162,382	13,216,895
<i>Total Assets</i>	<u>\$ 29,703,472</u>	<u>\$ 4,500,000</u>	<u>\$ 7,149,077</u>	<u>\$ 41,352,549</u>
<b>Liabilities</b>				
Accounts Payable	\$ 454,825	\$ -	\$ 2,608	\$ 457,433
Accrued Wages and Benefits	2,659,596	-	410,769	3,070,365
Contracts Payable	13,145	-	19,077	32,222
Intergovernmental Payable	498,245	-	33,963	532,208
Interfund Payable	-	-	682,001	682,001
<i>Total Liabilities</i>	<u>3,625,811</u>	<u>-</u>	<u>1,148,418</u>	<u>4,774,229</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes Levied for the Next Year	5,912,825	-	563,564	6,476,389
Unavailable Revenue	573,861	-	358,468	932,329
<i>Total Deferred Inflows of Resources</i>	<u>6,486,686</u>	<u>-</u>	<u>922,032</u>	<u>7,408,718</u>
<b>Fund Balances</b>				
Nonspendable	11,434	-	-	11,434
Restricted	-	-	5,488,950	5,488,950
Committed	11,000	-	-	11,000
Assigned	2,537,666	4,500,000	-	7,037,666
Unassigned	17,030,875	-	(410,323)	16,620,552
<i>Total Fund Balance</i>	<u>19,590,975</u>	<u>4,500,000</u>	<u>5,078,627</u>	<u>29,169,602</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 29,703,472</u>	<u>\$ 4,500,000</u>	<u>\$ 7,149,077</u>	<u>\$ 41,352,549</u>

See accompanying notes to the basic financial statements.

**Tri-Valley Local School District**  
**Muskingum County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*June 30, 2022*

<b>Total Governmental Fund Balances</b>		\$ 29,169,602
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		40,741,009
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental	\$ 292,422	
Delinquent Property Taxes	639,907	932,329
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		669,911
The net pension liability and net OPEB liability are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	2,186,029	
Deferred Outflows - Pension	8,250,469	
Deferred Outflows - OPEB	1,111,594	
Net Pension Liability	(18,447,268)	
Net OPEB Liability	(2,746,600)	
Deferred Inflows - Pension	(14,441,288)	
Deferred Inflows - OPEB	(4,210,130)	(28,297,194)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(9,430,000)	
Unamortized Bond Premium	(665,467)	
Compensated Absences	(1,992,714)	(12,088,181)
<i>Net Position of Governmental Activities</i>		\$ 31,127,476

See accompanying notes to the basic financial statements.

**Tri-Valley Local School District**  
**Muskingum County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balance*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2022*

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property and Other Local Taxes	\$ 13,202,794	\$ -	\$ 1,293,727	\$ 14,496,521
Intergovernmental	18,997,651	-	5,984,033	24,981,684
Investment Income	(117,130)	-	1,090	(116,040)
Tuition and Fees	1,596,101	-	-	1,596,101
Extracurricular Activities	71,588	-	322,057	393,645
Charges for Services	-	-	311,415	311,415
Contributions and Donations	-	-	9,007	9,007
Miscellaneous	2,256,710	-	11,750	2,268,460
<i>Total Revenues</i>	<u>36,007,714</u>	<u>-</u>	<u>7,933,079</u>	<u>43,940,793</u>
<b>Expenditures</b>				
Instruction:				
Regular	15,294,549	-	129,683	15,424,232
Special	4,212,264	-	1,332,088	5,544,352
Vocational	128,491	-	-	128,491
Support Services:				
Pupils	453,253	-	885,360	1,338,613
Instructional Staff	76,583	-	-	76,583
Board of Education	786,973	-	24,396	811,369
Administration	3,101,466	-	-	3,101,466
Fiscal	717,331	-	-	717,331
Operation and Maintenance of Plant	2,693,628	-	1,321,825	4,015,453
Pupil Transportation	2,128,587	-	1,185,517	3,314,104
Central	435,580	-	-	435,580
Operation of Non-Instructional/Shared Services:				
Food Service Operations	6,782	-	1,511,329	1,518,111
Community Services	-	-	135,174	135,174
Extracurricular Activities	373,404	-	298,713	672,117
Capital Outlay	13,998	-	597,608	611,606
Debt Service				
Principal Retirement	-	-	820,000	820,000
Interest and Fiscal Charges	-	-	358,625	358,625
<i>Total Expenditures</i>	<u>30,422,889</u>	<u>-</u>	<u>8,600,318</u>	<u>39,023,207</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,584,825</u>	<u>-</u>	<u>(667,239)</u>	<u>4,917,586</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	2,500,000	-	2,500,000
Transfers Out	(2,960,515)	-	-	(2,960,515)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,960,515)</u>	<u>2,500,000</u>	<u>-</u>	<u>(460,515)</u>
<i>Net Change in Fund Balances</i>	2,624,310	2,500,000	(667,239)	4,457,071
<i>Fund Balances Beginning of Year</i>	<u>16,966,665</u>	<u>2,000,000</u>	<u>5,745,866</u>	<u>24,712,531</u>
<i>Fund Balances End of Year</i>	<u>\$ 19,590,975</u>	<u>\$ 4,500,000</u>	<u>\$ 5,078,627</u>	<u>\$ 29,169,602</u>

See accompanying notes to the basic financial statements.

**Tri-Valley Local School District**  
**Muskingum 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, 2022*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	4,457,071
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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.		
Capital Asset Additions	\$ 980,465	
Current Year Depreciation	<u>(2,589,679)</u>	(1,609,214)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	(740,742)	
Property Taxes	<u>(34,053)</u>	(774,795)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds		820,000
Amortization of bond premium on bonds are not reported in the fund but are allocated as an expense over the life of the debt in the statement of activities.		
		113,218
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	2,449,124	
OPEB	<u>90,343</u>	2,539,467
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(306,958)	
OPEB	<u>164,196</u>	(142,762)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		617,571
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		<u>336,645</u>
<i>Change in Net Position of Governmental Activities</i>	\$	<u><u>6,357,201</u></u>

See accompanying notes to the basic financial statements.

**Tri-Valley Local School District**  
**Muskingum County, Ohio**  
*Statement of Revenues, Expenditures and Changes in*  
*Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2022*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property and Other Local Taxes	\$ 11,555,180	\$ 12,453,418	\$ 12,453,418	\$ -
Intergovernmental	18,306,720	19,703,092	18,978,135	(724,957)
Investment Income	60,000	60,000	52,706	(7,294)
Tuition and Fees	2,262,750	2,461,348	1,588,607	(872,741)
Extracurricular Activities	16,500	17,973	17,973	-
Miscellaneous	165,000	165,000	77,286	(87,714)
<i>Total Revenues</i>	<u>32,366,150</u>	<u>34,860,831</u>	<u>33,168,125</u>	<u>(1,692,706)</u>
<b>Expenditures</b>				
Instruction:				
Regular	16,988,887	18,961,807	16,276,939	2,684,868
Special	4,047,870	4,583,570	4,336,440	247,130
Vocational	197,396	202,396	139,588	62,808
Student Intervention Services	21,944	21,944	-	21,944
Support Services:				
Pupils	529,155	1,065,725	478,945	586,780
Instructional Staff	41,557	101,056	80,736	20,320
Board of Education	691,275	914,275	829,460	84,815
Administration	2,994,023	3,181,723	3,141,226	40,497
Fiscal	675,783	739,083	723,140	15,943
Operation and Maintenance of Plant	2,763,736	2,997,986	2,948,206	49,780
Pupil Transportation	2,669,580	3,275,080	2,818,685	456,395
Central	538,898	569,898	523,334	46,564
Operation of Non-Instructional/Shared Services:				
Food Service Operations	24,684	25,434	6,782	18,652
Extracurricular Activities	374,156	374,156	373,250	906
Capital Outlay	-	62,000	57,891	4,109
<i>Total Expenditures</i>	<u>32,558,944</u>	<u>37,076,133</u>	<u>32,734,622</u>	<u>4,341,511</u>
<i>Excess of Receipts Over (Under) Expenditures</i>	<u>(192,794)</u>	<u>(2,215,302)</u>	<u>433,503</u>	<u>2,648,805</u>
<b>Other Financing Sources (Uses)</b>				
Refund of Prior Year Expenditures	30,000	2,171,444	2,171,444	-
Advances In	128,605	589,120	589,120	-
Advances Out	(131,177)	(215,258)	(84,081)	131,177
Transfers Out	-	(2,960,515)	(2,960,515)	-
<i>Total Other Financing Sources (Uses)</i>	<u>27,428</u>	<u>(415,209)</u>	<u>(284,032)</u>	<u>131,177</u>
<i>Net Change in Fund Balance</i>	<u>(165,366)</u>	<u>(2,630,511)</u>	<u>149,471</u>	<u>2,779,982</u>
<i>Fund Balance Beginning of Year</i>	<u>13,624,464</u>	<u>13,624,464</u>	<u>13,624,464</u>	<u>-</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>885,352</u>	<u>885,352</u>	<u>885,352</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 14,344,450</u>	<u>\$ 11,879,305</u>	<u>\$ 14,659,287</u>	<u>\$ 2,779,982</u>

See accompanying notes to the basic financial statements.

**Tri-Valley Local School District**  
**Muskingum County, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Fund*  
*June 30, 2022*

	Governmental Activities	
	Internal Service Fund	
<b>Assets</b>		
<i>Current Assets:</i>		
Equity in Pooled Cash and Investments	\$ 931,322	
<i>Total Current Assets</i>	931,322	
 <i>Current Liabilities:</i>		
Accounts Payable	61,911	
Claims Payable	199,500	
<i>Total Current Liabilities</i>	261,411	
 <b>Net Position</b>		
Unrestricted	669,911	
<b>Total Net Position</b>	\$ 669,911	

See accompanying notes to the basic financial statements.



**Tri-Valley Local School District**  
**Muskingum County, Ohio**  
*Statement of Revenues, Expenses and Changes in Fund Net Position*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2022*

	Governmental Activities
	Internal Service Fund
<b>Operating Revenues</b>	
Charges for Services	\$ 5,047,384
<i>Total Operating Revenues</i>	<i>5,047,384</i>
<b>Operating Expenses</b>	
Purchased Services	606,034
Claims	4,284,294
<i>Total Operating Expenses</i>	<i>4,890,328</i>
<i>Operating Income (Loss)</i>	<i>157,056</i>
Transfers In	460,515
<i>Change in Net Position</i>	<i>617,571</i>
<i>Net Position Beginning of Year</i>	<i>52,340</i>
<i>Net Position End of Year</i>	<i>\$ 669,911</i>

See accompanying notes to the basic financial statements.

**Tri-Valley Local School District**  
**Muskingum County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Fund*  
For the Fiscal Year Ended June 30, 2022

	Governmental Activities
	Internal Service Fund
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 5,047,384
Cash Payments to Suppliers for Goods and Services	(591,888)
Cash Payments for Claims	(4,465,298)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(9,802)
<b>Cash Flows from Noncapital Financing Activities</b>	
Advances Out	(460,515)
Transfers In	460,515
<i>Net Cash Provided by (Used for)</i> <i>Noncapital Financing Activities</i>	-
<i>Net Increase (Decrease) in Cash and Investments</i>	(9,802)
<i>Cash and Investments Beginning of Year</i>	941,124
<i>Cash and Investments End of Year</i>	\$ 931,322
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>	
Operating Income (Loss)	\$ 157,056
Adjustments:	
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	14,146
Claims Payable	(181,004)
<i>Net Cash Provided by (Used For) Operating Activities</i>	\$ (9,802)

See accompanying notes to the basic financial statements.

**Tri-Valley Local School District**  
**Muskingum County, Ohio**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*June 30, 2022*

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	<u>Custodial</u>
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 114,289
<i>Total Assets</i>	<u>114,289</u>
<b>Net Position</b>	
Restricted for Individuals, Organizations, and Other Governments	114,289
<i>Total Net Position</i>	<u>\$ 114,289</u>

See accompanying notes to the basic financial statements.

**Tri-Valley Local School District**  
**Muskingum County, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Fiduciary Funds*  
*For the Fiscal Year Ended June 30, 2022*

	Custodial
<b>Additions</b>	
Interest	\$ 845
Other	19,898
<i>Total Additions</i>	<i>20,743</i>
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	65,587
<i>Total Deductions</i>	<i>65,587</i>
<i>Change in Net Position</i>	<i>(44,844)</i>
<i>Net Position Beginning of Year</i>	<i>159,133</i>
<i>Net Position End of Year</i>	<i>\$ 114,289</i>

See accompanying notes to the basic financial statements.

**Tri-Valley Local School District**  
**Muskingum County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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

Tri-Valley Local School District (the “School District”) is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five-members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and/or federal guidelines.

The School District was established in 1966. The School District serves an area of approximately 230 square miles. It is located in Muskingum and Coshocton Counties and includes all of Adams, Jefferson, Salem, Jackson, Muskingum and Madison Townships and a portion of Licking, Virginia, and Washington Townships. The School District currently operates 11 instructional/support buildings.

***Reporting Entity***

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources;(3) the School District is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; (4) or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District participates in the Ohio School Boards Association Workers’ Compensation Group Rating Plan and the Ohio School Benefits Cooperative, which are defined as public entity risk pools. Additional information concerning these organizations is presented in Note 13.

***Jointly Governed Organizations***

*Licking Area Computer Association* – Licking Area Computer Association (LACA) is a non-profit K-12 regional council of governments (COG) representing school districts in five counties. LACA is an association which serves 19 entities within the boundaries of Licking, Muskingum, Knox, Fairfield, and Perry Counties. These entities consist of public school districts, private schools and education service centers. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The continued existence of LACA is not dependent on the School District’s continued participation and no equity interest exists. The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association’s capital assets. Financial information may be obtained from LACA at 150 South Quentin Road, Newark, Ohio 43055.

**Tri-Valley Local School District**  
**Muskingum County, Ohio**  
*Notes to the Basic Financial Statements*  
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*Mid-East Ohio Career and Technology Center* – The Mid-East Ohio Career and Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the 13 participating school district's elected boards. The Board possesses its own budgeting and taxing authority. The Board controls the financial activity of the Career and Technology Center. To obtain financial information, write to the Mid-East Ohio Career and Technology Center, Nanette Nolder, Treasurer, at 400 Richards Road, Zanesville, Ohio 43701.

*Ohio Mid-Eastern Regional Educational Service Agency* - The Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) was created as a separate regional council of governments pursuant to State statutes. OME-RESA operates under the direction of a Board comprised of a representative from each participating school district. The Board possesses its own budgeting and taxing authority. OME-RESA provides cooperative purchasing programs to member districts. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Attn: Treasurer, at 2230 Sunset Boulevard, Suite 2, Steubenville, Ohio 43952.

*Coalition of Rural and Appalachian Schools* – The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of over 110 school districts and other educational institutions in the 32-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of no more than 19 members. One elected and one appointed from each of the eight regions into which the 32 Appalachian counties are divided; and three (3) from Ohio University College of Education, including the Dean of the College of Education. The Council provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess the development programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Council. To obtain financial information write to the Coalition of Rural and Appalachian Schools, Executive Director, at 322 Patton Hall, Ohio University, Athens, Ohio 45701.

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

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

### ***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 is also eliminated to avoid "doubling up" revenues and expenses.

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The Statement of Net Position presents the financial condition of the governmental activities of the School District at fiscal year-end. The 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

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

**B. Fund Accounting**

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

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses 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 deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

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

**Capital Projects Fund** The Capital Projects Fund accounts for financial resources used for building improvements throughout the School District.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

**Proprietary Funds** Proprietary funds focus on the determination of changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The School District's only proprietary fund is an internal service fund.

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***Internal Service Fund*** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for a self-insurance program for employee medical, prescription drug and dental claims.

***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. The School District's only fiduciary funds are custodial funds. The School District's custodial funds account for scholarships and assets held by the School District as an agent for outside activities.

### ***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. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current 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, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the fund are included on the Statement of Fund Net Position. The Statement of Revenues, Expenses and 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 internal service fund activities.

### ***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. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

***Revenues - Exchange and Non-Exchange Transactions*** 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. Available means that the resources will be collected within the current fiscal year or are expected to be collected 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 sixty days of the fiscal year-end.



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Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, payments in lieu of taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). 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, interest, tuition, grants, student fees, and rentals.

***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 assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 9 and 10.

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 assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 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 School District, unavailable revenue may include delinquent property taxes, grants and entitlements. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 9 and 10).

***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as intergovernmental revenue.

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.

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***E. Budgetary Data***

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Budgetary modifications at this level require a resolution of the Board of Education. The Treasurer has been given the authority to allocate fund appropriations within all funds. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

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

The appropriation resolution is subject to amendment by the Board throughout the fiscal 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 fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

***F. Cash and Investments***

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

Investments are reported at fair value, except for nonparticipating investment contracts such as repurchase agreements, which are reported at cost.

During the year 2022, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 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.

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Under existing Ohio statutes, all investment earnings are assigned to the general fund except for those specifically related to the building capital projects fund (a nonmajor governmental fund), or certain trust funds individually authorized by board resolution. Investment earnings (including fair market value adjustments for investments) credited to the general fund during fiscal year 2022 amounted to \$(117,130) which includes \$(42,796) assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash and investments. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

***G. Interfund Balances***

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” Receivables and payables resulting from long-term interfund loans are classified as “advances to/from other funds.” These amounts are eliminated in the governmental activities column of the statement of net position.

***H. Capital Assets***

All capital assets of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by back-trending (i.e., estimating current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition value as of the date received. The School District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land and construction in progress, 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
Land Improvements	10 - 20 Years
Buildings and Improvements	10 - 50 Years
Furniture, Fixtures and Equipment	5 - 10 Years
Vehicles	5 - 10 Years
Infrastructure	10 Years

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***I. 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 vacation time when earned.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee's wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified and certified employees after 12 years of current service with the School District or 10 years of service and age 50 and older.

The entire compensated absence liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the funds from which these payments will be made.

***J. Pensions and Other Postemployment Benefits (OPEB)***

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

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements; and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full 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/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

***L. Bond Discounts and Premiums***

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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On the governmental fund financial statements, bond premiums and bond discounts are recognized in the period in which debt is issued. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses.

***M. Net Position***

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2022, there was no 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.

***N. Fund Balance***

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

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

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

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

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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

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

***O. Interfund Activity***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/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/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

***P. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as non-operating.

***Q. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

***R. Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles 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.

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***S. Implementation of New Accounting Principles***

For the fiscal year ended June 30, 2022, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, certain provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates*, certain provisions of GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, and certain provisions in GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. These changes were incorporated in the School District's financial statements; however, the implementation of GASB Statement No. 87 did not have an effect on the financial statements of the School District.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of paragraphs 11b, 13 and 14 of GASB Statement No. 93 did not have an effect on the financial statements of the School District.

GASB Statement No. 97 requirements that are related to a) the accounting and financial reporting for Section 457 plans and b) determining whether a primary government is financially accountable for a potential component unit were implemented for fiscal year 2022. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the School District.

GASB Statement No. 99 enhances comparability in the application of accounting and financial reporting requirements and will improve consistency of authoritative literature. The implementation of certain provisions of GASB Statement No. 99 did not have an effect on the financial statements of the School District.

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balance 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 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, is presented on the budgetary basis for the general fund. The major differences between the budget basis and GAAP basis are:

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

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4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund:

GAAP Basis	\$	2,624,310
Net Adjustment for Revenue Accruals		(9,936)
Net Adjustment for Expenditure Accruals		286,566
Funds Budgeted Elsewhere		2,274
Adjustment for Encumbrances		<u>(2,753,743)</u>
Budget Basis	<u>\$</u>	<u>149,471</u>

\*\* As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes flower, uniform school supplies, summer basketball camp, underground storage tank deductible and public school support funds.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statute classifies monies held by the School District into three categories.

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;



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2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days and two hundred and seventy days, respectively, in an amount not to exceed 40 percent of the interim moneys available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate 5 percent of interim moneys available for investment at the time of purchase ; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

**Deposits** - At year-end, School District's bank balance of \$21,460,827 was fully insured by the FDIC.

**Custodial Credit Risk** Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the School 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

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- 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 pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Investments**

As of June 30, 2022, the School District had the following investments:

Rating	Investment Type	Measurement Amount	Investment Maturities			Percent of Total
			12 Months or Less	12 to 36 Months	More Than 36 Months	
	Net Asset Value (NAV):					
AAAm	STAR Ohio	\$ 55,742	\$ 55,742	\$ -	\$ -	0.90%
AAAm	Money Market	1,064,779	1,064,779	-	-	17.13%
	Fair Value:					
AA+	Federal National Mortgage Association	489,602	-	489,602	-	7.87%
AA+	Federal Home Loan Bank	495,930	-	495,930	-	7.98%
AA+	Federal Farm Credit Banks	496,863	248,292	248,571	-	7.99%
N/A	Negotiable Certificates of Deposit	3,614,723	861,399	2,139,356	613,968	58.13%
	Total	<u>\$ 6,217,639</u>	<u>\$ 2,230,212</u>	<u>\$ 3,373,459</u>	<u>\$ 613,968</u>	<u>100.00%</u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2022. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

**Interest Rate Risk** The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years, and allows for the withdrawal of funds from approved public depositories or sale of negotiable instruments prior to maturity. State statute requires that an investment mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio to maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2022, is 35 days.

**Credit Risk** The School District's investments at June 30, 2022 are rated as shown above by S & P Global Rating. The School District has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk** The School District places no limit on the amount that may be invested in any one issuer.

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**NOTE 5 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2020, were levied after April 1, 2021 and are collected in 2022 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 Coshocton and Muskingum Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2022, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal 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.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow of resources.

The assessed values upon which the fiscal year 2022 taxes were collected are:

	2021 Second- Half Collections		2022 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 403,495,050	76.87%	\$ 441,057,200	75.77%
Public Utility Personal Property	121,389,650	23.13%	141,058,910	24.23%
Total Assessed Values	<u>\$ 524,884,700</u>	<u>100.00%</u>	<u>\$ 582,116,110</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$ 37.95</u>		<u>\$ 38.05</u>	

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**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	Balance 6/30/2021	Additions	Deletions	Balance 6/30/2022
<b>Governmental Activities</b>				
<i>Capital Assets not being depreciated</i>				
Land	\$ 4,030,096	\$ -	\$ -	\$ 4,030,096
Construction in Progress	92,217	632,213	-	724,430
<i>Total Capital Assets not being Depreciated</i>	<u>4,122,313</u>	<u>632,213</u>	<u>-</u>	<u>4,754,526</u>
<i>Capital Assets being depreciated</i>				
Land Improvements	3,106,301	28,658	-	3,134,959
Buildings and Improvements	71,681,503	19,972	-	71,701,475
Furniture, Fixtures and Equipment	4,655,275	138,209	-	4,793,484
Vehicles	3,633,224	-	-	3,633,224
Infrastructure	119,109	161,413	-	280,522
<i>Total Capital Assets Being Depreciated</i>	<u>83,195,412</u>	<u>348,252</u>	<u>-</u>	<u>83,543,664</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(1,740,503)	(140,911)	-	(1,881,414)
Buildings and Improvements	(36,813,305)	(2,059,461)	-	(38,872,766)
Furniture, Fixtures and Equipment	(4,102,933)	(121,640)	-	(4,224,573)
Vehicles	(2,216,328)	(232,209)	-	(2,448,537)
Infrastructure	(94,433)	(35,458)	-	(129,891)
<i>Total Accumulated Depreciation</i>	<u>(44,967,502)</u>	<u>(2,589,679) *</u>	<u>-</u>	<u>(47,557,181)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>38,227,910</u>	<u>(2,241,427)</u>	<u>-</u>	<u>35,986,483</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 42,350,223</u>	<u>\$ (1,609,214)</u>	<u>\$ -</u>	<u>\$ 40,741,009</u>

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

Instruction:	
Regular	\$ 1,288,597
Special	170,935
Vocational	68,737
Support Services:	
Pupils	39,130
Instructional Staff	127,687
Board of Education	3,249
Administration	173,251
Fiscal	2,059
Business	
Operation and Maintenance of Plant	125,650
Pupil Transportation	245,058
Central	49,971
Operation of Non-Instructional Services:	
Food Service Operations	66,019
Community Services	51,487
Extracurricular Activities	177,849
<i>Total Depreciation</i>	<u>\$ 2,589,679</u>

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**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2022, consisted of property taxes, interfund, and intergovernmental. 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. All receivables are expected to be collected within one year.

**NOTE 8 - RISK MANAGEMENT**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The School District contracts with Liberty Mutual Insurance Company for property and fleet insurance.

Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

***B. Employee Medical Benefits***

Medical, surgical and dental insurance is offered to all full-time employees through a self-insurance internal service fund. The School District participates with the Ohio School Benefits Cooperative with Medical Mutual serving as the third-party administrator for the plan. Stop-loss coverage is purchased for individual claims above \$100,000 and in aggregate \$6,146,863. With the stop loss coverage, the School District's total maximum liability for the 2022 plan year is \$6,812,771. The School District pays 80 percent of family premiums and 100 percent of single premiums for the medical/surgical and prescription drug coverage which are \$1,985 for family coverage or \$784 for individual coverage per month. The premium is paid to the internal service fund by the fund that pays the salary for the covered employee.

The School District also pays 80 percent of family premiums and 100 percent of single premiums for the dental premiums which are \$105 for family coverage or \$40 for individual coverage.

The claims liability reported in the internal service fund is based on an estimate provided by the third-party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in fund's claims liability for the fiscal years 2021 and 2022 are as follows:

	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2021	\$ 358,094	\$ 4,568,691	\$ 4,546,281	\$ 380,504
2022	\$ 380,504	\$ 4,284,294	\$ 4,465,298	\$ 199,500

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***C. Workers' Compensation***

For fiscal year 2022, the School District participated in the Ohio School Boards Association Workers' Compensation Group Experience Rating Program, an insurance purchasing pool (Note 13). The intent of the Group Experience Rating Program is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Group Experience Rating Program. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Group Experience Rating Program.

Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the Group Experience Rating Program is limited to school districts that can meet the Group Experience Rating Program's selection criteria. The firm of Sedgwick Managed Care Ohio provides administrative, cost control and actuarial services to the Group Experience Rating Program.

**NOTE 9 – DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Net OPEB Liability (Asset)***

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

The net pension/OPEB liability (asset) 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/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting 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 manner in which pensions/OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires 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 (assets) 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/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual basis of accounting.

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

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

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

Age and service requirements for retirement are as follows:

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

\* Members with 25 years of service credit as of August 1, 2017, may 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 percent for the first 30 years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPIW, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019, and 2020. SERS approved a 0.5 percent COLA for calendar year 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2022.

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The School District's contractually required contribution to SERS was \$690,859 for fiscal year 2022. Of this amount, \$63,725 is reported as an intergovernmental payable.

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

Plan Description – 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).

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 is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit plan unfunded liability. A member is eligible to receive a monthly 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 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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



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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2022 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$1,758,265 for fiscal year 2022. Of this amount, \$294,312 is reported as an intergovernmental payable.

***Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions***

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.14067980%	0.10368134%	
Prior Measurement Date	<u>0.13470830%</u>	<u>0.09693025%</u>	
Change in Proportionate Share	<u>0.00597150%</u>	<u>0.00675109%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 5,190,677	\$ 13,256,591	\$ 18,447,268
Pension Expense	\$ 138,786	\$ 168,172	\$ 306,958

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period.

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 501	\$ 409,566	\$ 410,067
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Changes of Assumptions	109,301	3,677,616	3,786,917
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	287,267	1,317,094	1,604,361
School District Contributions Subsequent to the Measurement Date	690,859	1,758,265	2,449,124
<b>Total Deferred Outflows of Resources</b>	<b>\$ 1,087,928</b>	<b>\$ 7,162,541</b>	<b>\$ 8,250,469</b>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 134,615	\$ 83,092	\$ 217,707
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,673,350	11,424,646	14,097,996
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	-	125,585	125,585
<b>Total Deferred Inflows of Resources</b>	<b>\$ 2,807,965</b>	<b>\$ 11,633,323</b>	<b>\$ 14,441,288</b>

\$2,449,124 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 the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	\$ (452,344)	\$ (1,552,995)	\$ (2,005,339)
2024	(502,369)	(1,320,071)	(1,822,440)
2025	(635,626)	(1,393,188)	(2,028,814)
2026	(820,557)	(1,962,793)	(2,783,350)
Total	<b>\$ (2,410,896)</b>	<b>\$ (6,229,047)</b>	<b>\$ (8,639,943)</b>

**Actuarial Assumptions - SERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2132.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021 compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Actuarial Cost Method	Entry Age Normal (Level Percentage of Payroll, Closed)	Entry Age Normal (Level Percentage of Payroll, Closed)
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent, net of system expense, including inflation	7.50 percent, net of system expense, including inflation
COLA or Ad Hoc COLA	2.00 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement	2.50 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

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

Mortality rates for 2020 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. 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 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

The long-term return expectation for the investments has been determined by 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 an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategies	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	100.00 %	

**Discount Rate** Total pension liability for 2021 was calculated using the discount rate of 7.00%. The discount rate for 2020 was 7.5 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 8,636,011	\$ 5,190,677	\$ 2,285,076

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021 compared with June 30, 2020, actuarial valuation, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50 percent	2.50 percent
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent	3.0 percent
Cost-of-Living Adjustments	0.00 percent	0.00 percent

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

The actuarial assumptions used in the June 30, 2021 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2011, through June 30, 2016. An actuarial experience study is done on a quinquennial basis.

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

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

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

**Discount Rate.** The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. 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, 2021. Therefore, the long-term expected rate of return on investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table represents the School District's proportionate share of the net pension liability measured as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 24,824,634	\$ 13,256,591	\$ 3,481,620

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**Assumption and Benefit Changes since the Prior Measurement Date** The discount rate was adjusted to 7.00 percent from 7.45 percent for the June 30, 2021 valuation.

**Changes Between the Measurement Date and the Reporting date** In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

**NOTE 10 - DEFINED BENEFIT OPEB PLANS**

See Note 9 for a description of the net OPEB liability (asset).

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2022, SERS did not allocate any employer contributions 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 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge

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greater than 2.0 percent of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the School District’s surcharge obligation was \$90,343, which is reported as an intergovernmental payable.

***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.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

***OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB***

The net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.14512450%	0.10368100%	
Prior Measurement Date	0.13977600%	0.09693000%	
Change in Proportionate Share	0.00534850%	0.00675100%	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 2,746,600	\$ (2,186,029)	
OPEB Expense	\$ (6,678)	\$ (157,510)	\$ (164,188)

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 29,277	\$ 77,841	\$ 107,118
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	-	-
Changes of Assumptions	430,879	139,633	570,512
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	309,567	34,054	343,621
School District Contributions Subsequent to the Measurement Date	90,343	-	90,343
<b>Total Deferred Outflows of Resources</b>	<b>\$ 860,066</b>	<b>\$ 251,528</b>	<b>\$ 1,111,594</b>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 1,367,935	\$ 400,522	\$ 1,768,457
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	59,670	605,929	665,599
Changes of Assumptions	376,125	1,304,127	1,680,252
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	40,380	55,442	95,822
<b>Total Deferred Inflows of Resources</b>	<b>\$ 1,844,110</b>	<b>\$ 2,366,020</b>	<b>\$ 4,210,130</b>

\$90,343 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 liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2023	\$ (258,750)	\$ (601,916)	\$ (860,666)
2024	(259,170)	(586,751)	(845,921)
2025	(245,867)	(576,187)	(822,054)
2026	(196,070)	(266,797)	(462,867)
2027	(89,443)	(85,395)	(174,838)
Thereafter	(25,087)	2,554	(22,533)
<b>Total</b>	<b>\$ (1,074,387)</b>	<b>\$ (2,114,492)</b>	<b>\$ (3,188,879)</b>

**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.



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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021 compared to June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.40 percent	3.00 percent
Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate		
Measurement Date	1.92 percent	2.45 percent
Prior Measurement Date	2.45 percent	3.13 percent
Single Equivalent Interest Rate		
Measurement Date	2.27 percent, net of plan investment expense, including price inflation	2.63 percent, net of plan investment expense, including price inflation
Prior Measurement Date	2.63 percent, net of plan investment expense, including price inflation	3.22 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate		
Pre-Medicare	6.750 percent - 4.40 percent	7.00 percent - 4.75 percent
Medicare	5.125 percent - 4.40 percent	5.25 percent - 4.75 percent

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward two years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward five years and adjusted 103.3 percent for males and set forward three years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

For 2020, mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

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

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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 2015 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategies	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2021, was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021 and 2.45 percent at June 30, 2020.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.27 percent) and higher (3.27 percent) than the current discount rate (2.27 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate (6.75 percent decreasing to 4.40 percent).

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	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 3,403,382	\$ 2,746,600	\$ 2,221,933
	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 2,114,664	\$ 2,746,600	\$ 3,590,694

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021 compared with June 30, 2020, actuarial valuation are presented below:

	June 30, 2021		June 30, 2021	
Inflation	2.50 percent		2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65		12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent		3.00 percent	
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation		7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.00 percent		7.45 percent	
Health Care Cost Trend Rates				
Medical	<u>Initial</u>	<u>Ultimate</u>	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	5.00 percent	4.00 percent	5.00 percent	4.00 percent
Medicare	-16.18 percent	4.00 percent	-6.69 percent	4.00 percent
Prescription Drug				
Pre-Medicare	6.50 percent	4.00 percent	6.50 percent	4.00 percent
Medicare	29.98 percent	4.00 percent	11.87 percent	4.00 percent

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

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

The actuarial assumptions used in the June 30, 2021 valuation were adopted by the board from the results of an actuarial experience study for 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:

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

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

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2021.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as of June 30, 2021, 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.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (1,844,671)	\$ (2,186,029)	\$ (2,471,183)
	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (2,459,629)	\$ (2,186,029)	\$ (1,847,698)

**Assumption Changes Since the Prior Measurement Date** The discount rate was adjusted to 7.00 percent from 7.45 percent for the June 30, 2021 valuation.

**Benefit Term Changes Since the Prior Measurement Date** The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.100 percent. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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***Changes Between the Measurement Date and the Reporting date*** In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability is unknown.

**NOTE 11 - OTHER EMPLOYEE BENEFITS**

***A. Compensated Absences***

The criteria for determining vacation, personal and sick leave benefits are derived from negotiated agreements, Board policies and State laws. Classified employees that work 260 days earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers, classified employees and administrators who work less than 260 days do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 15 days per year, with a total maximum accumulation of 260 days. Upon retirement, certified employees are eligible for payment of 25 percent of unused sick leave. Classified employees, upon retirement, are eligible for payment of 25 percent of unused sick leave.

***B. Other Insurance Benefits***

The School District provides life insurance and accidental death and dismemberment insurance to its employees. Term life insurance coverage is \$50,000 with an additional \$50,000 of accidental death and dismemberment coverage for certified and non-certified staff. For administrators, coverage is calculated at \$1,000 for every \$1,000 earned with a maximum of \$50,000. Coverage was provided by American United Life. The current rate is \$5.25 per month per employee.

An additional employee benefit which is offered through the School District is vision insurance through Vision Service Plan, Inc. The monthly rate is \$7 for single and \$16 for family for all employees.

***C. Retirement Incentive***

An employee that gives the School District notice of retirement prior to March 1 for certified staff, or 90 days prior to an employee's effective retirement date for classified staff, within the fiscal year of their retirement, is entitled to six (6) days of additional severance pay.

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**Tri-Valley Local School District**  
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*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

**NOTE 12 - LONG-TERM OBLIGATIONS**

Changes in long-term obligations of the School District during fiscal year 2022 were as follows:

	Outstanding 6/30/2021	Additions	Deductions	Outstanding 6/30/2022	Due In One Year
<b>Governmental Activities</b>					
2016 Current Refunding Bonds					
Serial Bonds	7,945,000	-	-	7,945,000	-
Bond Premium	708,505	-	84,179	624,326	-
Total 2016 Current Refunding Bonds	<u>8,653,505</u>	<u>-</u>	<u>84,179</u>	<u>8,569,326</u>	<u>-</u>
2017 Current Refunding Bonds					
Serial Bonds	2,305,000	-	820,000	1,485,000	880,000
Bond Premium	70,180	-	29,039	41,141	-
Total 2017 Current Refunding Bonds	<u>2,375,180</u>	<u>-</u>	<u>849,039</u>	<u>1,526,141</u>	<u>880,000</u>
Total General Obligation Bonds	<u>11,028,685</u>	<u>-</u>	<u>933,218</u>	<u>10,095,467</u>	<u>880,000</u>
Net Pension Liability	32,363,563	-	13,916,295	18,447,268	-
Net OPEB Liability	3,037,790	-	291,190	2,746,600	-
Compensated Absences	2,329,359	143,751	480,396	1,992,714	443,060
<i>Total Governmental Long-Term Liabilities</i>	<u>\$ 48,759,397</u>	<u>\$ 143,751</u>	<u>\$ 15,621,099</u>	<u>\$ 33,282,049</u>	<u>\$ 1,323,060</u>

*2016 Current Refunding General Obligation Bonds* – On March 3, 2016, the School District issued \$7,965,000 of general obligation bonds that were issued to refund the 2006 advance refunding general obligation bonds. The bonds were issued for a 13 year period with final maturity at December 1, 2029 with a varying interest rate of 2.00-4.00 percent. At the date of refunding, \$9,009,031 (including premium and after underwriting fees, and other issuance costs) was received to pay off old debt. The refunded bonds were called on June 1, 2016.

The serial refunding bonds were issued with a premium of \$1,157,460 which is reported as an increase to bonds payable. The amount is being amortized to interest expense over the life of the bonds using the straight-line method.

The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$1,044,031. The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt of \$1,862,773. The issuance resulted in an economic gain of \$1,576,609.

Principal and interest requirements to retire general obligation bonds for the 2016 Current Refunding Bonds outstanding at June 30, 2022 are as follows:

Fiscal Year	Serial/Term Bonds		
	Principal	Interest	Total
2023	\$ -	\$ 290,000	\$ 290,000
2024	335,000	286,650	621,650
2025	1,055,000	272,750	1,327,750
2026	1,115,000	239,900	1,354,900
2027	1,210,000	193,400	1,403,400
2028-2030	4,230,000	261,800	4,491,800
<i>Totals</i>	<u>\$ 7,945,000</u>	<u>\$ 1,544,500</u>	<u>\$ 9,489,500</u>

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*2017 Current Refunding General Obligation Bonds* – On March 14, 2017, the School District issued \$2,515,000 of general obligation bonds that were issued to refund the 2007 advance refunding general obligation bonds. The bonds were issued for a 7 year period with final maturity at December 1, 2023 with a varying interest rate of 2.00-4.00 percent. At the date of refunding, \$2,628,812 (including premium and after underwriting fees, and other issuance costs) was received to pay off old debt. The refunded bonds were called on June 1, 2017.

The serial refunding bonds were issued with a premium of \$196,016, which is reported as an increase to bonds payable. The amount is being amortized to interest expense over the life of the bonds using the straight-line method.

The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$113,812. The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt of \$187,325. The issuance resulted in an economic gain of \$171,747.

Principal and interest requirements to retire general obligation bonds for the 2017 Current Refunding Bonds outstanding at June 30, 2022 are as follows:

Fiscal Year	Serial/Term Bonds		
	Principal	Interest	Total
2023	\$ 880,000	\$ 41,800	\$ 921,800
2024	605,000	12,100	617,100
<i>Totals</i>	\$ 1,485,000	\$ 53,900	\$ 1,538,900

Outstanding general obligation bonds are direct obligations of the School District for which the full faith, credit, and resources are pledged and payable from taxes levied on all taxable property of the School District. The bonds are being repaid from the bond retirement fund.

Compensated absences for governmental activities will be paid from the general fund and the food service special revenue fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made primarily from the General Fund. For additional information related to the net pension liability and net OPEB liability see Notes 9 and 10.

**NOTE 13 – PUBLIC ENTITY POOLS**

***A. Insurance Purchasing Pool***

*Ohio School Boards Association Workers' Compensation Group Rating Plan* – The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), a group insurance purchasing pool. The GRP's business and affairs are conducted by a three-member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

***B. Claims Servicing Pool***

*Ohio School Benefits Cooperative* – The School District participates in the Ohio School Benefits Cooperative, a claims servicing and a group purchasing pool comprised of fifteen members. The Ohio School Benefits Cooperative (OSBC) is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. The OSBC is an unincorporated, non-profit association of its members and an instrumentality for each member for the

**Tri-Valley Local School District**  
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purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, like and/or other types of group insurance coverage for their employees, and the eligible dependents and designated beneficiaries of such employees, and propose to have certain other eligible school districts or groups join them for the same purposes. The OSBC's business and affairs are conducted by a nine member Board of Directors consisting of school district superintendents elected by the members of the OSBC. Medical Mutual/Antares is the Administrator of the OSBC.

**NOTE 14 - SET-ASIDES**

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by 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 set aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside Restricted Balance as of June 30, 2021	\$ -
Current Year Set-aside Requirement	538,376
Current Year Qualifying Disbursements	<u>(960,948)</u>
Totals	<u>\$ (422,572)</u>
Balance Carried Forward to Fiscal Year 2023	<u>\$ -</u>
Set-aside Restricted Balance as of June 30, 2022	<u>\$ -</u>

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside. This extra amount may not be carried forward. The School District has prior year bond proceeds in connection with a school facilities project that may be carried forward to offset future set-aside requirements.

**NOTE 15 – INTERFUND ACTIVITY**

***A. Interfund Transfers***

During the fiscal year, the general fund transferred \$2,500,000 to the capital projects fund for building improvements throughout the district and \$460,515 to the self-insurance internal service fund to repay a long-term advance.

***B. Interfund Receivable/Payable***

As of June 30, 2022, receivables and payables that resulted from cash advances from the general fund to other funds were as follows:



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*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

	Interfund Receivable	Interfund Payable
General	\$ 682,001	\$ -
Other Governmental:		
IDEA Part B	-	68,340
Title I	-	603,660
Improving Teacher Quality	-	10,001
	\$ 682,001	\$ 682,001

The primary purpose of the interfund receivable/payable balances is to cover costs in specific funds where revenues were not received by June 30. These balances will be repaid once the anticipated revenues are received, which is expected to be within the next fiscal year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**NOTE 16 – CONTINGENCIES AND COMMITMENTS**

***A. Grants***

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2022, if applicable, cannot be determined at this time.

***B. Litigation***

The School District is not party to any claims or lawsuits that would, in the School District’s opinion, have a material effect of the basic financial statements.

***C. Commitments***

Outstanding encumbrances for governmental funds include \$2,301,133 for the general fund, \$1,973,000 for the capital projects fund and \$296,988 in non-major governmental funds.

**NOTE 17 – FUND BALANCE**

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

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

**Tri-Valley Local School District**  
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*Notes to the Basic Financial Statements*  
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	General	Capital Projects	Other Governmental Funds	Total
Nonspendable for:				
Unclaimed Funds	\$ 11,434	\$ -	\$ -	\$ 11,434
Restricted for:				
Debt Service	-	-	2,012,218	2,012,218
Capital Outlay	-	-	1,846,905	1,846,905
Extracurricular Activities	-	-	182,697	182,697
Food Service	-	-	869,127	869,127
Maintenance of Facilities	-	-	393,448	393,448
Other Purposes	-	-	184,555	184,555
Total Restricted	-	-	5,488,950	5,488,950
Committed for:				
Underground Storage Tank	11,000	-	-	11,000
Assigned for:				
Encumbrances:				
Instruction	1,116,112	-	-	1,116,112
Support Services	1,141,128	-	-	1,141,128
Capital Outlay	28,534	-	-	28,534
Other Purposes	251,892	-	-	251,892
Capital Outlay	-	4,500,000	-	4,500,000
Total Assigned	2,537,666	4,500,000	-	7,037,666
Unassigned	17,030,875	-	(410,323)	16,620,552
Total Fund Balance	\$19,590,975	\$4,500,000	\$ 5,078,627	\$ 29,169,602

Fund balances at June 30, 2022 included the following individual fund deficits:

	<u>Deficit</u>
<b><i>Non-Major Governmental Funds</i></b>	
IDEA, Part B	233,789
Title I Disadvantaged Children	142,874
Improving Teacher Quality	<u>33,660</u>
Total	<u>\$410,323</u>

The deficit balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

**Tri-Valley Local School District**  
**Muskingum County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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**NOTE 18 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the School District received COVID-19 funding. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

The School District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

**Tri-Valley School District**  
**Muskingum County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*Last Nine Fiscal Years (1)*

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b><i>School Employees Retirement System (SERS)</i></b>				
School District's Proportion of the Net Pension Liability	0.14067980%	0.13470830%	0.12936430%	0.12828740%
School District's Proportionate Share of the Net Pension Liability	\$ 5,190,677	\$ 8,909,891	\$ 7,740,093	\$ 7,347,257
School District's Covered Payroll	\$ 4,780,571	\$ 4,779,770	\$ 4,464,370	\$ 4,322,496
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	108.58%	186.41%	173.37%	169.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%
<b><i>State Teachers Retirement System (STRS)</i></b>				
School District's Proportion of the Net Pension Liability	0.10368134%	0.09693025%	0.09648113%	0.09812044%
School District's Proportionate Share of the Net Pension Liability	\$ 13,256,591	\$ 23,453,672	\$ 21,336,222	\$ 21,574,482
School District's Covered Payroll	\$ 13,167,386	\$ 11,716,771	\$ 11,402,514	\$ 11,242,207
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	100.68%	200.17%	187.12%	191.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%	77.31%

(1) Information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
0.13221330%	0.13037600%	0.13139560%	0.13470500%	0.13470500%
\$ 7,899,453	\$ 9,542,320	\$ 7,497,560	\$ 6,817,343	\$ 8,010,474
\$ 4,279,243	\$ 5,198,329	\$ 4,695,668	\$ 4,685,750	\$ 4,358,186
184.60%	183.57%	159.67%	145.49%	183.80%
69.50%	62.98%	69.16%	71.70%	65.52%
0.09642917%	0.09658624%	0.09963634%	0.10106109%	0.10106109%
\$ 22,906,956	\$ 32,330,326	\$ 27,536,570	\$ 24,581,555	\$ 29,281,387
\$ 10,690,171	\$ 10,294,800	\$ 10,130,871	\$ 10,706,254	\$ 10,334,069
214.28%	314.05%	271.81%	229.60%	283.35%
75.30%	66.80%	72.10%	74.70%	69.30%

See accompanying notes to the required supplementary information.

**Tri-Valley School District**  
**Muskingum County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions - Pension*  
*Last Ten Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b><i>School Employees Retirement System (SERS)</i></b>				
Contractually Required Contribution	\$ 690,859	\$ 669,280	\$ 645,269	\$ 602,690
Contributions in Relation to the Contractually Required Contribution	<u>(690,859)</u>	<u>(669,280)</u>	<u>(645,269)</u>	<u>(602,690)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 4,934,707	\$ 4,780,571	\$ 4,609,064	\$ 4,464,370
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.50%
<b><i>State Teachers Retirement System (STRS)</i></b>				
Contractually Required Contribution	\$ 1,758,265	\$ 1,843,434	\$ 1,640,348	\$ 1,596,352
Contributions in Relation to the Contractually Required Contribution	<u>(1,758,265)</u>	<u>(1,843,434)</u>	<u>(1,640,348)</u>	<u>(1,596,352)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 12,559,036	\$ 13,167,386	\$ 11,716,771	\$ 11,402,514
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 583,537	\$ 599,094	\$ 727,766	\$ 618,889	\$ 649,445	\$ 603,173
<u>(583,537)</u>	<u>(599,094)</u>	<u>(727,766)</u>	<u>(618,889)</u>	<u>(649,445)</u>	<u>(603,173)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,322,496	\$ 4,279,243	\$ 5,198,329	\$ 4,695,668	\$ 4,685,750	\$ 4,358,186
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%
\$ 1,573,909	\$ 1,496,624	\$ 1,441,272	\$ 1,418,322	\$ 1,391,813	\$ 1,343,429
<u>(1,573,909)</u>	<u>(1,496,624)</u>	<u>(1,441,272)</u>	<u>(1,418,322)</u>	<u>(1,391,813)</u>	<u>(1,343,429)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 11,242,207	\$ 10,690,171	\$ 10,294,800	\$ 10,130,871	\$ 10,706,254	\$ 10,334,069
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

**Tri-Valley Local School District**  
**Muskingum County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)*  
*Last Six Fiscal Years (1)*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b><i>School Employees Retirement System (SERS)</i></b>				
School District's Proportion of the Net OPEB Liability	0.14512500%	0.13977600%	0.13282800%	0.13039540%
School District's Proportionate Share of the Net OPEB Liability	\$ 2,746,600	\$ 3,037,790	\$ 3,340,355	\$ 3,617,521
School District's Covered Payroll	\$ 4,780,571	\$ 4,779,770	\$ 4,464,370	\$ 4,322,496
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	57.45%	63.56%	74.82%	83.69%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%	13.57%
<b><i>State Teachers Retirement System (STRS)</i></b>				
School District's Proportion of the Net OPEB Liability/(Asset)	0.10368100%	0.09693000%	0.09648100%	0.09812044%
School District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (2,186,029)	\$ (1,703,543)	\$ (1,597,957)	\$ (1,576,695)
School District's Covered Payroll	\$ 13,167,386	\$ 11,716,771	\$ 11,402,514	\$ 11,242,207
School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-16.60%	-14.54%	-14.01%	-14.02%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.73%	182.10%	174.70%	176.00%

(1) Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.



	<u>2018</u>	<u>2017</u>
	0.13439170%	0.13227995%
\$	3,606,720	\$ 3,770,468
\$	4,279,243	\$ 5,198,329
	84.28%	72.53%
	12.46%	11.49%
	0.09642917%	0.09658624%
\$	3,762,310	\$ 5,165,457
\$	10,690,171	\$ 10,294,800
	35.19%	50.18%
	47.10%	37.30%

See accompanying notes to the required supplementary information.

**Tri-Valley Local School District**  
**Muskingum County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions - OPEB*  
*Last Ten Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b><i>School Employees Retirement System (SERS)</i></b>				
Contractually Required Contribution (1)	\$ 90,343	\$ 93,530	\$ 89,745	\$ 104,593
Contributions in Relation to the Contractually Required Contribution	<u>(90,343)</u>	<u>(93,530)</u>	<u>(89,745)</u>	<u>(104,593)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 4,934,707	\$ 4,780,571	\$ 4,690,604	\$ 4,464,370
OPEB Contributions as a Percentage of Covered Payroll (1)	1.83%	1.96%	1.88%	2.34%
<b><i>State Teachers Retirement System (STRS)</i></b>				
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 12,559,036	\$ 13,167,386	\$ 11,716,771	\$ 11,402,514
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 93,158	\$ 74,291	\$ 67,613	\$ 107,158	\$ 73,103	\$ 60,220
<u>(93,158)</u>	<u>(74,291)</u>	<u>(67,613)</u>	<u>(107,158)</u>	<u>(73,103)</u>	<u>(60,220)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,322,496	\$ 4,279,243	\$ 5,198,329	\$ 4,695,668	\$ 4,685,750	\$ 4,358,186
2.16%	1.74%	1.30%	2.28%	1.56%	1.38%
\$ -	\$ -	\$ -	\$ -	\$ 107,063	\$ 103,341
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(107,063)</u>	<u>(103,341)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 11,242,207	\$ 10,690,171	\$ 10,294,800	\$ 10,130,871	\$ 10,706,254	\$ 10,334,069
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

See accompanying notes to the required supplementary information.

**Tri-Valley Local School District**  
**Muskingum County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2022*

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**NOTE 1 - NET PENSION LIABILITY**

There were no changes in assumptions or benefit terms for the fiscal years reported unless otherwise stated below:

***Changes in Assumptions - SERS***

For fiscal year 2022, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.00 percent to 2.40 percent
- Payroll growth assumption was reduced from 3.50 percent to 1.75 percent
- Assumed real wage growth was reduced from 0.50 percent to 0.85 percent
- Discount rate was reduced from 7.50 percent to 7.00 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

***Changes in Benefit Terms - SERS***

For fiscal year 2021, cost-of-living adjustments was reduced from 2.50 percent to 2.00 percent.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

***Changes in Assumptions – STRS***

For fiscal year 2022, the long term expected rate of return was reduced from 7.45 percent to 7.00 percent.

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to

**Tri-Valley Local School District**  
**Muskingum County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2022*

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3.00 percent, 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 percent 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.

***Changes in Benefit Terms - STRS***

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

**NOTE 2 - NET OPEB LIABILITY (ASSET)**

***Changes in Assumptions – SERS***

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Municipal Bond Index Rate:

Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare Trend Assumption

Fiscal year 2022	6.75 percent initially, decreasing to 4.40 percent
Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare Trend Assumption

Fiscal year 2022	5.125 percent initially, decreasing to 4.40 percent
Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

**Tri-Valley Local School District**  
**Muskingum County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2022*

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***Changes in Benefit Terms – SERS***

There have been no changes to the benefit provisions.

***Changes in Assumptions – STRS***

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. 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.

***Changes in Benefit Terms – STRS***

For fiscal year 2021, there were no changes to the claims costs process. Claim curves were updated to reflect the projected fiscal year 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent 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 .1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2020, 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 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent 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 fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent 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. This was subsequently extended, see above paragraph.

**TRI-VALLEY LOCAL SCHOOL DISTRICT  
MUSKINGUM COUNTY, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>(Passed through Ohio Department of Education)</i>			
Title I Grants to Local Educational Agencies	84.010A	2022	\$ 603,660
<i>Special Education Cluster:</i>			
Special Education Grants to States	84.027A	2021	155,727
Special Education Grants to States	84.027A	2022	790,830
Total Special Education Grants to States			<u>946,557</u>
<i>Total Special Education Cluster:</i>			946,557
Improving Teacher Quality State Grants	84.367A	2021	19,301
Improving Teacher Quality State Grants	84.367A	2022	100,007
Total Improving Teacher Quality State Grants			<u>119,308</u>
Education Stabilization Fund, COVID-19 (ESSER)	84.425D	2021	<u>2,170,700</u>
Total U.S. Department of Education			3,840,225
<b>U.S. Department of Agriculture:</b>			
<i>(Passed through Ohio Department of Education)</i>			
<i>Child Nutrition Cluster</i>			
Non-Cash Assistance:			
School Breakfast Program	10.553	2022	26,869
Cash Assistance:			
School Breakfast Program	10.553	2022	239,792
Total School Breakfast Program			<u>266,661</u>
Non-Cash Assistance:			
National School Lunch Program	10.555	2022	116,280
Cash Assistance:			
National School Lunch Program	10.555	2022	1,037,735
National School Lunch Program (COVID-19)	10.555	2022	83,491
Total National School Lunch Program			<u>1,237,506</u>
<i>Total Child Nutrition Cluster</i>			1,504,167
COVID-19 State P-EBT Administrative Costs Grants	10.649	2022	<u>3,063</u>
Total U.S. Department of Agriculture			<u>1,507,230</u>
Total Federal Assistance			<u><u>\$5,347,455</u></u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards

**Tri-Valley Local School District**  
**Muskingum County, Ohio**  
*Notes to the Schedule of Expenditures of Federal Awards*  
*2 CFR §200.510(b)(6)*  
*For the Fiscal Year Ended June 30, 2022*

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Tri-Valley Local School District (the School District) under programs of the federal government for the year ended June 30, 2022. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The School District has elected to not 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.





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

Tri-Valley Local School District  
Muskingum County  
36 East Muskingum Avenue  
Dresden, Ohio 43821

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tri-Valley Local School District, Muskingum County, Ohio (the School District), as of and for the year ended June 30, 2022, 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 February 27, 2023.

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

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

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

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

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

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

February 27, 2023

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
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## 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

Tri-Valley Local School District  
Muskingum County  
36 East Muskingum Avenue  
Dresden, Ohio 43821

To the Board of Education:

### Report on Compliance for Each Major Federal Program

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

We have audited Tri-Valley Local School District's, Muskingum County, Ohio (the School District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Tri-Valley Local School District's major federal programs for the year ended June 30, 2022. Tri-Valley Local School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, Tri-Valley Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

February 27, 2023

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**TRI-VALLEY LOCAL SCHOOL DISTRICT  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2022**

**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> <ul style="list-style-type: none"> <li>• Title I Grants to Local Educational Agencies – AL# 84.010A</li> <li>• Education Stabilization Fund, COVID-19 (ESSER) - AL# 84.425D</li> </ul>	
<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



**TRI-VALLEY LOCAL SCHOOL DISTRICT**

**MUSKINGUM 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 3/9/2023**

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

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