



OHIO AUDITOR OF STATE  
**KEITH FABER**





**SCIOTO VALLEY LOCAL SCHOOL DISTRICT  
PIKE COUNTY  
JUNE 30, 2022**

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**SCIOTO VALLEY LOCAL SCHOOL DISTRICT  
PIKE COUNTY  
JUNE 30, 2022**

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# OHIO AUDITOR OF STATE KEITH FABER



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

## INDEPENDENT AUDITOR'S REPORT

Scioto Valley Local School District  
Pike County  
P.O. Box 600  
Piketon, Ohio 45661

To the Board of Education:

### Report on the Audit of the Financial Statements

#### ***Opinions***

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Scioto Valley Local School District, Pike County, Ohio as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Elementary and Secondary School Emergency Relief (ESSER) funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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

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

#### ***Emphasis of Matter***

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. Our opinion is not modified with respect to this matter.

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

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

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

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

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

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

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

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary information**

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2023, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio  
March 2, 2023

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**Scioto Valley Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2022*  
*Unaudited*

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The discussion and analysis of the Scioto Valley Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year 2022 are as follows:

- Net position of governmental activities decreased \$157,539.
- General revenues accounted for \$14,137,053 in revenue or 73% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,295,391 or 27% of total revenues of \$19,432,444.
- The School District had \$19,589,983 in expenses related to governmental activities; only \$5,295,391 of these expenses were offset by program specific charges for services and sales, grants and contributions.

**USING THIS ANNUAL FINANCIAL REPORT**

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

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 non-major funds presented in total in one column.

**Scioto Valley Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2022*  
*Unaudited*

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

*Statement of Net Position and Statement of Activities*

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during fiscal year 2022?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, liabilities and deferred inflows/outflows 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.

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 restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, all of the School District’s programs and services are reported as governmental activities including instruction, support services, operation of non-instructional services, and extracurricular activities.

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

*Fund Financial Statements*

The analysis of the School District’s major funds begins on page 10. Fund financial statements provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the General Fund and the ESSER Special Revenue 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 fiscal 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 governmental 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 Funds*** Proprietary fund reporting focuses on the determination of operating revenues over (under) operating expenses and changes in net position. Proprietary funds are classified as enterprise or internal service and the School District only has an internal service fund which is used to account for its self-insurance program for employee medical and dental claims. This fund is reported using the accrual basis of accounting.

**Scioto Valley Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2022*  
*Unaudited*

**THE SCHOOL DISTRICT AS A WHOLE**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2022 compared to 2021.

Table 1  
 Net Position  
 Governmental Activities

	2022	2021 *
Assets:		
Current and Other Assets	\$ 10,423,723	\$ 10,438,916
Capital Assets, Net	21,828,260	23,044,784
Total Assets	<u>32,251,983</u>	<u>33,483,700</u>
Deferred Outflows of Resources:		
Pensions and OPEB	4,204,057	3,594,642
Total Deferred Outflows of Resources	<u>4,204,057</u>	<u>3,594,642</u>
Liabilities:		
Current and Other Liabilities	1,988,622	1,740,893
Long-Term Liabilities:		
Due Within One Year	206,490	111,459
Due in More than One Year:		
Net Pension Liabilities	9,246,176	17,576,213
Net OPEB Liabilities	1,064,322	1,253,477
Other Amounts	9,384,341	9,419,163
Total Liabilities	<u>21,889,951</u>	<u>30,101,205</u>
Deferred Inflows of Resources		
Pensions and OPEB	9,802,952	2,353,057
Property Taxes not Levied to Finance the Current Year	3,569,252	3,272,657
Total Deferred Inflows of Resources	<u>13,372,204</u>	<u>5,625,714</u>
Net Position:		
Net Investment in Capital Assets	13,638,260	14,596,877
Restricted	251,366	489,109
Unrestricted	(12,695,741)	(13,734,563)
Total Net Position	<u>\$ 1,193,885</u>	<u>\$ 1,351,423</u>

\* As restated – see Note 19

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2022 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net OPEB liability is another significant liability reported by the School District at June 30, 2022 and is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

**Scioto Valley Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2022*  
*Unaudited*

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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 liability (asset) 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 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 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. If there is a net OPEB asset, it will be reported in the asset section of the statement of net position.

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

Total net position of the School District as a whole decreased \$377,537. The decrease to current and other assets is primarily due to a decrease in cash and cash equivalents which was partially offset by increases in intergovernmental receivables and property taxes receivable. Capital assets, net decreased due to current year depreciation expense which were partially offset by current year additions, Deferred outflows of resources increased primarily to pension activity. Current and other liabilities increased due to increases in accounts payable and accrued wages and benefits payable which were slightly offset by decreases in intergovernmental payable. Long-term liabilities decreased primarily due to decreases in net pension liabilities and payments on long term obligations. Deferred inflows of resources increased primarily due to pension activity.

**Scioto Valley Local School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2022  
Unaudited

Table 2 shows the changes in net position for the fiscal years ended June 30, 2022 and June 30, 2021.

Table 2  
Changes in Net Position

	Governmental Activities	
	2022	2021 *
<b>Revenues</b>		
Program Revenues		
Charges for Services and Sales	\$ 254,369	\$ 957,433
Operating Grants and Contributions	5,016,022	4,430,292
Capital Grants and Contributions	25,000	-
Total Program Revenues	<u>5,295,391</u>	<u>5,387,725</u>
General Revenues		
Property Taxes	3,689,630	3,440,036
Grants and Entitlements not Restricted	10,341,169	10,083,315
Gifts and Donations not Restricted	3,500	7,393
Investment Earnings	79,290	2,681
Miscellaneous	23,464	180,840
Total General Revenues	<u>14,137,053</u>	<u>13,714,265</u>
Total Revenues	<u>19,432,444</u>	<u>19,101,990</u>
<b>Program Expenses</b>		
Instruction:		
Regular	7,796,981	8,594,024
Special	3,517,354	3,410,589
Vocational	63,535	59,140
Student Intervention Services	5,786	17,119
Support Services:		
Pupil	947,834	987,996
Instructional Staff	614,094	326,199
Board of Education	28,236	18,338
Administration	1,209,616	2,744,412
Fiscal	450,372	480,084
Operation and Maintenance of Plant	2,023,428	1,875,997
Pupil Transportation	981,870	1,140,372
Central	176,618	138,463
Operation of Non-Instructional Services	847,896	799,237
Extracurricular Activities	581,492	662,233
Intergovernmental	69,851	73,523
Interest and Fiscal Charges	275,020	286,691
Total Expenses	<u>19,589,983</u>	<u>21,614,417</u>
Decrease in Net Position	(157,539)	(2,512,427)
Net Position, Beginning of Year *	1,351,424	3,863,851
Net Position, End of Year	<u>\$ 1,193,885</u>	<u>\$ 1,351,424</u>

\* Restated-See Note 19

**Scioto Valley Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2022*  
*Unaudited*

Charges for sales and services decreased due a substantial decrease in tuition and fees. Operating grants and contributions increased due to monies received for the ESSER program. Interest revenue increased due to market value and interest rate changes of investments of the School District. Expenses decreased primarily as a result of pension and OPEB activity.

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

Table 3  
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services *
	2022		2021	
Program Expenses				
Instruction:				
Regular	\$ 7,796,981	\$ 6,730,603	\$ 8,594,024	\$ 7,692,853
Special	3,517,354	1,474,792	3,410,589	1,349,024
Vocational	63,535	32,191	59,140	8,314
Student Intervention Services	5,786	5,781	17,119	16,286
Support Services:				
Pupil	947,834	755,204	987,996	494,727
Instructional Staff	614,094	282,996	326,199	310,258
Board of Education	28,236	28,212	18,338	17,446
Administration	1,209,616	1,208,660	2,744,412	2,612,359
Fiscal	450,372	447,521	480,084	454,895
Operation and Maintenance of Plant	2,023,428	1,747,258	1,875,997	1,449,322
Pupil Transportation	981,870	981,086	1,140,372	1,093,949
Central	176,618	122,785	138,463	128,265
Operation of Non-Instructional Services	847,896	57,442	799,237	(12,691)
Extracurricular Activities	581,492	136,528	662,233	325,704
Intergovernmental	69,851	8,513	73,523	(710)
Interest and Fiscal Charges	275,020	275,020	286,691	286,691
Issuance Costs	-	-	-	-
Total	<u>\$ 19,589,983</u>	<u>\$ 14,294,592</u>	<u>\$ 21,614,417</u>	<u>\$ 16,226,692</u>

\* Restated-See Note 19

**THE SCHOOL DISTRICT FUNDS**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$19,462,315 and expenditures of \$19,388,573. The School District remains financially stable in terms of healthy carryovers, ability to pay bills, and has no current operating levy needs.

The fund balance of the General Fund increased \$319,820. This fund balance increase is primarily due to revenues exceeding expenditures. The ESSER Fund balance remained the same as revenues were equal to expenditures during 2022.

**Scioto Valley Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2022*  
*Unaudited*

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**General Fund Budgeting Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2022, the School District amended its General Fund budget for revenues.

For the General Fund, the final estimate revenues were \$515,824 below original estimated revenues of \$15,370,271. For the General Fund, final budget basis expenditures were \$17,184,311 which didn't change from the original estimated. The actual expenditures were \$2,216,599 below the final budgeted expenditures.

The School District's ending unobligated General Fund cash balance was \$3,411,703.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2022, the School District had \$21,828,260 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles, library books and textbooks, and infrastructure. For additional information on capital assets, see Note 8 to the basic financial statements. Table 4 shows fiscal year 2022 balances compared to 2021.

Table 4  
 Capital Assets  
 (Net of Depreciation)

	Governmental Activities	
	2022	2021
Land and Land Improvements	\$ 2,433,837	\$ 2,610,467
Buildings and Improvements	18,255,383	19,125,033
Furniture and Equipment	537,484	594,511
Vehicles	501,742	598,903
Library Books and Textbooks	19,602	32,671
Infrastructure	80,212	83,199
Totals	\$ 21,828,260	\$ 23,044,784

Changes are a result of current year additions, deletions, and depreciation.

**Debt**

At June 30, 2022, the School District had a financed purchase obligation outstanding of \$8,190,000 of which \$185,000 is due within one year. The financed purchase proceeds were used to finance the installation, construction and repair of energy conservation equipment. For additional information on debt, see Note 13 to the basic financial statements.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and 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 Megan Williams, Treasurer, at Scioto Valley Local School District, P.O. Box 600, Piketon, Ohio 45661.

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**Scioto Valley Local School District**  
*Statement of Net Position*  
June 30, 2022

	Governmental Activities
<b>Assets</b>	
<b>Current Assets:</b>	
Equity in Pooled Cash and Investments	\$ 4,309,962
Cash with Fiscal Agents	20,000
Accrued Interest Receivable	1,896
Account Receivable	1,650
Intergovernmental Receivable	448,495
Prepaid Items	2,262
Property Taxes Receivable	4,446,679
<b>Noncurrent Assets:</b>	
Non-Depreciable Capital Assets	830,500
Depreciable Capital Assets, Net	20,997,760
Net OPEB Asset	1,192,779
<i>Total Assets</i>	32,251,983
<b>Deferred Outflows of Resources</b>	
Pension	3,856,785
OPEB	347,272
<i>Total Deferred Outflows of Resources</i>	4,204,057
<b>Liabilities</b>	
<b>Current Liabilities:</b>	
Accounts Payable	208,900
Accrued Wages and Benefits Payable	1,337,773
Unearned Revenue	426
Matured Bonds and Interest Payable	20,000
Claims Payable	145,000
Intergovernmental Payable	276,523
<b>Noncurrent Liabilities:</b>	
Long-Term Liabilities:	
Due Within One Year	206,490
Due In More Than One Year	
Net Pension Liability (See Note 10)	9,246,176
Net OPEB Liability (See Note 11)	1,064,322
Other Amounts Due in More Than One Year	9,384,341
<i>Total Liabilities</i>	21,889,951
<b>Deferred Inflows of Resources</b>	
Pension	7,681,281
OPEB	2,121,671
Property Taxes not Levied to Finance Current Year Operations	3,569,252
<i>Total Deferred Inflows of Resources</i>	13,372,204
<b>Net Position</b>	
Net Investment in Capital Assets	13,638,260
Restricted for:	
Capital Projects	38,064
Classroom Facilities and Maintenance	0
Other Purposes	213,302
Unrestricted (Deficit)	(12,695,741)
<i>Total Net Position</i>	\$ 1,193,885

See accompanying notes to the basic financial statements.

**Scioto Valley Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2022

	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions		
<b>Governmental Activities</b>					
Instruction:					
Regular	\$ 7,796,981	\$ 4,457	\$ 1,061,921	\$ -	\$ (6,730,603)
Special	3,517,354	1,751	2,040,811	-	(1,474,792)
Vocational	63,535	54	31,290	-	(32,191)
Student Intervention Services	5,786	5	-	-	(5,781)
Support Services:					
Pupil	947,834	616	192,014	-	(755,204)
Instructional Staff	614,094	200	330,898	-	(282,996)
Board of Education	28,236	24	-	-	(28,212)
Administration	1,209,616	956	-	-	(1,208,660)
Fiscal	450,372	376	2,475	-	(447,521)
Operation and Maintenance of Plant	2,023,428	1,151	250,019	25,000	(1,747,258)
Pupil Transportation	981,870	784	-	-	(981,086)
Central	176,618	98	53,735	-	(122,785)
Operation of Non-Instructional Services					
Services	847,896	12,884	777,570	-	(57,442)
Extracurricular Activities	581,492	231,013	213,951	-	(136,528)
Intergovernmental	69,851	-	61,338	-	(8,513)
Interest and Fiscal Charges	275,020	-	-	-	(275,020)
<i>Total Governmental Activities</i>	<u>\$ 19,589,983</u>	<u>\$ 254,369</u>	<u>\$ 5,016,022</u>	<u>\$ 25,000</u>	<u>(14,294,592)</u>
<b>General Revenues</b>					
Property Taxes Levied for:					
General Purposes					3,671,207
Classroom Facilities Maintenance					18,423
Grants and Entitlements not Restricted to Specific Programs					10,341,169
Gifts and Donations not Restricted to Specific Programs					3,500
Investment Earnings					79,290
Miscellaneous					23,464
<i>Total General Revenues</i>					<u>14,137,053</u>
<i>Change in Net Position</i>					(157,539)
<i>Net Position Beginning of Year - As Restated</i>					<u>1,351,424</u>
<i>Net Position End of Year</i>					<u>\$ 1,193,885</u>

See accompanying notes to the basic financial statements.

**Scioto Valley Local School District**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2022*

	General	ESSER Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$ 3,932,237	\$ -	\$ 328,629	\$ 4,260,866
Cash with Fiscal Agents	-	-	20,000	20,000
Receivables:				
Accrued Interest	1,896	-	-	1,896
Property Taxes	4,446,679	-	-	4,446,679
Accounts	1,650	-	-	1,650
Prepaid Items	2,262	-	-	2,262
Interfund	87,876	-	-	87,876
Intergovernmental	174,001	69,299	205,195	448,495
<i>Total Assets</i>	<u>\$ 8,646,601</u>	<u>\$ 69,299</u>	<u>\$ 553,824</u>	<u>\$ 9,269,724</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 196,776	\$ 850	\$ 371	\$ 197,997
Accrued Wages and Benefits Payable	1,118,881	55,920	162,972	1,337,773
Interfund Payable	-	5,810	82,066	87,876
Matured Bonds and Interest Payable	-	-	20,000	20,000
Intergovernmental Payable	243,019	6,719	26,785	276,523
Unearned Revenue	-	-	426	426
<i>Total Liabilities</i>	<u>1,558,676</u>	<u>69,299</u>	<u>292,620</u>	<u>1,920,595</u>
<b>Deferred Inflows of Resources</b>				
Property taxes not levied to finance current year operations	3,569,252	-	-	3,569,252
Unavailable Revenue - Delinquent Taxes	782,231	-	-	782,231
Unavailable Revenue - Grants	-	-	34,656	34,656
<i>Total Deferred Inflows of Resources</i>	<u>4,351,483</u>	<u>-</u>	<u>34,656</u>	<u>4,386,139</u>
<b>Fund Balances</b>				
Nonspendable	2,262	-	-	2,262
Restricted	-	-	268,742	268,742
Assigned	1,180,517	-	-	1,180,517
Unassigned (Deficit)	1,553,663	-	(42,194)	1,511,469
<i>Total Fund Balances</i>	<u>2,736,442</u>	<u>-</u>	<u>226,548</u>	<u>2,962,990</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 8,646,601</u>	<u>\$ 69,299</u>	<u>\$ 553,824</u>	<u>\$ 9,269,724</u>

See accompanying notes to the basic financial statements.

**Scioto Valley Local School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2022*

<b>Total Governmental Fund Balances</b>		\$2,962,990
Amounts reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		21,828,260
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes	782,231	
Intergovernmental	34,656	
Total	816,887	816,887
The net pension/OPEB liability (asset) is not due and payable in the current period; therefore, the liability (asset) and related deferred inflows/outflows are not reported in the funds.		
Deferred outflows of resources related to pensions/OPEB	4,204,057	
Net OPEB Asset	1,192,779	
Deferred inflows of resources related to pensions/OPEB	(9,802,952)	
Net Pension Liability	(9,246,176)	
Net OPEB Liability	(1,064,322)	
Total	(14,716,614)	(14,716,614)
An internal service fund is used by management to charge the cost of insurance to individuals. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		(106,807)
Long-term liabilities, including bonds, capital leases, accrued interest, and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	(1,400,831)	
Financed Purchase Obligations	(8,190,000)	
Total	(9,590,831)	(9,590,831)
<b>Net Position of Governmental Activities</b>		<b>\$1,193,885</b>

See accompanying notes to the basic financial statements.

**Scioto Valley Local School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2022*

	General	ESSER Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$3,635,245	\$ -	\$ 27,397	\$ 3,662,642
Intergovernmental	11,228,745	1,897,735	2,265,904	15,392,384
Investment Earnings	79,264	-	26	79,290
Rent	3,789	-	-	3,789
Extracurricular Activities	6,905	-	230,791	237,696
Gifts and Donations	3,500	-	46,666	50,166
Customer Sales and Services	-	-	12,884	12,884
Miscellaneous	19,324	-	4,140	23,464
<i>Total Revenues</i>	<u>14,976,772</u>	<u>1,897,735</u>	<u>2,587,808</u>	<u>19,462,315</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	5,976,918	1,079,683	129,624	7,186,225
Special	2,281,569	6,792	1,184,181	3,472,542
Vocational	63,535	-	-	63,535
Student Intervention Services	5,786	-	-	5,786
Support Services:				
Pupil	818,842	15,810	202,089	1,036,741
Instructional Staff	219,504	377,589	-	597,093
Board of Education	31,035	-	-	31,035
Administration	1,344,037	-	-	1,344,037
Fiscal	493,633	-	2,818	496,451
Operation and Maintenance of Plant	1,507,949	360,268	41,284	1,909,501
Pupil Transportation	1,022,288	-	-	1,022,288
Central	139,656	57,593	3,600	200,849
Operation of Non-Instructional Services	-	-	875,093	875,093
Extracurricular Activities	323,888	-	243,646	567,534
Intergovernmental	-	-	69,851	69,851
Capital Outlay	69,300	-	-	69,300
Debt Service:				
Principal	180,000	-	80,000	260,000
Interest and Fiscal Charges	179,012	-	1,700	180,712
<i>Total Expenditures</i>	<u>14,656,952</u>	<u>1,897,735</u>	<u>2,833,886</u>	<u>19,388,573</u>
<i>Net Change in Fund Balances</i>	319,820	-	(246,078)	73,742
<i>Fund Balances Beginning of Year - As Restated</i>	2,416,622	-	472,626	2,889,248
<i>Fund Balances End of Year</i>	<u>\$ 2,736,442</u>	<u>\$ -</u>	<u>\$ 226,548</u>	<u>\$ 2,962,990</u>

See accompanying notes to the basic financial statements.

**Scioto Valley Local School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2022*

**Net Change in Fund Balances - Total Governmental Funds** \$73,742

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeded depreciation in the current period.

Capital Asset Additions	103,738	
Current Year Depreciation	(1,320,262)	
<b>Total</b>		<b>(1,216,524)</b>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes	26,988	
Intergovernmental	(56,859)	
<b>Total</b>		<b>(29,871)</b>

Repayment of bond and financed purchases principal are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net position and does not result in an expense in the statement of activities.

260,000

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.

1,486,743

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities (asset) are reported as pension (OPEB) expense in the statement of activities.

374,774

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

(786,462)

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.

Increase in Compensated Absences	(320,209)	
Decrease in Interest Payable	268	

<b>Total</b>		<b>(319,941)</b>
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**Net Change in Net Position of Governmental Activities** \$157,539

See accompanying notes to the basic financial statements.

**Scioto Valley Local School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual*  
*(Budgetary Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2022*

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original Budget	Final Budget		
Total Revenues and Other Sources	\$ 15,370,271	\$ 14,854,447	\$ 14,887,352	\$ 32,905
Total Expenditures and Other Uses	17,184,311	17,184,311	14,967,752	2,216,559
Net Change in Fund Balance	(1,814,040)	(2,329,864)	(80,400)	2,249,464
Fund Balance, July 1, 2020	2,868,074	2,868,074	2,868,074	-
Prior Year Encumbrances Appropriated	624,029	624,029	624,029	-
Fund Balance, June 30, 2021	<u>\$ 1,678,063</u>	<u>\$ 1,162,239</u>	<u>\$ 3,411,703</u>	<u>\$ 2,249,464</u>

See accompanying notes to the basic financial statements.

**Scioto Valley Local School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual*  
*(Budgetary Basis)*  
*ESSER Fund*  
*For the Fiscal Year Ended June 30, 2022*

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original Budget	Final Budget		
Total Revenues and Other Sources	\$ 4,763,868	\$ 6,653,980	\$ 1,740,063	\$ (4,913,917)
Total Expenditures and Other Uses	5,171,442	5,051,442	2,147,240	2,904,202
Net Change in Fund Balance	(407,574)	1,602,538	(407,177)	(2,009,715)
Fund Balance, July 1, 2021	123	123	123	-
Prior Year Encumbrances Appropriated	89,255	89,255	89,255	-
Fund Balance, June 30, 2022	\$ (318,196)	\$ 1,691,916	\$ (317,799)	\$ (2,009,715)

See accompanying notes to the basic financial statements.



**Scioto Valley Local School District**  
*Statement of Fund Net Position*  
*Governmental Activities - Internal Service Fund*  
*June 30, 2022*

	<b>Internal Service Fund</b>
<b>Assets</b>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 49,096
<i>Total Assets</i>	49,096
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable	10,903
Claims Payable	145,000
<i>Total Liabilities</i>	155,903
<b>Net Position</b>	
Unrestricted	\$ (106,807)

See accompanying notes to the basic financial statements.

**Scioto Valley Local School District**  
*Statement of Revenues, Expenses and  
 Changes In Fund Net Position*  
 Governmental Activities - Internal Service Fund  
 For the Fiscal Year Ended June 30, 2022

	<b>Internal Service Fund</b>
<b>Operating Revenues</b>	
Charges for Services	\$ 2,966,853
<i>Total Operating Revenues</i>	<i>2,966,853</i>
<b>Operating Expenses</b>	
Purchased Services	404,624
Claims Expense	3,348,691
<i>Total Operating Expenses</i>	<i>3,753,315</i>
<i>Net Change in Net Position</i>	(786,462)
<i>Net Position at Beginning of Year</i>	<i>679,655</i>
<i>Net Position at End of Year</i>	<i>\$ (106,807)</i>

See accompanying notes to the basic financial statements.

**Scioto Valley Local School District**  
*Statement of Cash Flows*  
*Governmental Activities - Internal Service Fund*  
*For the Fiscal Year Ended June 30, 2022*

	<b>Internal Service Fund</b>
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>	
<i>Cash Flows for Operating Activities:</i>	
Cash Received from Transactions with Other Funds	\$ 2,966,853
Cash Payments to Suppliers for Services	(397,982)
Cash Payments for Claims	(3,378,691)
<i>Net Cash Provided by Operating Activities</i>	(809,820)
<i>Net Change in Cash and Cash Equivalents</i>	(809,820)
<i>Cash and Cash Equivalents at Beginning of Year</i>	858,916
<i>Cash and Cash Equivalents at End of Year</i>	\$ 49,096
<b><i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i></b>	
Operating Income	\$ (786,462)
<i>Changes in Liabilities:</i>	
Increase in Accounts Payable	6,642
Decrease in Claims Payable	(30,000)
Total Adjustments	(23,358)
<i>Net Cash Provided by Operating Activities</i>	\$ (809,820)

See accompanying notes to the basic financial statements.

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

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

Scioto Valley Local School District (the "School District") operates under a locally elected Board form of government and provides educational services as authorized by state or federal agencies. This Board controls the School District's four instructional/support facilities staffed by 60 non-certificated employees and 95 certificated full-time teaching personnel who provide services to 1,341 students and other community members.

Scioto Valley Local School District was established in January 1960 through the consolidation of existing land areas and school districts and is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at-large for staggered four-year terms. The School District serves an area of approximately 132.54 square miles. It is located in Pike County, including all of the Village of Piketon, Ohio, and portions of Camp Creek, Scioto, Seal, Sunfish, Pee Pee, and Newton Townships.

*Reporting Entity:*

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Scioto 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; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The following entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

- Village of Piketon
- Parent Teacher Organization
- Ross-Pike County Educational Service District

The School District is associated with three organizations which are defined as jointly governed organizations. These organizations are the Metropolitan Educational Technology Association (META), Pike County Career Technology Center, and the Scioto Valley-Piketon Area Regional Council of Governments. These organizations are presented in Note 15 to the basic financial statements.

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

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

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

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

**A. Basis of Presentation**

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

*Government-wide Financial Statements:*

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government. The activity of the Internal Service Fund is eliminated to avoid "doubling up" revenues and expenses. The statements usually distinguish between those activities of the School District that are governmental and those that are classified as business-type. However, the School District has no activities that are classified as business-type.

The statement of net position presents the financial condition of governmental activities of the School District at 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

*Fund Financial Statements:*

During the year, the School District 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 fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

**B. Fund Accounting**

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

**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 purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities plus deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

**General Fund**

The General Fund is the general operating fund of the School District and is used to account for all financial resources not accounted for and reported in another fund. The General Fund is available to the School District for any purpose provided it is expended or transferred according to the school laws of Ohio.

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

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

**ESSER Fund**

The Elementary and Secondary School Emergency Relief (ESSER) Fund is a special revenue fund to account for certain federal grant monies received through the Coronavirus Aid Relief and Economic Security (CARES) Act.

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

**Proprietary Funds**

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

**Internal Service Fund**

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

*Measurement Focus*

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, liabilities, and deferred inflows/outflows 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, current liabilities, and deferred inflows/outflows 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.

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

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds 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 total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of the proprietary activity.

**C. 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. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for proprietary funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of unavailable revenue, the presentation of expenses versus expenditures, the recording of deferred inflows/outflows of resources related to delinquent taxes, grants, pensions, OPEB, and the recording of net pension and net OPEB liabilities (assets).

*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. "Measurable" means the amount of the transaction can be determined, and "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 60 days of year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property 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 expenditures requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange 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 year-end: property taxes available as an advance, interest, tuition, grants, and fees.

*Deferred Outflows and Deferred Inflows of Resources*

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The School District reports a deferred outflow of resources for pensions and other postemployment benefits. The deferred outflows of resources related to the pensions and other postemployment benefits are explained in Notes 10 and 11. The School District also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the School District these amounts consist of taxes and intergovernmental receivables which are not collected in the available period and pensions and other postemployment benefits. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet is partially due to delinquent property taxes and grants not received during the available period. These were reported as revenues on the Statement of Activities and not recorded as deferred inflows on the Statement of Net Position. Deferred inflows of resources related to pension and other postemployment benefits are reported on the Statement of Net Position. (See Notes 10 and 11)



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

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

*Expenses/Expenditures*

On the accrual basis of accounting, expenses are recognized at the time they are incurred. 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, except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**D. Budgetary Process**

All funds, other than the custodial fund, 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 set 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. The Treasurer maintains budgetary information at the fund and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

The certificate of estimated resources may be amended during the fiscal 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 statement reflect the amounts from the certificate of estimated resources in effect when the permanent appropriations were passed. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed.

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.

**E. Cash and Investments**

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

During fiscal year 2022, the School District had investments in money market accounts, commercial paper, federal agency securities and negotiable certificates of deposit.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited during fiscal year 2022 amounted to \$79,264 to the General Fund.

For purposes of presentation on the financial statements, investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

The School District has \$20,000 in a bank account set aside for matured bonds and interest payable which is recorded as "Cash with Fiscal Agents."

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

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

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

**G. Capital Assets and Depreciation**

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets 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. 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, are depreciated. Depreciable capital assets are depreciated using the straight-line method over an estimated useful life of 50 years for buildings and improvements, 5 to 15 years for furniture and equipment, 10 to 25 years for land improvements, 5 years for textbooks and library books, 6 to 10 years for vehicles and 50 years for infrastructure.

**H. Interfund Activity**

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. Interfund transfers within governmental activities are eliminated in the statement of activities. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**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. 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 employees' 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 vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for all employees after 15 years of current service with the School District.

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 as 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 fund from which the employee will be paid.

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

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

**J. 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 to the various funds to cover the costs of the self insurance program. Operating expenses are necessary costs incurred to provide the goods and/or services that are the primary activities of the fund.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities, that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, and special termination benefits 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 in the current year. Bonds are recognized as a liability on the government-wide financial statements when due.

**L. Fund Balance**

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

***Nonspendable*** The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

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

***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.

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

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

**M. Estimates**

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

**N. Net Position**

Net position represents the difference between assets, liabilities and deferred inflows/outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes activities for food service operations and federal and state grants restricted to expenditures for specified purposes.

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

Of the School District's restricted net position, none is restricted by enabling legislation.

**O. Pensions and Other Post Employment Benefits (OPEB)**

For purposes of measuring the net pension liability, net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension 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.

**N. Issuance Costs**

On the government-wide financial statements, issuance costs are recorded as expenses. Issuance costs are recognized as expenditures on the fund financial statements.

**P. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

**NOTE 3 – ACCOUNTABILITY**

At June 30, 2022, the Lunchroom, Title VI-B, Title I, and the ATIP Non-major Special Revenue had fund balance deficits of \$8,194, \$8,049, \$22,794, and \$3,157, respectively which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

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

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of accounting principles generally accepted in the United States of America (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 and Actual (Budgetary Basis) presented for the General Fund and the ESSER Special Revenue Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment, or assignment of fund balance (GAAP basis); and
4. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.

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

Net Change in Fund Balance		
	General Fund	ESSER Fund
GAAP Basis	\$ 319,820	\$ -
Revenue Accruals	(74,034)	(157,672)
Expenditure Accruals	194,123	62,486
Perspective Difference:		
Activity of Funds Reclassified for GAAP Reporting Purposes	(832)	-
Encumbrances	(519,477)	(311,991)
Budget Basis	\$ (80,400)	\$ (407,177)

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

Interim 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.

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

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. 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** Custodial credit risk is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$670,613 of the School District's bank balance of \$1,170,613 was exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

The School District does not have a deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be 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

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

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

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

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

	Fair Value	Less than 12 months	1-2 Years	3-5 Years
US Treasury Notes	\$215,869	\$0	\$215,869	\$0
Federal Farm Credit Bank	287,686	0	287,686	0
Federal Home Loan Bank	631,984	0	350,435	281,549
Commercial Paper	912,448	912,448	0	0
Negotiable Certificates of Deposit	1,071,766	642,088	241,948	187,730
Money Market	11,563	11,563	0	0
<b>Total Investment Portfolio</b>	<b>\$3,131,316</b>	<b>\$1,566,099</b>	<b>\$1,095,938</b>	<b>\$469,279</b>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2022. All investments of the School District are valued using quoted market prices (Level 1 inputs).

**Interest rate risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the School District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District's investment policy does not address credit risk beyond the requirements of State law. The School District limits their investments to securities issued by federal government agencies or instrumentalities, certificates of deposits, and money market accounts. Investments in US Government Securities were rated AA+ by Standard & Poor's and Aaa by Moody's. Investments in money markets were rated AAAM by Standard & Poor's and Aaa by Moody's. Investments in commercial paper were rated A-1/A-1+ by Standard and Poor's and P-1 by Moody's. The School District's investments in individual marketable certificates of deposit are fully insured by the Federal Deposit Insurance Corporation.

**Concentration of credit risk** – The School District's investment policy allows investments in: United States Treasury bills, notes, bonds or any other obligations issued by the United States Treasury; bonds, notes, debentures of any other obligations issued by federal government agencies; interim deposits to the extent that they are properly insured and collateralized; bonds and other obligations of the State; no-load money market mutual funds provided that investments in securities are made only through eligible financial institutions; written repurchase agreements; maximum of twenty five percent of the School District's interim funds in commercial paper and/or bankers acceptances of banks that are insured by the FDIC; STAR Ohio; and certificates of deposit.

The School District has invested in securities issued by federal government agencies or instrumentalities, as well as, commercial paper, negotiable certificates of deposit, and money market accounts. US Treasury Notes comprised 3 percent, Federal Home Loan Mortgage Corp comprised 9 percent, Federal Home Loan Bank comprised 29 percent, Commercial Paper comprised 38 percent, and Negotiable Certificates of Deposit comprised 20 percent. The remaining amount was invested in Money Market accounts.

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

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

Custodial credit risk – Custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District’s securities are either insured and registered in the name of the School District or at least registered in the name of the School District.

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

Public utility property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien on December 31, 2020, were levied after April 1, 2021, and are collected in 2022 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

	2021 Second- Half Collections		2022 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$190,023,700	99.71%	\$197,337,570	99.71%
Public Utility	550,420	0.29%	580,380	0.29%
Total Assessed Value	<u>\$190,574,120</u>	<u>100.00%</u>	<u>\$197,917,950</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$27.60		\$27.10	

The School District receives property taxes from Pike County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2022 and for which there is an enforceable legal claim.

Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to unavailable revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue.

The amount available as an advance at June 30, 2022, was \$95,196 in the General Fund.



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

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**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2022, consisted of property taxes, interest, accounts, and intergovernmental grants. 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. A summary of the principal items of intergovernmental receivables follows:

<u>Fund</u>	<u>Amount</u>
General Fund	\$174,001
ESSER Fund	69,299
<i>Non-Major Special Revenue Funds:</i>	
Title I	61,348
Lunchroom	15,562
Title VI-B	98,796
ATIP	6,141
IDEA Special Education Part B	<u>23,348</u>
Total Non-Major Funds	<u>205,195</u>
Total All Funds	<u><u>\$448,495</u></u>

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

**NOTE 8 - CAPITAL ASSETS**

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

	Ending Balance 06/30/21	Additions	Deletions	Ending Balance 06/30/22
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 830,500	\$ -	\$ -	\$ 830,500
Construction in Progress	-	-	-	-
Total Capital Assets, Not Being Depreciated	<u>830,500</u>	<u>-</u>	<u>-</u>	<u>830,500</u>
Capital Assets Being Depreciated				
Land Improvements	5,690,163	-	-	5,690,163
Buildings and Improvements	41,077,731	-	-	41,077,731
Furniture and Equipment	2,581,813	103,738	-	2,685,551
Vehicles	2,453,337	-	(45,205)	2,408,132
Library Books and Textbooks	465,215	-	-	465,215
Infrastructure	149,342	-	-	149,342
Total Capital Assets, Being Depreciated	<u>52,417,601</u>	<u>103,738</u>	<u>(45,205)</u>	<u>52,476,134</u>
Less Accumulated Depreciation:				
Land Improvements	(3,910,196)	(176,630)	-	(4,086,826)
Buildings and Improvements	(21,952,698)	(869,650)	-	(22,822,348)
Furniture and Equipment	(1,987,302)	(160,765)	-	(2,148,067)
Vehicles	(1,854,434)	(97,161)	45,205	(1,906,390)
Library Books and Textbooks	(432,544)	(13,069)	-	(445,613)
Infrastructure	(66,143)	(2,987)	-	(69,130)
Total Accumulated Depreciation	<u>(30,203,317)</u>	<u>(1,320,262)</u>	<u>45,205</u>	<u>(31,478,374)</u>
Total Capital Assets Being Depreciated, Net	<u>22,214,284</u>	<u>(1,216,524)</u>	<u>-</u>	<u>20,997,760</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,044,784</u>	<u>\$ (1,216,524)</u>	<u>\$ -</u>	<u>\$ 21,828,260</u>

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

**NOTE 8 - CAPITAL ASSETS (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	\$	928,988
Support Services:		
Fiscal		2,505
Operation and Maintenance of Plant		256,746
Pupil Transportation		53,336
Operation of Non-Instructional Services		3,973
Extracurricular Activities		74,714
Total Depreciation Expense	\$	<u>1,320,262</u>

**NOTE 9 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020, the School District contracted with Ohio School Plan for property and fleet insurance, professional liability insurance and inland marine coverage. Total coverage amounted to \$61,403,228 with a \$1,000 deductible.

Settled claims have not exceeded this commercial coverage in any of the past three years. The School District evaluated its insurance coverage and increased the amount of coverage for the current year.

Medical/surgical and dental insurance is offered to employees through a self-insurance program. The claims liability of \$145,000 reported in the Internal Service Fund at June 30, 2022 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported.

Changes in claims payable for the past two fiscal years are as follows:

	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2021	\$167,000	\$3,377,915	\$3,369,915	\$175,000
2022	175,000	3,348,691	3,378,691	145,000

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

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

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

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

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

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**NOTE 10- DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

The 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 and OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB Statements No. 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

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

**NOTE 10- DEFINED BENEFIT PENSION PLANS (Continued)**

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit 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 thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, 14.0% was designated to pension, death benefits, and Medicare B. There was no amount allocated to the Health Care Fund for fiscal year 2022.

The School District’s contractually required contribution to SERS was \$278,464 for fiscal year 2022. Of this amount \$4,028 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 system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

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

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

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**NOTE 10- DEFINED BENEFIT PENSION PLANS (Continued)**

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until Aug. 1, 2026 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the 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 after termination of employment at age 50 or later.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS Ohio plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS Ohio bearing the risk of investment gain or loss on the account. STRS 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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14% and the statutory member rate is 14% 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 fiscal year 2022 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS Ohio was \$1,042,250 for fiscal year 2022. Of this amount \$177,028 is reported as an intergovernmental payable.

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

**NOTE 10- DEFINED BENEFIT PENSION PLANS (Continued)**

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

The net pension liability reported as of June 30, 2022 was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability - Current Year	0.05455546%	0.056572234%	
Proportionate Share of the Net Pension Liability - Prior Year	<u>0.05550690%</u>	<u>0.057466590%</u>	
Change in Proportionate Share	<u>-0.0009514%</u>	<u>-0.000894356%</u>	
Proportion of the Net Pension Liability	\$2,012,907	\$7,233,269	\$9,246,176
Pension Expense (Gain)	(\$93,112)	(\$117,139)	(\$210,251)

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

<b>Deferred Outflows of Resources</b>	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Differences between expected and actual economic experience	\$194	\$223,473	\$223,667
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	24,751	108,521	133,272
Changes of assumptions	42,386	2,006,638	2,049,024
School District contributions subsequent to the measurement date	<u>376,750</u>	<u>1,074,072</u>	<u>1,450,822</u>
Total	<u>\$444,081</u>	<u>\$3,412,704</u>	<u>\$3,856,785</u>

<b>Deferred Inflows of Resources</b>	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Differences between expected and actual economic experience	\$52,203	\$45,338	\$97,541
Differences between projected and actual investment earnings	1,036,706	6,233,692	7,270,398
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	<u>36,698</u>	<u>276,644</u>	<u>313,342</u>
Total	<u>\$1,125,607</u>	<u>\$6,555,674</u>	<u>\$7,681,281</u>

\$1,450,822 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 year ending June 30, 2023.

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

**NOTE 10- DEFINED BENEFIT PENSION PLANS (Continued)**

**Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2023	(\$276,391)	(\$1,148,111)	(\$1,424,502)
2024	(217,188)	(846,514)	(1,063,702)
2025	(246,492)	(954,063)	(1,200,555)
2026	<u>(318,205)</u>	<u>(1,268,354)</u>	<u>(1,586,559)</u>
Total	<u>(\$1,058,276)</u>	<u>(\$4,217,042)</u>	<u>(\$5,275,318)</u>

**Actuarial Assumptions - SERS**

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

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

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

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Inflation	2.4 percent	3.00 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 percent to 13.58 percent 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	3.50 percent to 18.20 percent 2.5 percent
Investment Rate of Return	7.00 percent net of System expenses	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)



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

**NOTE 10- DEFINED BENEFIT PENSION PLANS (Continued)**

**Actuarial Assumptions – SERS (Continued)**

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Mortality rates for 2020 were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in the 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.

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

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

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

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

**NOTE 10- DEFINED BENEFIT PENSION PLANS (Continued)**

**Actuarial Assumptions – SERS (Continued)**

	1% Decrease ▼ (6.00%)	Current Discount Rate ▼ (7.00%)	1% Increase ▼ (8.00%)
District's proportionate share of the net pension liability	\$3,348,982	\$2,012,907	\$886,136

**Assumptions and Benefit Changes Since the Prior Measurement Date** – There were no changes in assumptions or benefits since the prior measurement date.

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50 percent	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.45 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent	0.0 percent,

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

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

**NOTE 10- DEFINED BENEFIT PENSION PLANS (Continued)**

**Actuarial Assumptions – STRS (Continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected 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>	

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

**Discount Rate** The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$13,545,205	\$7,233,269	\$1,899,696

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

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

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**NOTE 10- DEFINED BENEFIT PENSION PLANS (Continued)**

**Actuarial Assumptions – STRS (Continued)**

**Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2022, none of the School District's members of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

**NOTE 11 POSTEMPLOYMENT BENEFITS**

See Note 10 for a description of the net OPEB liability (asset).

**School Employees Retirement System**

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the School District's surcharge obligation was \$35,921.

The surcharge added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. No portion of covered payroll was allocated to the Health Care Fund in 2022. The School District's contractually required contribution to SERS was \$35,921 for fiscal year 2022.

**Scioto Valley Local School District**  
*Notes to the Basic Financial Statements*  
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**NOTE 11 POSTEMPLOYMENT BENEFITS (Continued)**

**State Teachers Retirement System of Ohio**

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 will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

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

**Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset)**

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB (Asset) Liability - Current Year	0.0562365%	0.056572234%	
Proportionate Share of the Net OPEB (Asset) Liability - Prior Year	<u>0.0576755%</u>	<u>0.057466590%</u>	
Change in Proportionate Share	<u>-0.0014390%</u>	<u>-0.000894356%</u>	
Proportion of the Net OPEB Liability	\$1,064,322	\$0	\$1,064,322
Proportion of the Net OPEB (Asset)	\$0	(\$1,192,779)	(\$1,192,779)
OPEB Expense (Gain)	(\$63,581)	(\$100,941)	(\$164,522)

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

**NOTE 11 POSTEMPLOYMENT BENEFITS (Continued)**

**Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset) (Continued)**

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

<b>Deferred Outflows of Resources</b>	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Differences between expected and actual economic experience	\$11,345	\$42,471	\$53,816
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	5,787	8,592	14,379
Changes of assumptions	166,967	76,189	243,156
Differences between projected and actual investment earnings	-	-	-
School District contributions subsequent to the measurement date	<u>35,921</u>	<u>-</u>	<u>35,921</u>
<b>Total</b>	<u>\$220,020</u>	<u>\$127,252</u>	<u>\$347,272</u>
<b>Deferred Inflows of Resources</b>	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Differences between expected and actual economic experience	\$530,081	\$218,539	\$748,620
Differences between projected and actual investment earnings	23,122	330,617	353,739
Changes of assumptions	145,750	711,580	857,330
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	<u>123,188</u>	<u>38,794</u>	<u>161,982</u>
<b>Total</b>	<u>\$822,141</u>	<u>\$1,299,530</u>	<u>\$2,121,671</u>

\$35,921 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 (adjustment to net OPEB asset) in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2023	(\$143,746)	(\$343,429)	(\$487,175)
2024	(143,907)	(335,156)	(479,063)
2025	(143,998)	(311,004)	(455,002)
2026	(123,752)	(136,744)	(260,496)
2027	(64,352)	(46,952)	(111,304)
Thereafter	<u>(18,287)</u>	<u>1,007</u>	<u>(17,280)</u>
<b>Total</b>	<u>(\$638,042)</u>	<u>(\$1,172,278)</u>	<u>(\$1,810,320)</u>

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

**NOTE 11 POSTEMPLOYMENT BENEFITS (Continued)**

**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 are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	1.92 percent	2.45 percent
Prior Measurement Date	2.45 percent	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	2.27 percent	2.63 percent
Prior Measurement Date	2.63 percent	3.22 percent
Medical Trend Assumption		
Medicare	5.125 to 4.40 percent	5.25 to 4.75 percent
Pre-Medicare	6.75 to 4.40 percent	7.00 to 4.75 percent

For 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

**NOTE 11 POSTEMPLOYMENT BENEFITS (Continued)**

**Actuarial Assumptions – SERS (Continued)**

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

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

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 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 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

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



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

**NOTE 11 POSTEMPLOYMENT BENEFITS (Continued)**

**Actuarial Assumptions – SERS (Continued)**

***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 of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%).

	1% Decrease 1.27%	Current Discount Rate 2.27%	1% Increase 3.27%
District's proportionate share of the net OPEB liability	\$1,318,824	\$1,064,322	\$861,008

The following table presents the OPEB liability of SERS, what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate (7.00% decreasing to 4.75%).

	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
District's proportionate share of the net OPEB liability	\$819,441	\$1,064,322	\$1,391,408

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020 actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	5.00 percent initial, 4 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug		
Pre-Medicare	6.50 percent initial, 4 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	29.98 initial, 4 percent ultimate	11.87 initial, 4 percent ultimate

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

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

**NOTE 11 POSTEMPLOYMENT BENEFITS (Continued)**

**Actuarial Assumptions – STRS (Continued)**

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

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected 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>	

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

**Discount Rate** — The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2021 and was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2021.

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

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

**NOTE 11 POSTEMPLOYMENT BENEFITS (Continued)**

**Actuarial Assumptions – STRS (Continued)**

	1% Decrease in Discount Rate █ (6.00%)	Current Discount Rate █ (7.00%)	1% Increase in Discount Rate █ (8.00%)
District's proportionate share of the net OPEB (asset) liability	(\$1,006,521)	(\$1,192,779)	(\$1,348,370)
	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
District's proportionate share of the net OPEB (asset) liability	(\$1,342,065)	(\$1,192,779)	(\$1,008,173)

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

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers 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 210 days for all personnel. Upon retirement and after being employed by the School District for three years, payment is made for twenty-five percent for classified employees and twenty-five percent for certified employees of accrued, but unused sick leave credit, up to a maximum of forty-five days.

**B. Life Insurance**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Guardian Life.

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

**NOTE 13 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2022 were as follows:

	Principal Outstanding 06/30/21	Additions	Deductions	Principal Outstanding 06/30/22	Due Within One Year
Refunding Bonds - 2005 - 4.25%	\$ 80,000	\$ -	\$ 80,000	\$ -	\$ -
Financed Purchases	8,370,000	-	180,000	8,190,000	185,000
Net Pension Liability:					
STRS	13,904,870	-	6,671,601	7,233,269	-
SERS	3,671,343	-	1,658,436	2,012,907	-
Total Net Pension Liability	<u>17,576,213</u>	<u>-</u>	<u>8,330,037</u>	<u>9,246,176</u>	<u>-</u>
Net OPEB Liability:					
STRS	-	-	-	-	*
SERS	1,253,477	-	189,155	1,064,322	-
Total Net OPEB Liability	<u>1,253,477</u>	<u>-</u>	<u>189,155</u>	<u>1,064,322</u>	<u>-</u>
Compensated Absences	<u>1,080,622</u>	<u>943,740</u>	<u>623,531</u>	<u>1,400,831</u>	<u>21,490</u>
Total Long-Term Obligations	<u>\$ 28,360,312</u>	<u>\$ 943,740</u>	<u>\$ 9,402,723</u>	<u>\$ 19,901,329</u>	<u>\$ 206,490</u>

\*OPEB for STRS has a Net OPEB asset in the amount of \$1,192,779 as of June 30, 2022.

On June 29, 2005, the Scioto Valley Local School District issued \$975,000 in refunding bonds at an annual interest rate of 4.25%. The bonds were issued for a 16 year period with the final maturity date being December 1, 2022. The bonds were paid off during 2022 from property tax revenues received in the Bond Retirement Fund.

During a previous fiscal year, the School District entered into a financed purchase for the purpose of constructing, improving, furnishing and equipping school facilities; and approving the execution of a ground lease agreement. Principal and interest requirements to retire the financed purchases outstanding at June 30, 2022, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$185,000	\$267,503	\$452,503
2024	190,000	261,211	451,211
2025	200,000	254,669	454,669
2026	525,000	242,596	767,596
2027	540,000	224,917	764,917
2028-3032	2,425,000	884,832	3,309,832
2033-2037	2,850,000	451,030	3,301,030
2038-3039	1,275,000	42,449	1,317,449
Totals	<u>\$8,190,000</u>	<u>\$2,629,207</u>	<u>\$10,819,207</u>

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

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**NOTE 13 - LONG-TERM OBLIGATIONS (Continued)**

Compensated absences will be paid from the fund from which the employees' salaries are paid, with the General Fund being the most significant.

The School District pays obligations related to employee compensation from the fund benefitting from their service.

The School District's voted legal debt margin was \$17,812,616 with an unvoted debt margin of \$197,918 at June 30, 2022.

**NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS**

*Metropolitan Educational Technology Association* - META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META consists of a president, vice president and six board members who represent the members of META. The board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. The School District paid META \$124,531 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

*The Pike County Career Technology Center* - The Pike County Career Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of the Pike County Board of Education and two representatives from the Waverly City Schools Board of Education, which possesses its own budgeting and taxing authority. To obtain financial information write to the Pike County Career Technology Center, Tonya Cooper, who serves as Treasurer, at P. O. Box 577,175 Beaver Creek Road, Piketon, Ohio 45661.

*The Scioto Valley-Piketon Area Regional Council of Governments* - The Scioto Valley-Piketon Area Regional Council of Governments was created to provide one voice among the affected local government jurisdictions to ensure the needs and concerns of the community directly impacted by chronic chemical and radiological contamination released into the water, air, and soil from operations, demolition activities, and onsite waste disposal at the US Department of Energy's Portsmouth site are incorporated into state and federal government decisions.

The Council of Governments is operated under the direction of a Board consisting of representatives from Scioto Valley Local School District, Pike County General Health District, Seal Township, Scioto Township, and the Pike County Commissioners. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each member's degree of control is limited to its representation on the Board. The School District paid the Council of Governments \$22,500 for services provided during the fiscal year. Financial information can be obtained from Megan Williams, who serves as Treasurer, at P.O. Box 600, Piketon, Ohio 45661.

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

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

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

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

	Capital Improvements
Set-aside Reserve Balance June 30, 2021	\$0
Current year set-aside requirement	234,296
Current year offsets	(30,814)
Current Year Qualifying Expenditures	(203,482)
Balance Carried Forward to Fiscal Year 2023	\$0

The School District had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero in the Capital Acquisition Reserve. The carryover amount in the Capital Acquisition Reserve is limited to the balance of the offsets attributed to bond or tax levy proceeds. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$0 at June 30, 2022.

**NOTE 17 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

The School District is not currently party to any legal proceedings.

**C. Foundation**

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 2022 were finalized and determined to not be significant, therefore the adjustments were not recorded in the accompanying financial statements.

**NOTE 18 - DEFERRED COMPENSATION**

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

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

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**NOTE 19-NEW ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION/FUND BALANCES**

For fiscal year 2022, the School District has implemented GASB Statement No. 87, “Leases”, GASB Implementation Guide 2019-3, “Leases”, GASB Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period”, GASB Implementation Guide 2020-1, “Implementation Guide Update - 2020”, GASB Statement No. 92, “Omnibus 2020”, GASB Statement No. 93, “Replacement of Interbank Offered Rates”, GASB Statement No. 97, “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32” and certain paragraphs of GASB Statement No. 99, “Omnibus 2022”.

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District implemented these changes; however, the implementation did not have any impact on beginning net position of the School District.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the School District.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the School District.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the School District.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the School District.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the School District.

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

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

**NOTE 19-NEW ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION/FUND BALANCES**  
**(Continued)**

The School District reclassified their Permanent Improvement Fund from a major fund to a non-major fund in 2022, reclassified their ESSER fund from a non-major fund to a major fund in 2022 and made a correction to their intergovernmental receivables for their ESSER major fund as of the beginning of fiscal year 2022. These changes had the following effect on beginning fund balance and beginning net position:

	General	ESSER	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balance-As					
previously reported	\$2,416,622	\$-0-	\$41,004	\$519,995	\$2,977,621
Reclass of Funds	-	88,373	(41,004)	(47,369)	-
Correction	-	(88,373)	-	-	(88,373)
Restated Fund Balance –					
07/01/2021	<u>\$2,416,622</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$472,626</u>	<u>\$2,889,248</u>
Net Position – As previously reported			\$1,439,797		
Correction			(88,373)		
Restated Net Position – 07/01/2021			<u>\$1,351,424</u>		

**NOTE 20 – FUND BALANCES**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on the fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	ESSER	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>				
Prepaid Items	\$2,262	\$0	\$0	\$2,262
<b>Restricted for</b>				
Other Purposes	0	0	268,742	268,742
Total Restricted	0	0	268,742	268,742
<b>Assigned to</b>				
FY22 Appropriations				
in excess of Estimated Receipts	727,614	0	0	727,614
Other Purposes	452,903	0	0	452,903
Total Assigned	1,180,517	0	0	1,180,517
<b>Unassigned (Deficit)</b>	1,553,663	0	(42,194)	1,511,469
Total Fund Balances	<u>\$2,736,442</u>	<u>\$0</u>	<u>\$226,548</u>	<u>\$2,962,990</u>



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

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**NOTE 21 – SIGNIFICANT COMMITMENTS**

**Encumbrances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year-end the amount of significant encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

<u>Governmental Funds</u>	
General Fund	\$519,477

**NOTE 22 – OTHER MATTERS OF POTENTIAL SIGNIFICANCE**

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

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**Scioto Valley Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*School Employees Retirement System of Ohio*  
*Last Nine Years (1)*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.0545546%	0.0555069%	0.0599674%	0.0616688%	0.0611612%	0.0644206%	0.0636973%	0.0610600%	0.0610600%
School District's proportionate share of the net pension liability	\$ 2,012,907	\$ 3,671,343	\$ 3,587,955	\$ 3,531,886	\$ 3,654,247	\$ 4,714,994	\$ 3,634,630	\$ 3,090,212	\$ 3,631,042
School District's covered payroll	\$ 1,883,086	\$ 1,945,950	\$ 2,057,252	\$ 2,399,257	\$ 2,000,664	\$ 1,917,564	\$ 1,774,293	\$ 2,177,103	\$ 1,841,323
School District's proportionate share of the net pension liability as a percentage of its covered payroll	106.89%	188.67%	174.41%	147.21%	182.65%	245.88%	204.85%	141.94%	197.20%
Plan fiduciary net position as a percentage of the total pension liability	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.  
Amounts presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to required supplementary information.

**Scioto Valley Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*State Teachers Retirement System of Ohio*  
*Last Nine Years (1)*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.056572234%	0.05746659%	0.05709829%	0.05649981%	0.05647102%	0.05898021%	0.05746976%	0.05528601%	0.05528601%
School District's proportionate share of the net pension liability	\$ 7,233,269	\$ 13,904,870	\$ 12,626,944	\$ 12,423,040	\$ 13,414,812	\$ 19,742,454	\$ 15,882,961	\$ 13,447,471	\$ 16,018,539
School District's covered payroll	\$ 6,980,643	\$ 6,935,321	\$ 6,703,564	\$ 6,208,300	\$ 6,205,850	\$ 5,996,007	\$ 5,648,877	\$ 5,772,669	\$ 6,167,869
School District's proportionate share of the net pension liability as a percentage of its covered payroll	103.62%	200.49%	188.36%	200.10%	216.16%	329.26%	281.17%	232.95%	259.71%
Plan fiduciary net position as a percentage of the total pension liability	87.78%	75.48%	77.40%	77.31%	75.29%	66.78%	72.09%	74.71%	69.30%

(1) Information prior to 2014 is not available  
Amounts presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to required supplementary information

**Scioto Valley Local School District**  
*Required Supplementary Information*  
*Schedule of School District Pension Contributions*  
*School Employees Retirement System of Ohio*  
*Last Ten Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 278,464	\$ 263,632	\$ 272,433	\$ 277,729	\$ 272,032	\$ 335,896	\$ 280,093	\$ 252,735	\$ 245,917	\$ 301,311
Contributions in relation to the contractually required contribution	<u>(278,464)</u>	<u>(263,632)</u>	<u>(272,433)</u>	<u>(277,729)</u>	<u>(272,032)</u>	<u>(335,896)</u>	<u>(280,093)</u>	<u>(252,735)</u>	<u>(245,917)</u>	<u>(301,311)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$1,989,029	\$1,883,086	\$1,945,950	\$2,057,252	\$2,399,257	\$2,000,664	\$1,917,564	\$1,774,293	\$2,177,103	\$1,841,323
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.50%	11.34%	16.79%	14.00%	13.18%	13.86%	13.84%

See accompanying notes to required supplementary information.

**Scioto Valley Local School District**  
*Required Supplementary Information*  
*Schedule of School District Pension Contributions*  
*State Teachers Retirement System of Ohio*  
*Last Ten Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 1,042,250	\$ 977,290	\$ 970,945	\$ 938,499	\$ 899,231	\$ 869,162	\$ 868,819	\$ 839,441	\$ 734,354	\$ 750,447
Contributions in relation to the contractually required contribution	<u>(1,042,250)</u>	<u>(977,290)</u>	<u>(970,945)</u>	<u>(938,499)</u>	<u>(899,231)</u>	<u>(869,162)</u>	<u>(868,819)</u>	<u>(839,441)</u>	<u>(734,354)</u>	<u>(750,447)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 7,444,643	\$ 6,980,643	\$ 6,935,321	\$ 6,703,564	\$ 6,208,300	\$ 6,205,850	\$ 5,996,007	\$ 5,648,877	\$ 5,772,669	\$ 6,167,869
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.50%	14.00%	14.50%	14.90%	12.70%	12.20%

See accompanying notes to required supplementary information.

**Scioto Valley Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability*  
*School Employees Retirement System of Ohio*  
*Last Six Years (1)*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability	0.05623650%	0.05767550%	0.06144840%	0.06254360%	0.06210080%	0.06532790%
School District's proportionate share of the net OPEB liability	\$ 1,064,322	\$ 1,253,477	\$ 1,545,298	\$ 1,735,128	\$ 1,666,622	\$ 1,862,087
School District's covered payroll	\$ 1,883,086	\$ 1,945,950	\$ 2,057,252	\$ 2,015,052	\$ 2,399,257	\$ 1,774,293
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	56.52%	64.41%	75.11%	86.11%	69.46%	104.95%
Plan fiduciary net position as a percentage of the total OPEB liability	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.  
Amounts presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to required supplementary information.

**Scioto Valley Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)*  
*State Teachers Retirement System of Ohio*  
*Last Six Years (1)*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability (asset)	0.056572234%	0.05746659%	0.05709829%	0.05649981%	0.05647102%	0.05898021%
School District's proportionate share of the net OPEB liability (asset)	\$ (1,192,779)	\$ (1,009,974)	\$ (945,685)	\$ (907,894)	\$ 2,203,291	\$ 3,154,277
School District's covered payroll	\$ 6,980,643	\$ 6,935,321	\$ 6,703,564	\$ 6,423,079	\$ 6,208,300	\$ 5,996,007
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-17.09%	-14.56%	-14.11%	-14.13%	35.49%	52.61%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	174.73%	182.13%	174.74%	176.00%	47.11%	37.33%

(1) Information prior to 2017 is not available.  
Amounts presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to required supplementary information.



**Scioto Valley Local School District**  
*Required Supplementary Information*  
*Schedule of School District Contributions for OPEB*  
*School Employees Retirement System of Ohio*  
*Last Seven Years (1)*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 35,921	\$ 36,050	\$ 37,412	\$ 47,758	\$ 43,774	\$ 34,014	\$ 33,248
Contributions in relation to the contractually required contribution	<u>(35,921)</u>	<u>(36,050)</u>	<u>(37,412)</u>	<u>(47,758)</u>	<u>(43,774)</u>	<u>(34,014)</u>	<u>(33,248)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 1,989,029	\$ 1,883,086	\$ 1,945,950	\$ 2,057,252	\$ 2,015,052	\$ 2,399,257	\$ 1,774,293
Contributions as a percentage of covered payroll	1.81%	1.91%	1.92%	2.32%	2.17%	1.42%	1.87%

(1) Information prior to 2016 is not available.

See accompanying notes to required supplementary information.

**Scioto Valley Local School District**  
*Required Supplementary Information*  
*Schedule of School District Contributions for OPEB*  
*State Teachers Retirement System of Ohio*  
*Last Seven Years (1)*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 7,444,643	\$ 6,980,643	\$ 6,935,321	\$ 6,703,564	\$ 6,423,079	\$ 6,208,300	\$ 5,996,007
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Information prior to 2016 is not available.

See accompanying notes to required supplementary information.

**Scioto Valley Local School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2022*

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**Pension**

**School Employees Retirement System (SERS)**

Changes in benefit terms

2020-2022: There were no changes in benefit terms from the amounts reported for this fiscal year.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the change in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in assumptions

2022: The assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) 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,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
- (8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

**State Teachers Retirement System (STRS)**

Changes in benefit terms

2019-2022: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Scioto Valley Local School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2022*

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**Pension (continued)**

**State Teachers Retirement System (STRS) (continued)**

Changes in assumptions

2019-2022: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

**OPEB**

**School Employees Retirement System (SERS)**

Changes in benefit terms

2017-2022: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in assumptions

2022 Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) The discount rate was changed from 2.63% to 2.27%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	2.45%
Measurement Date	1.92%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	2.63%
Measurement Date	2.27%

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) The discount rate was changed from 3.22% to 2.63%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.13%
Measurement Date	2.45%

2020: The discount rate was changed from 3.70% to 3.22%

**Scioto Valley Local School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2022*

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**OPEB (continued)**

**School Employees Retirement System (SERS) (continued)**

**Changes in assumptions (continued)**

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) The discount rate was changed from 3.63% to 3.70%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.56%
Measurement Date	3.62%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.63%
Measurement Date	3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%
- (2) Municipal Bond Index Rate:

Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) 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,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP- 2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

**State Teachers Retirement System (STRS)**

**Changes in benefit terms**

2022: There was no change to the claims costs process. The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

**Scioto Valley Local School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2022*

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**OPEB (continued)**

**State Teachers Retirement System (STRS) (Continued)**

Changes in benefit terms (continued)

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected FYE 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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% to 1.984% 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% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

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 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in assumptions

2022: The discount rate was reduced from 7.45% in the prior year to 7.00% in the current year.

2020-2021: There were no changes in assumptions since the prior measurement date of June 30, 2019.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

2018: The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT  
PIKE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	N/A	18,927
Cash Assistance:			
COVID 19- Supply Chain	10.555	N/A	24,700
National School Lunch Program	10.555	N/A	572,176
COVID 19- Emergency CST	10.555		5,704
Total National School Lunch Program		N/A	<u>621,507</u>
National School Breakfast Program	10.553	N/A	257,901
Total Child Nutrition Cluster			<u>879,408</u>
Pandemic EBT SNAP	10.649	N/A	3,063
			<u>882,471</u>
Total U.S. Department of Agriculture			<u><b>882,471</b></u>
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed Through Ohio Department of Education</i>			
Coronavirus Relief Fund (CRF) - BroadbandOhio Connectivity	21.019	N/A	51
			<u>51</u>
Total U.S. Department of Treasury			<u><b>51</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster:			
IDEA Part B	84.027	N/A	65,435
IDEA Part B	84.027	N/A	323,293
ARP IDEA Part B	84.027X	N/A	74,891
Total IDEA Part B			<u>463,619</u>
ARP Special Education Preschool Grant	84.173X	N/A	5,549
IDEA Early Childhood Education	84.173	N/A	17,799
Total Early Childhood Education			<u>23,348</u>
<b>Total Special Education Cluster</b>			<u><b>486,967</b></u>
Title I Grants to Local Educational Agencies	84.010	N/A	82,054
Title I Grants to Local Educational Agencies	84.010	N/A	500,382
Expanding Opportunities for Each Child	84.010	N/A	837
<b>Total Title I</b>			<u><b>583,273</b></u>
Supporting Effective Instruction Grant	84.367	N/A	2,229
Supporting Effective Instruction Grant	84.367	N/A	64,900
<b>Total Supporting Effective Instruction Grant</b>			<u><b>67,129</b></u>
Rural Education	84.358	N/A	42,241
Student Support Academic Enrichment	84.424	N/A	55,571
Elementary and Secondary School Emergency Relief Fund (ESSI)	84.425D	N/A	4,656
Elementary and Secondary School Emergency Relief Fund (ESSI)	84.425D	N/A	1,126,583
ARP ESSER	84.425U	N/A	704,010
<b>Total Elementary and Secondary School Emergency Relief</b>			<u><b>1,835,249</b></u>
Total U.S. Department of Education			<u><b>3,070,430</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><u><b>\$3,952,952</b></u></u>

The accompanying notes are an integral part of this schedule.

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT  
PIKE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Scioto Valley Local School District (the District) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

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

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

**NOTE F - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE’s consent, schools can transfer unobligated amounts to the subsequent fiscal year’s program. The District transferred the following amounts from 2022 to 2023 programs:

<u>Program Title</u>	<u>AL Number</u>	<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$99,559
Special Education - Grants to States	84.027	\$48,092
Expanding Opportunities for Each Child	84.010	\$33,012
Title IV-A	84.424	\$2,304
Title V-B Rural and Low Income	84.358	\$1,626
ESSER II	84.425D	\$643,402
ARP ESSER	84.425U	\$3,777,154
ARP ESSER Homeless	84.425W	\$10,231





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

Scioto Valley Local School District  
Pike County  
P.O. Box 600  
Piketon, Ohio 45661

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Scioto Valley Local School District, Pike County, (the School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 2, 2023. We noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

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

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

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

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

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

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

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

March 2, 2023

# OHIO AUDITOR OF STATE KEITH FABER



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

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

Scioto Valley Local School District  
Pike County  
P.O. Box 600  
Piketon, Ohio 45661

To the Board of Education:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

March 2, 2023

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**SCIOTO VALLEY LOCAL SCHOOL DISTRICT  
PIKE COUNTY**

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

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	AL# 10.553 and 10.555 Child Nutrition Cluster AL# 84.425D and 84.425U Elementary and Secondary School Emergency Relief
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

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

None.

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

None.





# OHIO AUDITOR OF STATE KEITH FABER



**SCIOTO VALLEY LOCAL SCHOOL DISTRICT**

**PIKE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/16/2023**

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

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