

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

SINGLE AUDIT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**



Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Education and Management
Tri-Valley Local School District
36 East Muskingum Avenue
Dresden, Ohio 43821

We have reviewed the *Independent Auditor's Report* of Tri-Valley Local School District, Muskingum County, prepared by Rea & Associates, Inc., for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 06, 2021

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**Tri-Valley Local School District
Muskingum County, Ohio**

June 30, 2021

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**Tri-Valley Local School District
Muskingum County, Ohio**

June 30, 2021

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Independent Auditor's Report

The Board of Education and Management
Tri-Valley Local School District
Muskingum County, Ohio
36 E. Muskingum Avenue
Dresden, Ohio 43821

Report on the Financial Statements

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, 2021, 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 accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 2, the School District restated the net position and fund balance of the Scottie Kid's Club resulting from a reclassification of a proprietary fund to a governmental fund. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, and pension and other post-employment benefit schedules* as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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.

Other 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 *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such 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 November 22, 2021 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Zanesville, Ohio
November 22, 2021

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Tri-Valley Local School District
Muskingum County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

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, 2021. 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 2021 are as follows:

- Net position decreased \$1,144,687, which represents a 4 percent decrease from 2020 restated net position.
- Capital assets of governmental activities decreased \$1,313,376 during fiscal year 2021.
- Outstanding debt of governmental activities decreased from \$11,863,903 to \$11,028,685.
- The School District reclassified Scottie Kid's Club from a proprietary fund to a governmental fund which resulted in a restatement of 2020 ending fund balance and net position.

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 is by far the most significant fund.

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 2021?" 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.

Tri-Valley Local School District
Muskingum County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

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 fund is the general 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.

Tri-Valley Local School District
Muskingum County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

The School District as a Whole

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

Table 1
Net Position

	Governmental Activities		
	2021	Restated 2020	Change
Assets			
Current & Other Assets	\$ 37,822,169	\$ 36,277,630	\$ 1,544,539
Net Pension/OPEB Asset	1,703,543	1,597,957	105,586
Capital Assets	42,350,223	43,663,599	(1,313,376)
<i>Total Assets</i>	<u>81,875,935</u>	<u>81,539,186</u>	<u>336,749</u>
Deferred Outflows of Resources			
Pension & OPEB	7,057,213	6,096,368	960,845
<i>Total Deferred Outflows of Resources</i>	<u>7,057,213</u>	<u>6,096,368</u>	<u>960,845</u>
Liabilities			
Current & Other Liabilities	4,237,076	4,671,463	(434,387)
Long-Term Liabilities:			
Due Within One Year	1,248,716	1,106,658	142,058
Due In More Than One Year:			
Pension & OPEB	35,401,353	32,416,670	2,984,683
Other Amounts	12,109,328	12,740,948	(631,620)
<i>Total Liabilities</i>	<u>52,996,473</u>	<u>50,935,739</u>	<u>2,060,734</u>
Deferred Inflows of Resources			
Property Taxes	7,113,098	5,747,549	1,365,549
Payments in Lieu of Taxes	-	311,727	(311,727)
Pension & OPEB	4,053,302	4,725,577	(672,275)
<i>Total Deferred Inflows of Resources</i>	<u>11,166,400</u>	<u>10,784,853</u>	<u>381,547</u>
Net Position			
Net Investment in Capital Assets	31,241,321	32,301,106	(1,059,785)
Restricted	7,016,272	7,224,301	(208,029)
Unrestricted	(13,487,318)	(13,610,445)	123,127
<i>Total Net Position</i>	<u>\$ 24,770,275</u>	<u>\$ 25,914,962</u>	<u>\$ (1,144,687)</u>

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, 2021. 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.

Tri-Valley Local School District
Muskingum County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

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.

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.

Tri-Valley Local School District
Muskingum County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

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

At fiscal year-end, capital assets represented 52 percent of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles and infrastructure. Net investment in capital assets was \$31,241,321 at June 30, 2021. 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 District's net position, \$7,016,272, or 28 percent, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position is a deficit balance of \$13,487,318, which is primarily caused by the accounting treatment related to GASB 68 and GASB 75. The decrease in net investment in capital assets is the result of the net decrease in capital assets exceeding debt payments.

Current and other assets increased with the most significant increase being property taxes receivable as a result of increased property valuations. This increase was partially offset by a decrease in payments in lieu of taxes receivable that resulted from the expiration of the School District's tax abatements in 2020. The decrease in capital assets is due to depreciation exceeding capital purchases in the current fiscal year.

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.

Accounts payable decreased primarily due to prior year computer equipment purchases and upgrades for remote learning resulting from the COVID pandemic, which significantly increased accounts payable for the School District in 2020.

Tri-Valley Local School District
Muskingum County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

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 2021 and 2020.

Table 2
Changes in Net Position

	Governmental Activities		
	2021	Restated 2020	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$ 2,821,792	\$ 3,357,410	\$ (535,618)
Operating Grants	5,894,090	4,860,942	1,033,148
Capital Grants	177,723	13,845	163,878
<i>Total Program Revenues</i>	<u>8,893,605</u>	<u>8,232,197</u>	<u>661,408</u>
General Revenues			
Property Taxes	12,868,450	12,391,130	477,320
Grants & Entitlements	16,823,239	16,562,486	260,753
Payments in Lieu of Taxes	-	262,477	(262,477)
Other	285,111	627,416	(342,305)
<i>Total General Revenues</i>	<u>29,976,800</u>	<u>29,843,509</u>	<u>133,291</u>
<i>Total Revenues</i>	<u>38,870,405</u>	<u>38,075,706</u>	<u>794,699</u>
Program Expenses			
Instruction:			
Regular	18,803,308	17,008,012	1,795,296
Special	5,737,437	5,950,621	(213,184)
Vocational	268,336	228,703	39,633
Student Intervention Services	11,710	10,080	1,630
Support Services:			
Pupils	1,322,070	1,189,635	132,435
Instructional Staff	174,021	199,909	(25,888)
Board of Education	692,108	736,184	(44,076)
Administration	3,408,899	3,034,931	373,968
Fiscal	742,342	625,049	117,293
Operation and Maintenance of Plant	3,159,273	2,981,054	178,219
Pupil Transportation	2,410,570	2,503,206	(92,636)
Central	569,507	524,346	45,161
Operation of Non-Instructional/Shared Services:			
Food Service Operations	1,474,955	1,204,484	270,471
Community Services	220,772	249,460	(28,688)
Extracurricular Activities	706,702	725,997	(19,295)
Debt Service:			
Interest and Fiscal Charges	313,082	386,547	(73,465)
<i>Total Expenses</i>	<u>40,015,092</u>	<u>37,558,218</u>	<u>2,456,874</u>
<i>Change in Net Position</i>	<u>(1,144,687)</u>	<u>517,488</u>	<u>(1,662,175)</u>
<i>Net Position Beginning of Year</i>	<u>25,914,962</u>	<u>25,397,474</u>	<u>517,488</u>
<i>Net Position End of Year</i>	<u>\$ 24,770,275</u>	<u>\$ 25,914,962</u>	<u>\$ (1,144,687)</u>

Tri-Valley Local School District
Muskingum County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Charges for services decreased primarily due to restrictions on extracurricular activities in addition to the School District offering students free breakfasts and lunches as a result of the COVID-19 pandemic. There was an increase in operating grant revenue during 2021 which was primarily caused by increases in state and federal grant proceeds for Coronavirus relief. The decrease in payments in lieu of taxes was due to the expiration of the School District's tax abatements. Other revenues decreased primarily due to decreased interest revenues. 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 expenditures resulting from the COVID-19 pandemic.

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

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2021	Restated 2020	2021	Restated 2020
Instruction:				
Regular	18,803,308	17,008,012	16,199,826	14,683,532
Special	5,737,437	5,950,621	2,638,448	2,705,682
Vocational	268,336	228,703	210,098	169,063
Student Intervention Services	11,710	10,080	11,710	10,080
Support Services:				
Pupils	1,322,070	1,189,635	242,253	273,444
Instructional Staff	174,021	199,909	123,067	156,066
Board of Education	692,108	736,184	692,108	736,184
Administration	3,408,899	3,034,931	3,382,362	2,984,887
Fiscal	742,342	625,049	742,342	625,049
Operation and Maintenance of Plant	3,159,273	2,981,054	3,142,637	2,910,872
Pupil Transportation	2,410,570	2,503,206	2,288,724	2,335,186
Central	569,507	524,346	569,292	524,346
Operation of Non-Instructional/Shared Services:				
Food Service Operations	1,474,955	1,204,484	104,347	261,817
Community Services	220,772	249,460	89,018	123,776
Extracurricular Activities	706,702	725,997	372,173	439,490
Debt Service:				
Interest and Fiscal Charges	313,082	386,547	313,082	386,547
<i>Total Expenses</i>	<u>\$ 40,015,092</u>	<u>\$ 37,558,218</u>	<u>\$ 31,121,487</u>	<u>\$ 29,326,021</u>

The total and net cost of services changes were primarily caused by the changes related to NPL/NOA/NOL, as previously discussed.

The dependence upon general revenues for governmental activities is apparent. Approximately 78 percent of governmental activities are supported through taxes and other general revenues; such revenues are approximately 77 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

Tri-Valley Local School District
Muskingum County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Governmental Funds

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

The general fund's net change in fund balance for fiscal year 2021 was an increase of \$1,420,562. The most significant cause of the increase was due to revenues continuing to exceed expenditures. The increase in property taxes revenue is primarily due to an increase assessed property values.

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 2021, 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.

Original Budget Compared to Final Budget During the year, the School District amended both the original estimated revenues and original budgeted appropriations. The most significant amendment to estimated revenues were made to increase miscellaneous receipts to account for the Bureau of Workers Compensation (BWC) rebates. The School District increased original budgeted appropriations with the most significant change increasing expenses for regular instruction, primarily for additional substitute teachers due to the COVID pandemic.

Final Budget Compared to Actual Results The most significant variance in actual revenues compared to final estimated revenues was for property and other local taxes as a result of increased assessed values. A review of actual expenditures compared to the appropriations in the final budget revealed an overall variance of \$746,670. This variance was primarily caused by decreased expenditures for regular instruction and special instruction due to expenditures paid from coronavirus relief funds that normally are paid from the general fund.

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Tri-Valley Local School District
Muskingum County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Capital Assets and Debt Administration

Capital Assets

Table 4 shows fiscal year 2021 balances compared with 2020.

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2021	2020
Land	\$ 4,030,096	\$ 4,030,096
Construction in Progress	92,217	12,000
Land Improvements	1,365,798	1,061,313
Buildings and Improvements	34,868,198	36,927,630
Furniture, Fixtures and Equipment	552,342	619,009
Vehicles	1,416,896	976,250
Infrastructure	24,676	37,301
<i>Total</i>	<u>\$ 42,350,223</u>	<u>\$ 43,663,599</u>

See Note 7 for more information about the capital assets of the School District.

Debt

Table 5 summarizes bonds outstanding. See Note 13 for additional details.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2021	2020
2007 Advance Refunding Bonds	\$ -	\$ 677,000
2016 Current Refunding Bonds	8,653,505	8,737,684
2017 Current Refunding Bonds	2,375,180	2,449,219
<i>Total</i>	<u>\$ 11,028,685</u>	<u>\$ 11,863,903</u>

Tri-Valley Local School District
Muskingum County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

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 has impacted the current period 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.

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Tri-Valley Local School District
Muskingum County, Ohio
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 23,633,502
Intergovernmental Receivable	1,136,362
Taxes Receivable	13,052,305
Net OPEB Asset	1,703,543
Non-Depreciable Capital Assets	4,122,313
Depreciable Capital Assets, net	38,227,910
<i>Total Assets</i>	81,875,935
Deferred Outflows of Resources	
Pension	5,930,725
OPEB	1,126,488
<i>Total Deferred Outflows of Resources</i>	7,057,213
Liabilities	
Accounts Payable	162,325
Accrued Wages and Benefits	2,995,999
Contracts Payable	80,217
Intergovernmental Payable	587,333
Claims Payable	380,504
Matured Compensated Absences Payable	30,698
Long-Term Liabilities:	
Due Within One Year	1,248,716
Due In More Than One Year:	
Net Pension Liability	32,363,563
Net OPEB Liability	3,037,790
Other Amounts Due in More Than One Year	12,109,328
<i>Total Liabilities</i>	52,996,473
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	7,113,098
Pension	347,415
OPEB	3,705,887
<i>Total Deferred Inflows of Resources</i>	11,166,400
Net Position	
Net Investment in Capital Assets	31,241,321
Restricted for:	
Capital Outlay	2,515,360
Debt Service	2,062,247
State Programs	888,048
Federal Programs	725,660
Restricted for Building Maintenance	379,357
Other Purposes	445,600
Unrestricted	(13,487,318)
<i>Total Net Position</i>	\$ 24,770,275

See accompanying notes to the basic financial statements.

Tri-Valley Local School District
Muskingum County, Ohio
Statement of Activities
For the Year Ended June 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$ 18,803,308	\$ 2,063,330	\$ 540,152	\$ -	\$ (16,199,826)
Special	5,737,437	281,298	2,817,691	-	(2,638,448)
Vocational	268,336	-	58,238	-	(210,098)
Student Intervention Services	11,710	-	-	-	(11,710)
Support Services:					
Pupils	1,322,070	4,117	1,075,700	-	(242,253)
Instructional Staff	174,021	-	50,954	-	(123,067)
Board of Education	692,108	-	-	-	(692,108)
Administration	3,408,899	26,537	-	-	(3,382,362)
Fiscal	742,342	-	-	-	(742,342)
Operation and Maintenance of Plant	3,159,273	-	16,636	-	(3,142,637)
Pupil Transportation	2,410,570	-	121,846	-	(2,288,724)
Central	569,507	215	-	-	(569,292)
Operation of Non-Instructional/Shared Services:					
Food Service Operations	1,474,955	163,074	1,207,534	-	(104,347)
Community Services	220,772	126,415	5,339	-	(89,018)
Extracurricular Activities	706,702	156,806	-	177,723	(372,173)
Debt Service:					
Interest and Fiscal Charges	313,082	-	-	-	(313,082)
<i>Total</i>	<u>\$ 40,015,092</u>	<u>\$ 2,821,792</u>	<u>\$ 5,894,090</u>	<u>\$ 177,723</u>	<u>(31,121,487)</u>

General Revenues

Property Taxes Levied for:	
General Purpose	11,747,111
Debt Services	922,001
Classroom Facilities	199,338
Grants and Entitlements not Restricted to Specific Programs	16,823,239
Investment Earnings	33,419
Miscellaneous	251,692
<i>Total General Revenues</i>	<u>29,976,800</u>
<i>Change in Net Position</i>	(1,144,687)
<i>Net Position Beginning of Year (Restated, See Note 2)</i>	<u>25,914,962</u>
<i>Net Position End of Year</i>	<u>\$ 24,770,275</u>

See accompanying notes to the basic financial statements.

Tri-Valley Local School District
Muskingum County, Ohio
Balance Sheet
Governmental Funds
June 30, 2021

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Investments	\$ 14,833,771	\$ 7,858,607	\$ 22,692,378
Interfund Receivable	128,605	-	128,605
Intergovernmental Receivable	-	1,136,362	1,136,362
Taxes Receivable	11,851,506	1,200,799	13,052,305
Advances to Other Funds	460,515	-	460,515
<i>Total Assets</i>	<u>\$ 27,274,397</u>	<u>\$ 10,195,768</u>	<u>\$ 37,470,165</u>
Liabilities			
Accounts Payable	\$ 72,308	\$ 42,252	\$ 114,560
Accrued Wages and Benefits	2,615,838	380,161	2,995,999
Contracts Payable	-	80,217	80,217
Intergovernmental Payable	555,833	31,500	587,333
Interfund Payable	-	128,605	128,605
Matured Compensated Absences Payable	30,698	-	30,698
<i>Total Liabilities</i>	<u>3,274,677</u>	<u>662,735</u>	<u>3,937,412</u>
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	6,427,029	686,069	7,113,098
Unavailable Revenue	606,026	1,101,098	1,707,124
<i>Total Deferred Inflows of Resources</i>	<u>7,033,055</u>	<u>1,787,167</u>	<u>8,820,222</u>
Fund Balances			
Nonspendable	471,949	-	471,949
Restricted	-	6,178,114	6,178,114
Committed	11,000	-	11,000
Assigned	1,000,406	2,000,000	3,000,406
Unassigned	15,483,310	(432,248)	15,051,062
<i>Total Fund Balance</i>	<u>16,966,665</u>	<u>7,745,866</u>	<u>24,712,531</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 27,274,397</u>	<u>\$ 10,195,768</u>	<u>\$ 37,470,165</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, 2021

Total Governmental Fund Balances		\$ 24,712,531
<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.		42,350,223
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental	\$ 1,033,164	
Delinquent Property Taxes	673,960	1,707,124
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.		52,340
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	1,703,543	
Deferred Outflows - Pension	5,930,725	
Deferred Outflows - OPEB	1,126,488	
Net Pension Liability	(32,363,563)	
Net OPEB Liability	(3,037,790)	
Deferred Inflows - Pension	(347,415)	
Deferred Inflows - OPEB	(3,705,887)	(30,693,899)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(10,250,000)	
Unamortized Bond Premium	(778,685)	
Compensated Absences	(2,329,359)	(13,358,044)
<i>Net Position of Governmental Activities</i>		\$ 24,770,275

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 Year Ended June 30, 2021

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property and Other Local Taxes	\$ 11,669,892	\$ 1,112,660	\$ 12,782,552
Intergovernmental	18,373,567	4,539,081	22,912,648
Investment Income	33,419	212	33,631
Tuition and Fees	2,344,007	-	2,344,007
Extracurricular Activities	48,268	140,028	188,296
Charges for Services	-	289,489	289,489
Contributions and Donations	-	177,595	177,595
Miscellaneous	228,723	22,969	251,692
<i>Total Revenues</i>	<u>32,697,876</u>	<u>6,282,034</u>	<u>38,979,910</u>
Expenditures			
Instruction:			
Regular	16,313,862	545,117	16,858,979
Special	3,908,862	1,340,041	5,248,903
Vocational	189,934	3,109	193,043
Student Intervention Services	11,710	-	11,710
Support Services:			
Pupils	531,934	725,604	1,257,538
Instructional Staff	41,016	5,320	46,336
Board of Education	665,370	23,232	688,602
Administration	2,976,424	-	2,976,424
Fiscal	665,699	-	665,699
Operation and Maintenance of Plant	2,433,745	418,699	2,852,444
Pupil Transportation	2,529,287	94,255	2,623,542
Central	462,672	-	462,672
Operation of Non-Instructional/Shared Services:			
Food Service Operations	24,200	1,295,051	1,319,251
Community Services	-	153,050	153,050
Extracurricular Activities	522,599	156,087	678,686
Capital Outlay	-	424,060	424,060
Debt Service			
Principal Retirement	-	94,995	94,995
Interest and Fiscal Charges	-	1,053,305	1,053,305
<i>Total Expenditures</i>	<u>31,277,314</u>	<u>6,331,925</u>	<u>37,609,239</u>
<i>Net Change in Fund Balances</i>	1,420,562	(49,891)	1,370,671
<i>Fund Balances Beginning of Year (Restated, See Note 2)</i>	<u>15,546,103</u>	<u>7,795,757</u>	<u>23,341,860</u>
<i>Fund Balances End of Year</i>	<u>\$ 16,966,665</u>	<u>\$ 7,745,866</u>	<u>\$ 24,712,531</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 Year Ended June 30, 2021*

Net Change in Fund Balances - Total Governmental Funds	\$	1,370,671
<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	\$ 1,201,529	
Current Year Depreciation	<u>(2,512,874)</u>	(1,311,345)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(2,031)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	(195,403)	
Property Taxes	<u>85,898</u>	(109,505)
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	45,000	
Capital Appreciation Bonds - Principal	49,995	
Capital Appreciation Bonds - Accreted Interest	<u>685,005</u>	780,000
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	2,512,714	
OPEB	<u>93,530</u>	2,606,244
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	(3,908,918)	
OPEB	<u>56,697</u>	(3,852,221)
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.		(336,062)
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		(345,656)
Accretion on capital appreciation bonds is an expenditure in the governmental funds, but is allocated as an expense over the life of the bonds in the statement of activities.		<u>(58,000)</u>
<i>Change in Net Position of Governmental Activities</i>	<u>\$</u>	<u>(1,144,687)</u>

See accompanying notes to the basic financial statements.

Tri-Valley Local School District
Muskingum County, Ohio
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property and Other Local Taxes	\$ 10,725,686	\$ 10,725,686	\$ 11,728,297	\$ 1,002,611
Intergovernmental	17,819,981	17,867,334	18,385,483	518,149
Investment Income	225,000	225,000	66,071	(158,929)
Tuition and Fees	2,436,663	2,439,663	2,335,871	(103,792)
Extracurricular Activities	15,000	15,000	16,778	1,778
Miscellaneous	75,000	175,000	178,004	3,004
<i>Total Revenues</i>	<u>31,297,330</u>	<u>31,447,683</u>	<u>32,710,504</u>	<u>1,262,821</u>
Expenditures				
Instruction:				
Regular	17,195,976	17,623,976	17,100,838	523,138
Special	4,417,183	4,439,183	3,970,170	469,013
Vocational	151,731	180,017	194,919	(14,902)
Student Intervention Services	36,473	36,473	21,710	14,763
Support Services:				
Pupils	694,990	699,990	514,882	185,108
Instructional Staff	39,290	39,290	46,176	(6,886)
Board of Education	766,354	766,354	678,150	88,204
Administration	2,764,070	2,764,070	2,951,299	(187,229)
Fiscal	589,642	589,642	662,708	(73,066)
Operation and Maintenance of Plant	2,633,200	2,633,200	2,714,900	(81,700)
Pupil Transportation	2,512,183	2,512,183	2,619,012	(106,829)
Central	493,161	493,161	529,840	(36,679)
Operation of Non-Instructional/Shared Services:				
Food Service Operations	-	-	24,200	(24,200)
Extracurricular Activities	522,235	522,235	524,300	(2,065)
<i>Total Expenditures</i>	<u>32,816,488</u>	<u>33,299,774</u>	<u>32,553,104</u>	<u>746,670</u>
<i>Excess of Receipts Over (Under) Expenditures</i>	<u>(1,519,158)</u>	<u>(1,852,091)</u>	<u>157,400</u>	<u>2,009,491</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	25,000	42,639	42,639	-
Advances In	118,437	118,437	118,437	-
Advances Out	(121,990)	(121,990)	(128,605)	(6,615)
<i>Total Other Financing Sources (Uses)</i>	<u>21,447</u>	<u>39,086</u>	<u>32,471</u>	<u>(6,615)</u>
<i>Net Change in Fund Balance</i>	<u>(1,497,711)</u>	<u>(1,813,005)</u>	<u>189,871</u>	<u>2,002,876</u>
<i>Fund Balance Beginning of Year</i>	<u>11,967,119</u>	<u>11,967,119</u>	<u>11,967,119</u>	<u>-</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>1,467,474</u>	<u>1,467,474</u>	<u>1,467,474</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 11,936,882</u>	<u>\$ 11,621,588</u>	<u>\$ 13,624,464</u>	<u>\$ 2,002,876</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, 2021

	Governmental Activities	
	Internal Service Fund	
Assets		
<i>Current Assets:</i>		
Equity in Pooled Cash and Investments	\$ 941,124	
<i>Total Current Assets</i>	941,124	
 <i>Current Liabilities:</i>		
Accounts Payable	47,765	
Claims Payable	380,504	
<i>Total Current Liabilities</i>	428,269	
 <i>Long-Term Liabilities:</i>		
Advances from Other Funds	460,515	
<i>Total Long-Term Liabilities</i>	460,515	
 Net Position		
Unrestricted	52,340	
Total Net Position	\$ 52,340	

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 Year Ended June 30, 2021

	Governmental Activities
	Internal Service Fund
Operating Revenues	
Charges for Services	\$ 4,791,287
Other	6,250
<i>Total Operating Revenues</i>	<i>4,797,537</i>
Operating Expenses	
Purchased Services	564,908
Claims	4,568,691
<i>Total Operating Expenses</i>	<i>5,133,599</i>
<i>Change in Net Position</i>	<i>(336,062)</i>
<i>Net Position Beginning of Year</i>	<i>388,402</i>
<i>Net Position End of Year</i>	<i>\$ 52,340</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 Year Ended June 30, 2021

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 4,791,287
Cash Received from Other Operating Receipts	6,250
Cash Payments to Suppliers for Goods and Services	(563,327)
Cash Payments for Claims	(4,546,281)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(312,071)
<i>Net Increase (Decrease) in Cash and Investments</i>	(312,071)
<i>Cash and Investments Beginning of Year</i>	1,253,195
<i>Cash and Investments End of Year</i>	\$ 941,124
 Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	\$ (336,062)
Adjustments:	
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	1,581
Claims Payable	22,410
<i>Net Cash Provided by (Used For) Operating Activities</i>	\$ (312,071)

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, 2021

	<u>Custodial</u>
Assets	
Equity in Pooled Cash and Investments	<u>\$ 159,133</u>
Net Position	
Restricted for Individuals, Organizations, and Other Governments	<u><u>\$ 159,133</u></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 Year Ended June 30, 2021

	Custodial
Additions	
Interest	\$ 2,170
Other	32,119
<i>Total Additions</i>	34,289
 Deductions	
Payments in Accordance with Trust Agreements	20,750
<i>Total Deductions</i>	20,750
<i>Change in Net Position</i>	13,539
<i>Net Position Beginning of Year</i>	145,594
<i>Net Position End of Year</i>	\$ 159,133

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, 2021

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 Licking Area Computer Association (LACA), the Mid-East Ohio Career and Technology Center, the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations and 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 Notes 14 and 15.

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.

Tri-Valley Local School District
Muskingum County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

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 is the School District's major governmental fund:

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.

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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.

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.

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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.

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 6). 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 position 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 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized 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, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the 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 10 and 11).

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.

During fiscal year 2021, investments were limited to negotiable certificates of deposit, Ohio school district bonds, Federal Home Loan Bank notes, a money market account, and State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value, except for nonparticipating investment contracts such as repurchase agreements, which are reported at cost.

During the year 2021, 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 2021, 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 \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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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 2021 amounted to \$33,419 which includes \$12,773 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:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 - 30 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.

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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.

Interest on the capital appreciation bonds is accreted over the term of the bonds.

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, 2021, 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.

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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.

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 fiscal year 2021.

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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.

S. Implementation of New Accounting Principles and Restatement of Net Position/Fund Balance

Implementation of New Accounting Principles

For the fiscal year ended June 30, 2021, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*, certain provisions of GASB Statement No. Statement No. 93, *Replacement of Interbank Offered Rates*, and GASB 98, *The Annual Comprehensive Financial Report*.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 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 certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of the School District.

GASB Statement No. 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of GASB Statement No. 98 did not have an effect on the financial statements of the School District.

Restatement of Net Position/Fund Balances

During fiscal year 2021, the School District reclassified Scottie Kid's Club from a proprietary fund to a governmental fund.

The reclassification of Scottie Kid's Club had the following effect on net position and fund balance, respectively, as reported June 30, 2021:

	Governmental Activities	Business-Type Activities
Net Position, June 30, 2020	\$ 26,024,242	\$ (109,280)
Scottie Kid's Club	(109,280)	109,280
Restated Net Position, June 30, 2020	<u>\$ 25,914,962</u>	<u>\$ -</u>

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	Other Governmental Funds
Fund Balance, June 30, 2020	\$ 5,657,110
Scottie Kid's Club	(724)
Change in Major Funds	2,139,371
Restated Fund Balance, June 30, 2020	\$ 7,795,757

NOTE 3 – ACCOUNTABILITY

Fund balances at June 30, 2021 included the following individual fund deficits:

Non-Major Governmental Funds:

Scottie Kid's Club	\$ 21,961
IDEA Part B	180,192
Title I	196,148
Improving Teacher Quality	33,947
Total	\$ 432,248

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.

NOTE 4 - 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).
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:

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GAAP Basis	\$	1,420,562
Net Adjustment for Revenue Accruals		221,410
Net Adjustment for Expenditure Accruals		(554,582)
Funds Budgeted Elsewhere		(12,167)
Adjustment for Encumbrances		<u>(885,352)</u>
 Budget Basis	 \$	 <u>189,871</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 5 - 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;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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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 on time; 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 \$20,485,215 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
- 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.

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

Investments

As of June 30, 2021, 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	\$ 55,587	\$ 55,587	\$ -	\$ -	1.66%
AAAm	Money Market	73,823	73,823	-	-	2.20%
	Fair Value:					
AA	Jackson Local School District Bonds	110,662	110,662	-	-	3.30%
AAA	Olentangy Local School District Bonds	101,558	101,558	-	-	3.03%
AA+	Federal Home Loan Bank	250,097	250,097	-	-	7.46%
N/A	Negotiable Certificates of Deposit	2,759,273	496,216	1,020,939	1,242,118	82.35%
	Total	\$ 3,351,000	\$ 1,087,943	\$ 1,020,939	\$ 1,242,118	100.00%

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, 2021. 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, 2021, is 54 days.

Credit Risk The School District's investments at June 30, 2021 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 6 - 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 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property 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 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020 and are collected in 2021 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, 2021, 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, 2021, 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 2021 taxes were collected are:

	2020 Second- Half Collections		2021 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 399,078,260	78.05%	\$ 403,495,050	76.87%
Public Utility Personal Property	112,248,280	21.95%	121,389,650	23.13%
Total Assessed Values	<u>\$ 511,326,540</u>	<u>100.00%</u>	<u>\$ 524,884,700</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$ 37.95</u>		<u>\$ 37.95</u>	

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NOTE 7 - CAPITAL ASSETS

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

	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021
Governmental Activities				
<i>Capital Assets not being depreciated</i>				
Land	\$ 4,030,096	\$ -	\$ -	\$ 4,030,096
Construction in Progress	12,000	80,217	-	92,217
<i>Total Capital Assets not being Depreciated</i>	<u>4,042,096</u>	<u>80,217</u>	<u>-</u>	<u>4,122,313</u>
<i>Capital Assets being depreciated</i>				
Land Improvements	2,697,441	408,860	-	3,106,301
Buildings and Improvements	71,681,503	-	-	71,681,503
Furniture, Fixtures and Equipment	4,602,271	53,004	-	4,655,275
Vehicles	3,434,515	659,448	(460,739)	3,633,224
Infrastructure	119,109	-	-	119,109
<i>Total Capital Assets Being Depreciated</i>	<u>82,534,839</u>	<u>1,121,312</u>	<u>(460,739)</u>	<u>83,195,412</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(1,636,128)	(104,375)	-	(1,740,503)
Buildings and Improvements	(34,753,873)	(2,059,432)	-	(36,813,305)
Furniture, Fixtures and Equipment	(3,983,262)	(119,671)	-	(4,102,933)
Vehicles	(2,458,265)	(216,771)	458,708	(2,216,328)
Infrastructure	(81,808)	(12,625)	-	(94,433)
<i>Total Accumulated Depreciation</i>	<u>(42,913,336)</u>	<u>(2,512,874) *</u>	<u>458,708</u>	<u>(44,967,502)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>39,621,503</u>	<u>(1,391,562)</u>	<u>(2,031)</u>	<u>38,227,910</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 43,663,599</u>	<u>\$ (1,311,345)</u>	<u>\$ (2,031)</u>	<u>\$ 42,350,223</u>

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* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,265,117
Special	170,933
Vocational	68,736
Support Services:	
Pupils	39,129
Instructional Staff	127,685
Board of Education	3,506
Administration	173,249
Fiscal	2,059
Operation and Maintenance of Plant	127,071
Pupil Transportation	224,781
Central	51,717
Operation of Non-Instructional Services:	
Food Service Operations	67,294
Community Services	51,486
Extracurricular Activities	140,111
<i>Total Depreciation</i>	<u><u>\$ 2,512,874</u></u>

NOTE 8 - RECEIVABLES

Receivables at June 30, 2021, 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 9 - 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. Coverage provided by Liberty Mutual Insurance Company follows:

Building and Contents (\$2,500 deductible)	\$ 131,785,098
Automotive Liability (\$1,000 comprehensive/collision)	1,000,000
General Liability:	
Each Occurrence	1,000,000
General Aggregate Limit	3,000,000
Products/Completed Operations Aggregate Limit	3,000,000
Professional Liability	
Each Occurrence	1,000,000
General Aggregate Limit	3,000,000

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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 \$5,110,669. With the stop loss coverage, the School District’s total maximum liability for the 2021 plan year is \$5,706,693. 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 \$1,891 for family coverage or \$747 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 of \$380,504 reported in the internal service fund at June 30, 2021, 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 2020 and 2021 are as follows:

		<u>Balance</u> <u>Beginning of Year</u>		<u>Current</u> <u>Year Claims</u>		<u>Claims</u> <u>Payments</u>		<u>Balance</u> <u>End of Year</u>
2020	\$	181,954	\$	4,300,921	\$	4,124,781	\$	358,094
2021	\$	358,094	\$	4,568,691	\$	4,546,281	\$	380,504

C. Workers’ Compensation

For fiscal year 2021, the School District participated in the Ohio School Boards Association Workers’ Compensation Group Experience Rating Program, an insurance purchasing pool (Note 15). 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 CompManagement, Inc. provides administrative, cost control and actuarial services to the Group Experience Rating Program.

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NOTE 10 – 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.

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 bases of accounting.

The remainder of this note includes the required pension disclosures. See Note 11 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, annual cost of living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

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Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on 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. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of zero percent.

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, 2021, 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 2021.

The School District’s contractually required contribution to SERS was \$669,280 for fiscal year 2021. Of this amount, \$59,608 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.

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.

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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 through 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, 2023, 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 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.

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 2021 contribution rates were equal to the statutory maximum rates.

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The School District's contractually required contribution to STRS was \$1,843,434 for fiscal year 2021. Of this amount, \$336,415 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, 2020, 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	0.13470830%	0.09693025%	
Prior Measurement Date	<u>0.12936430%</u>	<u>0.09648113%</u>	
Change in Proportionate Share	<u>0.00534400%</u>	<u>0.00044912%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 8,909,891	\$ 23,453,672	\$ 32,363,563
Pension Expense	\$ 1,149,125	\$ 2,759,793	\$ 3,908,918

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School District's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 17,306	\$ 52,624	\$ 69,930
Net Difference between Projected and Actual Earnings on Pension Plan Investments	565,600	1,140,556	1,706,156
Changes of Assumptions	-	1,259,010	1,259,010
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	194,918	187,997	382,915
School District Contributions Subsequent to the Measurement Date	<u>669,280</u>	<u>1,843,434</u>	<u>2,512,714</u>
Total Deferred Outflows of Resources	<u>\$ 1,447,104</u>	<u>\$ 4,483,621</u>	<u>\$ 5,930,725</u>

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	SERS	STRS	Total
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ -	\$ 149,971	\$ 149,971
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	-	197,444	197,444
Total Deferred Inflows of Resources	\$ -	\$ 347,415	\$ 347,415

\$2,512,714 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2022	\$ 126,346	\$ 777,318	\$ 903,664
2023	238,643	384,130	622,773
2024	235,754	597,794	833,548
2025	177,081	533,530	710,611
	\$ 777,824	\$ 2,292,772	\$ 3,070,596

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 2130.

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, 2020, are presented below:

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

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 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, 2015.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

Discount Rate Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

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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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 12,205,462	\$ 8,909,891	\$ 6,144,844

Actuarial Assumptions - STRS

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

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

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, 2020 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.

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 %	

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*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 7.45 percent as of June 30, 2020. 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, 2020. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the School District’s proportionate share of the net pension liability as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 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 (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 33,393,945	\$ 23,453,672	\$ 15,030,118

Social Security System

Effective July 1, 1991, all employees not otherwise covered by School Employees Retirement System or State Teachers Retirement System have an option to choose Social Security. The School District’s liability is 6.2 percent of wages paid.

NOTE 11 – DEFINED BENEFIT OPEB PLANS

See Note 10 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 Comprehensive Annual Financial Report which can be obtained on SERS’ website at www.ohsers.org under Employers/Audit Resources.

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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, 2021, 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 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge 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 2021, the School District's surcharge obligation was \$93,530, 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 premium reimbursements were discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

Net 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, 2020, 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:

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	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.13977600%	0.09693000%	
Prior Measurement Date	0.13282800%	0.09648100%	
Change in Proportionate Share	<u>0.00694800%</u>	<u>0.00044900%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 3,037,790	\$ (1,703,543)	
OPEB Expense	\$ 48,689	\$ (105,386)	\$ (56,697)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 39,899	\$ 109,157	\$ 149,056
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	34,231	59,703	93,934
Changes of Assumptions	517,837	28,121	545,958
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	203,201	40,809	244,010
School District Contributions Subsequent to the Measurement Date	<u>93,530</u>	<u>-</u>	<u>93,530</u>
Total Deferred Outflows of Resources	<u>\$ 888,698</u>	<u>\$ 237,790</u>	<u>\$ 1,126,488</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 1,544,929	\$ 339,321	\$ 1,884,250
Changes of Assumptions	76,516	1,618,083	1,694,599
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	<u>57,136</u>	<u>69,902</u>	<u>127,038</u>
Total Deferred Inflows of Resources	<u>\$ 1,678,581</u>	<u>\$ 2,027,306</u>	<u>\$ 3,705,887</u>

\$93,530 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Fiscal Year Ending June 30:	SERS	STRS	Total
2022	\$ (185,118)	\$ (443,998)	\$ (629,116)
2023	(182,643)	(403,587)	(586,230)
2024	(183,044)	(389,409)	(572,453)
2025	(169,869)	(379,448)	(549,317)
2026	(121,861)	(90,858)	(212,719)
Thereafter	(40,878)	(82,216)	(123,094)
	<u>\$ (883,413)</u>	<u>\$ (1,789,516)</u>	<u>\$ (2,672,929)</u>

Actuarial Assumptions - SERS

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

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

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

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

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate	
Measurement Date	2.63 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 4.75 percent

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 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 2.00 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 future benefit payments during the fiscal year ending June 30, 2034. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as 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 by the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e., municipal bond rate).

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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 (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB Liability	\$ 3,718,179	\$ 3,037,790	\$ 2,496,881
		<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB Liability	\$ 2,392,028	\$ 3,037,790	\$ 3,901,338

Actuarial Assumptions – STRS

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

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

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The actuarial assumptions used in the June 30, 2020 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:

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

*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 7.45 percent as of June 30, 2020. 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 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 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 (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as of June 30, 2020, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (1,482,193)	\$ (1,703,543)
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
	School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (1,879,693)	\$ (1,703,543)

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Benefit Term Changes since the Prior Measurement Date 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.

NOTE 12 - 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 both Sun Life and American United Life during fiscal year 2021. 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 within the fiscal year of their retirement, is entitled to five (5) days of additional severance pay.

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NOTE 13 - LONG-TERM OBLIGATIONS

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

	Restated Outstanding 6/30/2020	Additions	Deductions	Outstanding 6/30/2021	Due In One Year
Governmental Activities					
2007 Advance Refunding Bonds					
Capital Appreciation Bonds	\$ 49,995	\$ -	\$ 49,995	\$ -	\$ -
CAB Accretion	627,005	58,000	685,005	-	-
Total 2007 Advance Refunding Bonds	677,000	58,000	735,000	-	-
2016 Current Refunding Bonds					
Serial Bonds	7,945,000	-	-	7,945,000	-
Bond Premium	792,684	-	84,179	708,505	-
Total 2016 Current Refunding Bonds	8,737,684	-	84,179	8,653,505	-
2017 Current Refunding Bonds					
Serial Bonds	2,350,000	-	45,000	2,305,000	820,000
Bond Premium	99,219	-	29,039	70,180	-
Total 2017 Current Refunding Bonds	2,449,219	-	74,039	2,375,180	820,000
Total General Obligation Bonds	11,863,903	58,000	893,218	11,028,685	820,000
Net Pension Liability	29,076,315	3,287,248		32,363,563	-
Net OPEB Liability	3,340,355	-	302,565	3,037,790	-
Compensated Absences	1,983,703	779,550	433,894	2,329,359	428,716
<i>Total Governmental</i>					
<i>Long-Term Liabilities</i>	<u>\$ 46,264,276</u>	<u>\$ 4,124,798</u>	<u>\$ 1,629,677</u>	<u>\$ 48,759,397</u>	<u>\$ 1,248,716</u>

2007 Advance Refunding General Obligation Bonds – On April 19, 2007, the School District issued \$3,084,995 of general obligation bonds that were issued to partially refund the 2002 school improvement general obligation bonds. The bonds were issued for a 17 year period with final maturity at December 1, 2023. The serial and term refunding bonds were issued with a discount of \$17,818 which is reported as a decrease to bonds payable. The serial and capital appreciation refunding bonds were issued with a premium of \$368,912 which was reported as an increase to bonds payable. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$257,237. The deferred outflow of resources is related to this difference was removed from the financial statements of the School District.

On March 14, 2017 the School District refunded \$2,580,000 of 2007 advance refunding general obligation serial and term bonds.

The capital appreciation bonds for the 2007 issue are not subject to early redemption and matured December 1, 2020. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as a liability. The maturity amount of the bonds is \$735,000. For fiscal year 2021, \$58,000 was accreted, for a total bond liability of \$735,000, which was paid in full during 2021.

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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, 2021 are as follows:

Fiscal Year	Serial/Term Bonds		
	Principal	Interest	Total
2022	\$ -	\$ 290,000	\$ 290,000
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
2027-2030	5,440,000	455,200	5,895,200
<i>Totals</i>	\$ 7,945,000	\$ 1,834,500	\$ 9,779,500

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, 2021 are as follows:

Tri-Valley Local School District
Muskingum County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Fiscal Year	Serial/Term Bonds		
	Principal	Interest	Total
2022	\$ 820,000	\$ 68,625	\$ 888,625
2023	880,000	41,800	921,800
2024	605,000	12,100	617,100
<i>Totals</i>	<u>\$ 2,305,000</u>	<u>\$ 122,525</u>	<u>\$ 2,427,525</u>

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 from the General Fund, Food Service fund, and Scottie Kids Club fund. For additional information related to the net pension liability and net OPEB liability see Notes 10 and 11.

NOTE 14 - 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. The School District’s total payments to LACA for fiscal year 2021 were \$238,527. Financial statements for LACA can be obtained from their fiscal agent the Career and Technology Education Center of Licking County, 150 Price Road, Newark, OH 43055.

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. The School District did not make any payments to the Mid-East Ohio Career and Technology Center for fiscal year 2021. 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.

Tri-Valley Local School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Coalition of Rural and Appalachian Schools – The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of over 130 school districts and other educational institutions in the 35-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 35 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. During fiscal year 2021, the School District made payments of \$415 to the Coalition of Rural and Appalachian Schools. To obtain financial information write to the Coalition of Rural and Appalachian Schools, Executive Director, at 322 McCracken Hall, Ohio University, Athens, Ohio 45701.

NOTE 15 – 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 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 16 - 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.

Tri-Valley Local School District
Muskingum County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	Capital Improvements
Set-aside Restricted Balance as of June 30, 2020	\$ 0
Current Year Set-aside Requirement	551,337
Current Year Qualifying Disbursements	(1,029,406)
Totals	\$ (478,069)
Balance Carried Forward to Fiscal Year 2022	\$ 0
Set-aside Restricted Balance as of June 30, 2021	\$ 0

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 17 – INTERFUND ACTIVITY

As of June 30, 2021, receivables and payables that resulted from cash advances from the general fund to other funds were as follows:

	Interfund Receivable	Interfund Payable	Advances to Other Funds	Advances from Other Funds
General	\$ 128,605	\$ -	\$ 460,515	\$ -
Other Governmental:				
IDEA Part B	-	42,465	-	-
Title I	-	61,103	-	-
Improving Teacher Quality	-	9,651	-	-
Scottie Kids Club	-	15,386	-	-
Internal Service	-	-	-	460,515
	\$ 128,605	\$ 128,605	\$ 460,515	\$ 460,515

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.

In prior fiscal years, the School District made advances that were not repaid within the subsequent fiscal year, and were therefore reclassified as long-term advances to/from other funds. The School District intends to repay these advances when the funds become available.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances are reported on the Statement of Net Position at June 30, 2021.

Tri-Valley Local School District
Muskingum County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 18 – 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, 2021, 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. School District Funding

School district foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2021 are finalized. As a result, the net impact of the FTE adjustments on the fiscal year 2021 financial statements was a liability of the School District.

D. Commitments

Outstanding encumbrances for governmental funds include \$814,999 for the general fund and \$696,090 in non-major governmental funds.

NOTE 19 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During fiscal year 2021, the School District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

Tri-Valley Local School District
Muskingum County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 20 – 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:

	General	Other Governmental Funds	Total
Nonspendable for:			
Advances to Other Funds	\$ 460,515	\$ -	\$ 460,515
Unclaimed Funds	11,434	-	11,434
Total Nonspendable	<u>471,949</u>	<u>-</u>	<u>471,949</u>
Restricted for:			
Debt Service	-	2,005,412	2,005,412
Capital Outlay	-	2,435,143	2,435,143
Extracurricular Activities	-	159,353	159,353
Food Service	-	318,916	318,916
Maintenance of Facilities	-	368,258	368,258
Student Wellness	-	818,276	818,276
Other Purposes	-	72,756	72,756
Total Restricted	<u>-</u>	<u>6,178,114</u>	<u>6,178,114</u>
Committed for:			
Underground Storage Tank	<u>11,000</u>	<u>-</u>	<u>11,000</u>
Assigned for:			
Instruction	317,893	-	317,893
Support Services	232,934	-	232,934
Operation and Maintenance	264,172	-	264,172
Capital Projects	-	2,000,000	2,000,000
Other Purposes	185,407	-	185,407
Total Assigned	<u>1,000,406</u>	<u>2,000,000</u>	<u>3,000,406</u>
Unassigned	<u>15,483,310</u>	<u>(432,248)</u>	<u>15,051,062</u>
<i>Total Fund Balance</i>	<u>\$ 16,966,665</u>	<u>\$ 7,745,866</u>	<u>\$ 24,712,531</u>

Tri-Valley Local School District
Muskingum County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 21 – SUBSEQUENT EVENT

For fiscal year 2022, School District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school and scholarship funding will be directly funded by the State of Ohio to the respective schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the respective school. For fiscal year 2021, the School District reported \$1,158,434 in revenue and expenditures/expense related to these programs. This new funding system calculates a unique base cost and a unique “per-pupil local capacity amount” for each School District. The School District’s state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>School Employees Retirement System (SERS)</i>				
School District's Proportion of the Net Pension Liability	0.13470830%	0.12936430%	0.12828740%	0.13221330%
School District's Proportionate Share of the Net Pension Liability	\$ 8,909,891	\$ 7,740,093	\$ 7,347,257	\$ 7,899,453
School District's Covered Payroll	\$ 4,779,770	\$ 4,464,370	\$ 4,322,496	\$ 4,279,243
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	186.41%	173.37%	169.98%	184.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%
<i>State Teachers Retirement System (STRS)</i>				
School District's Proportion of the Net Pension Liability	0.09693025%	0.09648113%	0.09812044%	0.09642917%
School District's Proportionate Share of the Net Pension Liability	\$ 23,453,672	\$ 21,336,222	\$ 21,574,482	\$ 22,906,956
School District's Covered Payroll	\$ 11,716,771	\$ 11,402,514	\$ 11,242,207	\$ 10,690,171
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	200.17%	187.12%	191.91%	214.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.31%	75.30%

(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.

See accompanying notes to the required supplementary information.

2017	2016	2015	2014
0.13037600%	0.13139560%	0.13470500%	0.13470500%
\$ 9,542,320	\$ 7,497,560	\$ 6,817,343	\$ 8,010,474
\$ 5,198,329	\$ 4,695,668	\$ 4,685,750	\$ 4,358,186
183.57%	159.67%	145.49%	183.80%
62.98%	69.16%	71.70%	65.52%
0.09658624%	0.09963634%	0.10106109%	0.10106109%
\$ 32,330,326	\$ 27,536,570	\$ 24,581,555	\$ 29,281,387
\$ 10,294,800	\$ 10,130,871	\$ 10,706,254	\$ 10,334,069
314.05%	271.81%	229.60%	283.35%
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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution	\$ 669,280	\$ 645,269	\$ 602,690	\$ 583,537
Contributions in Relation to the Contractually Required Contribution	<u>(669,280)</u>	<u>(645,269)</u>	<u>(602,690)</u>	<u>(583,537)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 4,780,571	\$ 4,609,064	\$ 4,464,370	\$ 4,322,496
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ 1,843,434	\$ 1,640,348	\$ 1,596,352	\$ 1,573,909
Contributions in Relation to the Contractually Required Contribution	<u>(1,843,434)</u>	<u>(1,640,348)</u>	<u>(1,596,352)</u>	<u>(1,573,909)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 13,167,386	\$ 11,716,771	\$ 11,402,514	\$ 11,242,207
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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 599,094	\$ 727,766	\$ 618,889	\$ 649,445	\$ 603,173	\$ 600,168
<u>(599,094)</u>	<u>(727,766)</u>	<u>(618,889)</u>	<u>(649,445)</u>	<u>(603,173)</u>	<u>(600,168)</u>
<u>\$ -</u>					
\$ 4,279,243	\$ 5,198,329	\$ 4,695,668	\$ 4,685,750	\$ 4,358,186	\$ 4,462,216
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%
\$ 1,496,624	\$ 1,441,272	\$ 1,418,322	\$ 1,391,813	\$ 1,343,429	\$ 1,377,450
<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>(1,377,450)</u>
<u>\$ -</u>					
\$ 10,690,171	\$ 10,294,800	\$ 10,130,871	\$ 10,706,254	\$ 10,334,069	\$ 10,595,769
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

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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 Five Fiscal Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>School Employees Retirement System (SERS)</i>					
School District's Proportion of the Net OPEB Liability	0.13977600%	0.13282800%	0.13039540%	0.13439170%	0.13227995%
School District's Proportionate Share of the Net OPEB Liability	\$ 3,037,790	\$ 3,340,355	\$ 3,617,521	\$ 3,606,720	\$ 3,770,468
School District's Covered Payroll	\$ 4,779,770	\$ 4,464,370	\$ 4,322,496	\$ 4,279,243	\$ 5,198,329
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	63.56%	74.82%	83.69%	84.28%	72.53%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%
<i>State Teachers Retirement System (STRS)</i>					
School District's Proportion of the Net OPEB Liability/(Asset)	0.09693000%	0.09648100%	0.09812044%	0.09642917%	0.09658624%
School District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (1,703,543)	\$ (1,597,957)	\$ (1,576,695)	\$ 3,762,310	\$ 5,165,457
School District's Covered Payroll	\$ 11,716,771	\$ 11,402,514	\$ 11,242,207	\$ 10,690,171	\$ 10,294,800
School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-14.54%	-14.01%	-14.02%	35.19%	50.18%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.10%	174.70%	176.00%	47.10%	37.30%

(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.

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution (1)	\$ 93,530	\$ 89,745	\$ 104,593	\$ 93,158
Contributions in Relation to the Contractually Required Contribution	<u>(93,530)</u>	<u>(89,745)</u>	<u>(104,593)</u>	<u>(93,158)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 4,780,571	\$ 4,690,604	\$ 4,464,370	\$ 4,322,496
OPEB Contributions as a Percentage of Covered Payroll (1)	1.96%	1.88%	2.34%	2.16%
<i>State Teachers Retirement System (STRS)</i>				
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	\$ 13,167,386	\$ 11,716,771	\$ 11,402,514	\$ 11,242,207
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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 74,291	\$ 67,613	\$ 107,158	\$ 73,103	\$ 60,220	\$ 24,542
<u>(74,291)</u>	<u>(67,613)</u>	<u>(107,158)</u>	<u>(73,103)</u>	<u>(60,220)</u>	<u>(24,542)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,279,243	\$ 5,198,329	\$ 4,695,668	\$ 4,685,750	\$ 4,358,186	\$ 4,462,216
1.74%	1.30%	2.28%	1.56%	1.38%	0.55%
\$ -	\$ -	\$ -	\$ 107,063	\$ 103,341	\$ 105,958
<u>-</u>	<u>-</u>	<u>-</u>	<u>(107,063)</u>	<u>(103,341)</u>	<u>(105,958)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,690,171	\$ 10,294,800	\$ 10,130,871	\$ 10,706,254	\$ 10,334,069	\$ 10,595,769
0.00%	0.00%	0.00%	1.00%	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, 2021

Note 1 - Net Pension Liability

Changes in Assumptions - SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3.0 percent was used.

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 Assumptions – STRS

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 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 - SERS

With the authority granted to the Board under SB 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

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 Benefit Terms - STRS

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

Tri-Valley Local School District
Muskingum County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

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 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 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

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

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

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

Tri-Valley Local School District
Muskingum County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

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 - SERS

There have been no changes to the benefit provisions.

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.

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education and Management
Tri-Valley Local School District
Muskingum County, Ohio
36 E. Muskingum Avenue
Dresden, OH 43821

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tri-Valley Local School District, Muskingum County, Ohio (the “School District”) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements, and have issued our report thereon dated November 22, 2021, in which we noted the School District restated beginning net position and fund balances resulting from the reclassification of the Scottie Kid’s Club from a proprietary fund to a governmental fund.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’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 have not been identified.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
Zanesville, Ohio
November 22, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education and Management
Tri-Valley Local School District
Muskingum County, Ohio
36 E. Muskingum Avenue
Dresden, OH 43821

Report on Compliance for 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 described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2021. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Tri-Valley Local School District, Muskingum County, Ohio complied, in all material respects, with the types of 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, 2021.

Report on Internal Control over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
Zanesville, Ohio
November 22, 2021

**TRI-VALLEY LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Federal Grantor/ Pass Through Grantor/ Program Title	Assistance Listing Number	Grant Number	Federal Disbursements	Amount Paid to Subrecipients
U. S. Department of Education: (Passed Through Ohio Department of Education)				
Title I Grants to Local Educational Agencies	84.010	2020	\$ 7,354	\$ -
Title I Grants to Local Educational Agencies	84.010A	2021	642,858	-
Total Title I Grants to Local Educational Agencies			650,212	-
<i>Special Education Cluster:</i>				
Special Education Grants to States	84.027	2020	183,243	-
Special Education Grants to States	84.027A	2021	430,303	-
Special Education Grants to States-Restoration	84.027A	2021	298,640	-
Total Special Education Grants to States			912,186	-
<i>Total Special Education Cluster:</i>			912,186	-
Improving Teacher Quality State Grants	84.367	2020	20,073	-
Improving Teacher Quality State Grants	84.367A	2021	96,507	-
Total Improving Teacher Quality State Grants			116,580	-
Education Stabilization Fund, COVID-19 (ESSER)	84.425D	2021	232,412	-
Total U.S. Department of Education			1,911,390	-
U. S. Department of the Treasury: (Passed Through Ohio Department of Education)				
Coronavirus Relief Funds	21.019	2021	185,796	-
Total U.S. Department of the Treasury			185,796	-
U. S. Department of Agriculture: (Passed Through Ohio Department of Education)				
<i>Child Nutrition Cluster</i>				
Non-Cash Assistance:				
School Breakfast Program	10.553	2021	31,493	-
Cash Assistance:				
School Breakfast Program	10.553	2021	190,505	-
School Breakfast Program (COVID-19)	10.553	2021	15,481	-
Total School Breakfast Program			237,479	-
Non-Cash Assistance:				
National School Lunch Program	10.555	2021	105,558	-
Cash Assistance:				
National School Lunch Program	10.555	2021	638,529	-
National School Lunch Program (COVID-19)	10.555	2021	90,705	-
Total National School Lunch Program			834,792	-
<i>Total Child Nutrition Cluster</i>			1,072,271	-
Total U.S. Department of Agriculture			1,072,271	-
Total Federal Assistance			\$ 3,169,457	\$ -

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, 2021

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, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in 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.

Tri-Valley Local School District
Muskingum County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
June 30, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	None Reported
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	None Reported
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): Child Nutrition Cluster Education Stabilization Fund, COVID-19	AL # 10.553/10.555 84.425D
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	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

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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 12/16/2021

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