



***CLAY LOCAL SCHOOL DISTRICT***

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**SCIOTO COUNTY**

**REGULAR AUDIT**

**For the Fiscal Year Ended June 30, 2020**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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Board of Education  
Clay Local School District  
44 Clay High Street  
Portsmouth, Ohio 45662

We have reviewed the *Independent Auditor's Report* of the Clay Local School District, Scioto County, prepared by J.L. Uhrig and Associates, Inc., for the audit period July 1, 2019 through June 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

March 16, 2021

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## Independent Auditor's Report

Board of Education  
Clay Local School District  
44 Clay High Street  
Portsmouth, OH 45662

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clay Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2020, and related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Clay Local School District, Scioto County, Ohio as of June 30, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 3 to the financial statements, Statement No. 84, *Fiduciary Activities* and related guidance from (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities*, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, and the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2018-1*. We did not modify our opinion regarding this matter.

As discussed in Note 22 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the School District. We did not modify our opinion regarding this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis on pages 3-9 and schedule of net pension/OPEB liabilities and pension/OPEB contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquires of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquires, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated January 20, 2021, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

***J. L. Uhrig and Associates, Inc.***

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

January 20, 2021



**CLAY LOCAL SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited

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As management of the Clay Local School District, we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's performance.

**Financial Highlights**

- The School District's total net position decreased \$841,584.
- The School District gave a two percent base increase in salaries during the fiscal year.
- Property tax assessments had a large increase due to Scioto County's triennial update as well as an appeal with the Board of Revision over the value of a property.

**Using the Basic Financial Statements**

This report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Clay Local School District as a financial whole, an entire operating entity.

The Statement of Net Position and the 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 major funds with all other nonmajor funds presented in total in one column. The major funds for the Clay Local School District are the General Fund and the Bond Retirement Fund.

**Reporting the School District as a Whole**

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2020?"

The Statement of Net Position and the Statements of Activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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These two statements report the School District's Net Position and changes in net position. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the School District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

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

#### **Fund Financial Statements**

The analysis of the School District's major funds begins on page seven. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's major funds.

**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 government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statements of Activities) and governmental funds is reconciled in the financial statements.

**Fiduciary Funds** – We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. Fiduciary funds use the accrual basis of accounting. The School District has no fiduciary funds.

#### **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 assets for fiscal years 2020 and 2019:

**CLAY LOCAL SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
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(Table 1)  
**Net Position**

	Governmental Activities		
	2020	Restated 2019	Change
<b>Assets:</b>			
Current and Other Assets	\$5,387,674	\$4,979,963	\$407,711
Capital Assets, Net	18,815,823	19,334,663	(518,840)
Net OPEB Asset	422,750	393,833	28,917
Total Assets	<u>24,626,247</u>	<u>24,708,459</u>	<u>(82,212)</u>
<b>Deferred Outflows of Resources:</b>			
Deferred Charge on Refunding	277,699	295,615	(17,916)
Pension	1,549,119	2,039,547	(490,428)
OPEB	187,780	128,230	59,550
Total Deferred Outflows of Resources	<u>2,014,598</u>	<u>2,463,392</u>	<u>(448,794)</u>
<b>Liabilities:</b>			
Current and Other Liabilities	781,545	763,275	18,270
Long-Term Liabilities:			
Due Within One Year	191,608	11,609	179,999
Due In More Than One Year:			
Net Pension Liability	7,265,026	6,920,326	344,700
Net OPEB Liability	697,173	750,362	(53,189)
Other Amounts	5,707,166	5,813,356	(106,190)
Total Liabilities	<u>14,642,518</u>	<u>14,258,928</u>	<u>383,590</u>
<b>Deferred Inflow of Resources:</b>			
Property Taxes	1,378,694	1,390,370	(11,676)
Pension	324,852	413,057	(88,205)
OPEB	706,686	679,817	26,869
Total Deferred Inflow of Resources	<u>2,410,232</u>	<u>2,483,244</u>	<u>(73,012)</u>
<b>Net Position:</b>			
Net Investment In Capital Assets	13,651,705	14,188,461	(536,756)
Restricted	1,132,043	674,854	457,189
Unrestricted (Deficit)	(5,195,653)	(4,433,636)	(762,017)
Total Net Position	<u>\$9,588,095</u>	<u>\$10,429,679</u>	<u>(\$841,584)</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2020. 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

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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.

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.

Capital Assets, Net decreased \$518,840 due to current year depreciation.

Total Liabilities increased \$383,590 mostly due to the increase in the net pension liability.

Net Investment in Capital Assets for governmental activities decreased \$536,756. The decrease is primarily due to current year depreciation. Unrestricted Net Position for governmental activities decreased \$762,017 mainly due to changes in assumptions and benefits associated with the statewide pension systems.

Table 2 shows the highlights of the School District's revenues and expenses. These two main components are subtracted to yield the change in net assets. This table uses the full accrual method of accounting.

Revenue is further divided into two major components: Program Revenues and General Revenues. Program Revenues are defined as charges for services and sales and operating grants, contributions, and interest. General Revenues include property taxes, unrestricted grants, such as State foundation support, investment earnings and miscellaneous revenues.

Expenses are shown in programs that are easily identifiable utilizing the current Uniform School Accounting System (USAS) coding structure.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2020 and 2019.

**CLAY LOCAL SCHOOL DISTRICT**  
Management's Discussion and Analysis  
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Unaudited

(Table 2)  
Change in Net Position

	Governmental Activities		Increase/ (Decrease)
	2020	Restated 2019	
<b>Revenues:</b>			
Program Revenues:			
Charges for Services and Sales	\$1,958,460	\$2,005,459	(\$46,999)
Operating Grants, Contributions, and Interest	1,235,063	1,085,606	149,457
<b>Total Program Revenues</b>	<b>3,193,523</b>	<b>3,091,065</b>	<b>102,458</b>
General Revenues:			
Property Taxes Levied for:			
General Purposes	1,273,469	1,114,707	158,762
Debt Service	387,356	332,808	54,548
Other Purposes	26,890	24,819	2,071
Grants and Entitlements not			
Restricted to Specific Programs	3,773,364	3,869,151	(95,787)
Investment Earnings	16,964	16,233	731
Miscellaneous	141,161	160,410	(19,249)
<b>Total General Revenues</b>	<b>5,619,204</b>	<b>5,518,128</b>	<b>101,076</b>
<b>Total Revenues</b>	<b>8,812,727</b>	<b>8,609,193</b>	<b>203,534</b>
<b>Program Expenses:</b>			
Instruction:			
Regular	4,504,514	3,669,721	834,793
Special	1,521,890	1,315,201	206,689
Student Intervention Services	27,179	22,372	4,807
Support Services:			
Pupil	364,135	320,152	43,983
Instructional Staff	359,968	246,106	113,862
Board of Education	33,644	36,913	(3,269)
Administration	899,479	712,959	186,520
Fiscal	278,709	241,714	36,995
Operation and Maintenance of Plant	580,743	774,868	(194,125)
Pupil Transportation	405,328	495,495	(90,167)
Central	0	85	(85)
Operation of Non-Instructional Services:			
Food Service Operations	267,648	302,883	(35,235)
Extracurricular Activities	194,184	223,098	(28,914)
Interest and Fiscal Charges	216,890	218,261	(1,371)
<b>Total Expenses</b>	<b>9,654,311</b>	<b>8,579,828</b>	<b>1,074,483</b>
<b>Change in Net Position</b>	<b>(841,584)</b>	<b>29,365</b>	<b>(\$870,949)</b>
<b>Net Position at Beginning of Year - Restated</b>	<b>10,429,679</b>	<b>10,400,314</b>	
<b>Net Position at End of Year</b>	<b>\$9,588,095</b>	<b>\$10,429,679</b>	

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Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited

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**Governmental Activities**

Program Revenues, which are primarily represented by charges for services, tuition, fees, sales, and extracurricular activities, as well as restricted intergovernmental revenues were \$3,193,523 of total revenues for fiscal year 2020 and increased \$102,458 from fiscal year 2019. The increase is mostly due to intergovernmental revenue, which is the result of the School District receiving more Student Wellness and Success, Title VI-B, and Title I grant monies in fiscal year 2020.

General Revenues were \$5,619,204 of total revenues for fiscal year 2020 and were \$101,076 more than the prior fiscal year. This is primarily due to the School District receiving an increase in property taxes due to a triennial update by the County as well as an appeal with the Board of Revision over value of a property.

As should be expected, Instruction costs represent the largest of the School District's expenses, \$6,053,583 for fiscal year 2020. Total Instruction costs increased \$1,046,289 mainly due to the increase salaries.

**The School District's Funds**

Information about the School District's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$8,716,541 and expenditures of \$8,402,150. The net change in fund balance for the fiscal year was most significant in the Bond Retirement Fund, an increase of \$255,591, due to revenues exceeding debt payments during the fiscal year. Overall, revenues increased and expenditures decreased compared to fiscal year 2019. Fiscal year 2020 revenues outpaced expenditures in all funds, except for the General Fund, due to an increase in property taxes and a decrease in principal payments due during the fiscal year.

**General Fund - Budget 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 2020, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A review of the budgetary comparison statement for the General Fund reflects a decrease of \$198,789 between the original budget and final budget basis revenue, which is mainly due to a decrease in State foundation payments from decreased open enrollment and economically disadvantaged students.

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Final estimated expenditures were \$7,516,385, with original estimated expenditures of \$7,815,446. This difference of \$299,061 was primarily due to a decrease in operation and maintenance of plant and pupil transportation mainly due to the School District being closed since the end of March due to the pandemic.

**Capital Assets**

At the end of fiscal year 2020, the School District had \$18,815,823 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. A decrease occurred due to current year depreciation.

For more information on capital assets, refer to Note 8 in the notes to the basic financial statements.

**Debt**

At June 30, 2020, the School District's outstanding debt obligations included general obligation bonds, of \$4,800,000. The bonds will be fully retired in fiscal year 2037. The School District's long-term obligations also include the School District's net pension liability of \$7,265,026, net OPEB liability of \$697,173, a premium and accretion on the general obligation bonds of \$641,817 and \$107,540, respectively, and compensated absences.

The School District's overall legal debt margin was \$1,902,871 with an unvoted debt margin of \$65,773 at June 30, 2020.

For more detailed information on debt, refer to Note 14 in the notes to the basic financial statements.

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

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Brandi Blackburn, Treasurer at Clay Local School District, 44 Clay High Street, Portsmouth, Ohio 45662, or email [blackburnb@claylocalschools.org](mailto:blackburnb@claylocalschools.org)

**CLAY LOCAL SCHOOL DISTRICT**

Statement of Net Position

June 30, 2020

	Governmental Activities
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$3,448,275
Materials and Supplies Inventory	9,211
Accrued Interest Receivable	1,342
Accounts Receivable	702
Prepaid Items	8,540
Property Taxes Receivable	1,788,264
Intergovernmental Receivable	131,340
Capital Assets:	
Land	38,512
Depreciable Capital Assets, Net	18,777,311
Net OPEB Asset (See Note 11)	422,750
 <i>Total Assets</i>	 24,626,247
 <b><u>Deferred Outflows of Resources:</u></b>	
Deferred Charge on Refunding	277,699
Pension	1,549,119
OPEB	187,780
 <i>Total Deferred Inflows of Resources</i>	 2,014,598
 <b><u>Liabilities:</u></b>	
Accounts Payable	5,740
Accrued Wages and Benefits Payable	585,468
Intergovernmental Payable	129,934
Accrued Interest Payable	13,712
Accrued Vacation Leave Payable	46,691
Long-Term Liabilities:	
Due Within One Year	191,608
Due in More Than One Year:	
Net Pension Liability (See Note 10)	7,265,026
Net OPEB Liability (See Note 11)	697,173
Other Amounts Due in More Than One Year	5,707,166
 <i>Total Liabilities</i>	 14,642,518
 <b><u>Deferred Inflows of Resources:</u></b>	
Property Taxes	1,378,694
Pension	324,852
OPEB	706,686
 <i>Total Deferred Inflows of Resources</i>	 2,410,232
 <b><u>Net Position:</u></b>	
Net Investment in Capital Assets	13,651,705
Restricted for Debt Payments	840,288
Restricted for:	
Food Service	55,774
District Managed Activities	2,850
Student Activities	39,135
Local, State, and Federal Grants	155,256
Classroom Facilities	38,740
Unrestricted (Deficit)	(5,195,653)
 <i>Total Net Position</i>	 \$9,588,095

See accompanying notes to the basic financial statements



**CLAY LOCAL SCHOOL DISTRICT**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2020

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants, Contributions, and Interest	Revenue and Changes in Net Position
				Total Governmental Activities
<b><u>Governmental Activities:</u></b>				
Instruction:				
Regular	\$4,504,514	\$1,808,964	\$137,711	(\$2,557,839)
Special	1,521,890	0	728,204	(793,686)
Vocational	0	0	3,807	3,807
Student Intervention Services	27,179	0	0	(27,179)
Support Services:				
Pupils	364,135	18,314	71,254	(274,567)
Instructional Staff	359,968	0	0	(359,968)
Board of Education	33,644	0	0	(33,644)
Administration	899,479	0	0	(899,479)
Fiscal	278,709	0	0	(278,709)
Operation and Maintenance of Plant	580,743	0	17,778	(562,965)
Pupil Transportation	405,328	0	10,376	(394,952)
Operation of Non-Instructional Services:				
Food Service Operations	267,648	45,809	239,199	17,360
Extracurricular Activities	194,184	85,373	26,734	(82,077)
Interest and Fiscal Charges	216,890	0	0	(216,890)
<b><i>Total Governmental Activities</i></b>	<b>\$9,654,311</b>	<b>\$1,958,460</b>	<b>\$1,235,063</b>	<b>(6,460,788)</b>
<b><u>General Revenues:</u></b>				
Property Taxes Levied for:				
				1,273,469
				387,356
				26,890
Grants and Entitlements not				
				3,773,364
Investment Earnings				
				16,964
Miscellaneous				
				141,161
<b><i>Total General Revenues</i></b>				<b>5,619,204</b>
<b><i>Change in Net Position</i></b>				<b>(841,584)</b>
<b><i>Net Position at Beginning of Year - Restated (See Note 3)</i></b>				<b>10,429,679</b>
<b><i>Net Position at End of Year</i></b>				<b>\$9,588,095</b>

See accompanying notes to the basic financial statements

**CLAY LOCAL SCHOOL DISTRICT**

Balance Sheet  
Governmental Funds  
June 30, 2020

	General Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$2,401,863	\$758,293	\$288,119	\$3,448,275
Receivables:				
Property Taxes	1,347,020	413,103	28,141	1,788,264
Accounts	95	0	607	702
Intergovernmental	10,798	0	120,542	131,340
Accrued Interest	1,342	0	0	1,342
Interfund	14,423	0	0	14,423
Prepaid Items	8,540	0	0	8,540
Materials and Supplies Inventory	0	0	9,211	9,211
<i>Total Assets</i>	<u>\$3,784,081</u>	<u>\$1,171,396</u>	<u>\$446,620</u>	<u>\$5,402,097</u>
<b><u>Liabilities and Fund Balances:</u></b>				
<b><u>Liabilities:</u></b>				
Accounts Payable	\$3,172	\$0	\$2,568	\$5,740
Accrued Wages and Benefits Payable	512,436	0	73,032	585,468
Intergovernmental Payable	126,290	0	3,644	129,934
Interfund Payable	0	0	14,423	14,423
<i>Total Liabilities</i>	<u>641,898</u>	<u>0</u>	<u>93,667</u>	<u>735,565</u>
<b><u>Deferred Inflows of Resources:</u></b>				
Property Taxes	1,039,585	317,396	21,713	1,378,694
Unavailable Revenue	229,268	70,657	76,943	376,868
<i>Total Deferred Inflows of Resources</i>	<u>1,268,853</u>	<u>388,053</u>	<u>98,656</u>	<u>1,755,562</u>
<b><u>Fund Balances:</u></b>				
Nonspendable	8,540	0	9,211	17,751
Restricted	0	783,343	215,178	998,521
Assigned	502,014	0	69,533	571,547
Unassigned (Deficit)	1,362,776	0	(39,625)	1,323,151
<i>Total Fund Balances</i>	<u>1,873,330</u>	<u>783,343</u>	<u>254,297</u>	<u>2,910,970</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3,784,081</u>	<u>\$1,171,396</u>	<u>\$446,620</u>	<u>\$5,402,097</u>

See accompanying notes to the basic financial statements

**CLAY LOCAL SCHOOL DISTRICT**  
 Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2020

<b>Total Governmental Fund Balances</b>		<b>\$2,910,970</b>
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	38,512	
Depreciable Capital Assets	27,165,517	
Accumulated Depreciation	<u>(8,388,206)</u>	
Total capital assets		18,815,823
Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	303,379	
Intergovernmental	72,160	
Interest	<u>1,329</u>	
Total		376,868
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		(13,712)
Deferred outflows of resources include deferred charges on refunding which do not provide current financial resources and, therefore are not reported in the funds.		
		277,699
The net pension liability and net OPEB liability (asset) are not due and payable in the current period; therefore the liabilities (asset) and related deferred inflows/outflows are not reported in the governmental funds:		
Net OPEB Asset	422,750	
Deferred Outflows - Pension	1,549,119	
Deferred Outflows - OPEB	187,780	
Net Pension Liability	(7,265,026)	
Net OPEB Liability	(697,173)	
Deferred Inflows - Pension	(324,852)	
Deferred Inflows - OPEB	<u>(706,686)</u>	
Total		(6,834,088)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Bonds Payable	(4,800,000)	
Accretion on Capital Appreciation Bonds	(107,540)	
Premium on General Obligation Bonds	(641,817)	
Accrued Vacation Leave	(46,691)	
Compensated Absences	<u>(349,417)</u>	
Total liabilities		<u>(5,945,465)</u>
<b>Net Position of Governmental Activities</b>		<b><u><u>\$9,588,095</u></u></b>

See accompanying notes to the basic financial statements

**CLAY LOCAL SCHOOL DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2020

	General Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>				
Property Taxes	\$1,244,393	\$376,957	\$26,571	\$1,647,921
Intergovernmental	4,086,126	51,254	778,556	4,915,936
Investment Earnings	17,082	67	0	17,149
Tuition and Fees	1,808,964	0	0	1,808,964
Extracurricular Activities	28,713	0	56,660	85,373
Charges for Services	0	0	64,123	64,123
Contributions and Donations	9,180	0	26,734	35,914
Miscellaneous	140,450	0	711	141,161
<i>Total Revenues</i>	<u>7,334,908</u>	<u>428,278</u>	<u>953,355</u>	<u>8,716,541</u>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	3,781,899	0	130,722	3,912,621
Special	1,051,070	0	350,681	1,401,751
Student Intervention Services	23,263	0	0	23,263
Support Services:				
Pupils	297,896	0	15,548	313,444
Instructional Staff	303,472	0	690	304,162
Board of Education	33,644	0	0	33,644
Administration	754,515	0	0	754,515
Fiscal	223,936	8,341	594	232,871
Operation and Maintenance of Plant	499,335	0	9,317	508,652
Pupil Transportation	319,645	0	0	319,645
Operation of Non-Instructional Services:				
Food Service Operations	0	0	240,013	240,013
Extracurricular Activities	103,273	0	89,950	193,223
Debt Service:				
Interest and Fiscal Charges	0	164,346	0	164,346
<i>Total Expenditures</i>	<u>7,391,948</u>	<u>172,687</u>	<u>837,515</u>	<u>8,402,150</u>
Excess of Revenues Over (Under) Expenditures	<u>(57,040)</u>	<u>255,591</u>	<u>115,840</u>	<u>314,391</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Transfers In	3,249	0	5,643	8,892
Transfers Out	(5,643)	0	(3,249)	(8,892)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,394)</u>	<u>0</u>	<u>2,394</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(59,434)</u>	<u>255,591</u>	<u>118,234</u>	<u>314,391</u>
<i>Fund Balances at Beginning of Year - Restated (See Note 3)</i>	<u>1,932,764</u>	<u>527,752</u>	<u>136,063</u>	<u>2,596,579</u>
<i>Fund Balances at End of Year</i>	<u>\$1,873,330</u>	<u>\$783,343</u>	<u>\$254,297</u>	<u>\$2,910,970</u>

See accompanying notes to the basic financial statements

**CLAY 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, 2020

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<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$314,391</b>
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Depreciation Expense		(518,840)
Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" inflows and are deferred in the governmental funds.		
Delinquent Property Taxes	39,794	
Intergovernmental	56,577	
Investment Earnings	(185)	
Total		96,186
Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Activities reports these amounts as deferred outflows.		
Pension	487,040	
OPEB	16,732	
Total		503,772
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities.		
Pension	(1,233,963)	
OPEB	98,055	
Total		(1,135,908)
Accretion and amortization of bond premiums, the deferred loss on refunding debt, as well as accrued interest payable on the bonds are not reported in the funds, but are allocated as an expense over the life of the debt in the Statement of Activities		
Accretion on Bonds	(34,628)	
Amortization of Loss on Refunding	(17,916)	
Total		(52,544)
Some items 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. These activities consist of:		
Increase in Accrued Vacation Leave Payable	(9,460)	
Increase in Compensated Absences Payable	(39,181)	
Total		(48,641)
<b>Change in Net Position of Governmental Activities</b>		<b><u>(\$841,584)</u></b>

See accompanying notes to the basic financial statements

**CLAY LOCAL SCHOOL DISTRICT**  
Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2020

	Budget Amounts		Actual	Variance With Final Budget Over/(Under)
	Original	Final		
<b><u>Revenues:</u></b>				
Property Taxes	\$1,257,641	\$1,206,124	\$1,206,124	\$0
Intergovernmental	4,170,653	4,071,992	4,071,992	0
Investment Earnings	16,111	15,730	15,730	0
Tuition and Fees	1,853,278	1,809,436	1,809,436	0
Extracurricular Activities	29,409	28,713	28,713	0
Contributions and Donations	9,402	9,180	9,180	0
Miscellaneous	146,696	143,226	143,226	0
<i>Total Revenues</i>	<u>7,483,190</u>	<u>7,284,401</u>	<u>7,284,401</u>	<u>0</u>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	3,850,483	3,808,858	3,812,600	(3,742)
Special	1,073,117	1,081,829	1,081,829	0
Student Intervention Services	22,655	23,148	23,148	0
Support Services:				
Pupils	324,311	299,529	299,529	0
Instructional Staff	278,240	303,930	303,930	0
Board of Education	40,272	33,644	33,644	0
Administration	755,415	758,265	758,265	0
Fiscal	218,002	223,922	223,922	0
Operation and Maintenance of Plant	649,404	552,093	552,093	0
Pupil Transportation	498,140	327,871	327,871	0
Central	88	0	0	0
Extracurricular Activities	105,319	103,296	103,296	0
<i>Total Expenditures</i>	<u>7,815,446</u>	<u>7,516,385</u>	<u>7,520,127</u>	<u>(3,742)</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(332,256)</u>	<u>(231,984)</u>	<u>(235,726)</u>	<u>(3,742)</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Transfers In	0	3,249	3,249	0
Transfers Out	(12,381)	(5,643)	(5,643)	0
Advances In	2,444	3,011	3,011	0
Advances Out	(3,101)	(14,423)	(14,423)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(13,038)</u>	<u>(13,806)</u>	<u>(13,806)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(345,294)	(245,790)	(249,532)	(3,742)
<i>Fund Balance at Beginning of Year</i>	2,400,605	2,400,605	2,400,605	0
<i>Prior Year Encumbrances Appropriated</i>	<u>142,524</u>	<u>142,524</u>	<u>142,524</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$2,197,835</u>	<u>\$2,297,339</u>	<u>\$2,293,597</u>	<u>(\$3,742)</u>

See accompanying notes to the basic financial statements

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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

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

The School District was established in 1909 through the consolidation of existing land areas and school districts. The School District serves an area of 19.93 square miles. It is located in Scioto County, and includes Clay Township. It is staffed by 21 classified employees, 48 certificated teaching personnel and five administrative employees who provide services to 658 students and other community members. The School District currently operates two instructional buildings and one storage building.

*Reporting Entity*

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Clay 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, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the School District. The School District has no component units.

The School District participates in four organizations, two of which are defined as jointly governed organizations, one as a public entity shared risk pool, and one as an insurance purchasing pool. These organizations are presented in Note 16 to the basic financial statements.

Jointly Governed Organizations:

Coalition of Rural and Appalachian Schools  
Metropolitan Educational Technology Association (META)

Public Entity Shared Risk Pool:

Optimal Health Initiatives Consortium

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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Insurance Purchasing Pool:  
Ohio SchoolComp Workers' Compensation Group Rating Plan

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

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

**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 School District, except for fiduciary funds. The government-wide statements normally distinguish between those activities that are governmental and those that are considered business-type activities; however, the School District has no business-type activities.

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



**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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*Fund Financial Statements*

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

**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 of the School District are divided into two categories; governmental and fiduciary.

*Governmental Funds*

Governmental funds are those through which most governmental functions of the School District are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

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

Bond Retirement Fund – The Bond Retirement Debt Service Fund is established to account for and report the accumulation of resources for, and the payment of, general obligation bond principal and interest and certain other long-term obligations when the School District is obligated for the payment.

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

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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*Fiduciary Funds*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District has no fiduciary funds.

**Measurement Focus**

*Government-wide Financial Statements*

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

*Fund Financial Statements*

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

**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 and the financial statements of fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

*Revenues - Exchange and Non-exchange Transactions*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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become available. “Measurable” means that the amount of the transaction can be determined, and “available” means that the resources are collectible 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 fiscal 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from 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 fiscal year-end: property taxes available for advance, miscellaneous, investment earnings, and grants.

*Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide Statement of Net Position for deferred charges on refunding and pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 10 and 11.

In addition to liabilities, the Statement of Net Position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, interest, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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Governmental Fund Balance to Net Position of Governmental Activities found on page 13. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 10 and 11).

*Expenses/Expenditures*

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

**Cash and Cash Equivalents**

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 the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 2020, the School District's investments were limited to money market mutual funds and negotiable certificates of deposit. Negotiable certificates of deposit are reported at fair value which is based on quoted market price. For investments in open-end mutual funds, the fair value is determined by the fund's current share price.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2020 amounted to \$17,082, which includes \$5,137 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable/Payable". Interfund balances are eliminated in the Statement of Net Position.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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**Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of purchased food held for resale and consumable materials and supplies.

**Capital Assets**

The School District’s only capital assets are general capital assets. General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by back-trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The capitalization threshold is \$1,000. The School District does not possess any infrastructure. 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 capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 - 20 years
Buildings and Improvements	5 - 60 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	4 - 10 years

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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**Compensated Absences**

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

Vacation leave is accumulated by employees at the applicable vacation rate based on the employees' years of service. The School District will record the liability "Accrued Vacation Leave Payable" for the balance at the end of the fiscal year. School District employees cannot carry vacation leave balances over to the next fiscal year.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

**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, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds that will be paid from governmental funds are recognized as an expenditure and liability in the governmental fund financial statements when due.

**Pensions/Other Postemployment Benefits (OPEB)**

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

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For the Fiscal Year Ended June 30, 2020

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

*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 the highest level of formal action (resolution) of the School District’s Board of Education. Those committed amounts cannot be used for any other purpose unless the School District’s 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 the Board of Education or a School District official delegated that authority by resolution or by State Statute. The Principal’s amount assigned in the General Fund represents amounts to be assigned by principals for extracurricular activities. State Statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

The Treasurer assigned fund balance to cover a gap between estimated revenue and appropriations in the fiscal year 2021 appropriated budget.

*Unassigned* - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance.

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

**CLAY LOCAL SCHOOL DISTRICT**  
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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.

**Net Position**

Net Position represents the difference between all other elements in a Statement of Net Position. Net investment in capital assets consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net Position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net Position restricted for other purposes include resources restricted for food service operations, music and athletic programs, donations received for athletic stadium renovations, property tax revenues received for the maintenance of facilities, 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.

**Internal Activity**

Transfers within governmental activities are eliminated on the government-wide financial statements.

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 and are eliminated from the Statement of Activities. Interfund transfers are reported as other financing sources/uses in governmental. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

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 statements reflect the amounts in the certificate when the original appropriations were adopted. Before fiscal year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year-end in all funds.



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The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. Prior to fiscal year-end, the School District passed a supplemental appropriation that reflected actual expenditures plus encumbrances for the fiscal year.

**Bond Premiums and Compounded Interest on Capital Appreciation Bonds**

For governmental activities, bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the interest accrued during the fiscal year. Bond premiums and the interest on the capital appreciation bonds are presented as a reduction/addition of the face amount of the bonds payable. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds were issued. Accretion on the capital appreciation bonds is not reported. Interest on the capital appreciations bonds is recorded as an expenditure when the debt becomes due.

**Estimates**

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

**NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION AND FUND BALANCES**

**Change in Accounting Principles**

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The School District evaluated implementing these certain GASB pronouncements based on the guidance in GASB 95.

For fiscal year 2020, the School District implemented GASB Statement No. 84, *Fiduciary Activities* and related guidance from (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities*.

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Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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For fiscal year 2020, the School District also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2018-1*. These changes were incorporated in the School District's 2020 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. The School District reviewed its agency funds and certain funds will be reported in the new fiduciary fund classification of custodial funds, while other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the School District's financial statements.

**Restatement of Fund Balances and Net Position**

The implementation of GASB Statement No. 84 had the following effect on net position as of June 30, 2019:

	Governmental Activities
Net Position, June 30, 2019	\$10,385,282
Adjustments:	
GASB 84	44,397
Restated Net Position, June 30, 2019	\$10,429,679

The implementation of GASB Statement No. 84 had the following effect on fund balance as of June 30, 2019:

	Governmental Funds			
	Bond			Total
	General Fund	Retirement Fund	Nonmajor Funds	
Fund Balances, June 30, 2019	\$1,932,764	\$527,752	\$91,666	\$2,552,182
Adjustments:				
GASB 84	0	0	44,397	44,397
Restated Fund Balances, June 30, 2019	\$1,932,764	\$527,752	\$136,063	\$2,596,579

Due to the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting no beginning assets or liabilities. Also related to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. At June 30, 2019, agency funds reported assets and liabilities of \$44,397.

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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**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 generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) – for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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 restricted, committed, or assigned fund balance (GAAP basis).
4. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).
5. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Net Change in Fund Balance	
GAAP Basis	(\$59,434)
Adjustments:	
Revenue Accruals	(48,054)
Expenditure Accruals	(24,405)
Encumbrances	(103,774)
Change in Fair Value of Investments - 2020	(4,492)
Change in Fair Value of Investments - 2019	2,039
Advances	(11,412)
Budget Basis	(\$249,532)

**CLAY LOCAL SCHOOL DISTRICT**  
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**NOTE 5 - DEPOSITS AND INVESTMENTS**

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active 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 deposits are deposits of interim monies. Interim monies are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

Interim monies held by the School District can 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 obligations 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;

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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 including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirement have been met;
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 (STAROhio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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

As of June 30, 2020, the School District had the following investments:

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<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Maturity</u>	<u>S&amp;P Rating</u>	<u>Percent of Total Investments</u>
<u>Fair Value - Level One Inputs:</u>				
Money Market Mutual Funds	\$110,427	less than one year	AAAm	17.28%
<u>Fair Value - Level Two Inputs:</u>				
Negotiable Certificates of Deposit	<u>528,493</u>	less than four years	N/A	82.72%
Totals	<u><u>\$638,920</u></u>			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2020. The money market mutual fund is measured at fair value using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Standard and Poor's ratings for the School District's investments are listed in the table above. The School District has no policy on credit risk beyond the requirements in State statutes.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District places no limit on the amount it may invest in any one issuer.

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility located in the School District. Real property tax revenue received in calendar year 2020 represents collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid 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 2020 represents collections of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien December 31, 2018, were levied after April 1, 2019, and are collected in calendar year 2020 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Scioto 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, 2020, are available to finance fiscal year 2020 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property and public utility property taxes that are measurable as of June 30, 2020, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal-year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows – property taxes.

The amounts available as an advance at June 30, 2020, were \$79,496 in the General Fund, \$25,050 in the Bond Retirement Debt Service Fund and \$1,645 in Nonmajor Governmental Funds. The amounts available as an advance at June 30, 2019, were \$41,227 in the General Fund, \$12,442 in the Bond Retirement Debt Service Fund and \$1,003 in Nonmajor Governmental Funds.

**CLAY LOCAL SCHOOL DISTRICT**  
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On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources - unavailable revenue.

The assessed values upon which fiscal year 2020 taxes were collected are:

	2019 First- Half Collections		2020 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$54,220,570	89.98%	\$59,410,390	90.33%
Public Utility Personal	6,036,320	10.02%	6,362,140	9.67%
Total Assessed Value	\$60,256,890	100.00%	\$65,772,530	100.00%
Tax rate per \$1,000 of assessed valuation	\$32.02		\$32.02	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2020, consisted of property taxes, accounts, intergovernmental grants, accrued interest, and interfund. 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 with the exception of property taxes. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
<u>Governmental Activities:</u>	
Title IV - A Student Support	\$6,405
IDEA Special Education Part B	15,893
Early Childhood Education	7,557
IDEA Restoration	6,244
Title I Non-Competitive	58,848
Title I	25,595
Foundation Adjustment	10,798
Total Intergovernmental Receivables	\$131,340



**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
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**NOTE 8 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2020, was as follows:

	Balance at 6/30/19	Additions	Deductions	Balance at 6/30/20
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$38,512	\$0	\$0	\$38,512
Capital Assets Being Depreciated:				
Land Improvements	563,792	0	0	563,792
Buildings and Improvements	23,746,934	0	0	23,746,934
Furniture, Fixtures and Equipment	2,362,398	0	0	2,362,398
Vehicles	492,393	0	0	492,393
Total Capital Assets Being Depreciated	27,165,517	0	0	27,165,517
Less Accumulated Depreciation:				
Land Improvements	(141,463)	(2,259)	0	(143,722)
Building and Improvements	(5,394,224)	(425,385)	0	(5,819,609)
Furniture, Fixtures and Equipment	(1,993,608)	(74,978)	0	(2,068,586)
Vehicles	(340,071)	(16,218)	0	(356,289)
Total Accumulated Depreciation	(7,869,366)	(518,840) *	0	(8,388,206)
Total Capital Assets Being Depreciated, Net	19,296,151	(518,840)	0	18,777,311
Governmental Activities Capital Assets, Net	\$19,334,663	(\$518,840)	\$0	\$18,815,823

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

Instruction:	
Regular	\$257,474
Special	50,048
Support Services:	
Pupils	18,938
Instructional Staff	18,982
Administration	50,697
Fiscal	12,674
Operation and Maintenance of Plant	33,142
Pupil Transportation	53,887
Operation of Non-Instructional Services:	
Food Service Operations	22,595
Extracurricular Activities	403
Total Depreciation Expense	\$518,840

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
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**NOTE 9 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020, the School District contracted with School Insurance Consultants, LLC (SIC) for insurance consulting services. The premium paid to SIC for fiscal year 2020 was \$3,000. The School District also pays to the awarded insurance agency an insurance premium that is based on types of coverage, limits of coverage, and deductibles that it selects. For the fiscal year, the School District contracted with Argonaut Insurance for liability, property, inland marine, and automobile liability insurance coverage and paid its premium to Governmental Underwriters of America, an agent for Argonaut Insurance.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant change in insurance coverage from last fiscal year.

The School District participates in the Optimal Health Initiatives Consortium (the “Consortium”), a public entity shared risk pool (Note 16), consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District’s behalf.

For fiscal year 2020, the School District participated in the Ohio SchoolComp Workers’ Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers’ compensation experience of the participants is calculated as one experience and a common premium rate is applies to all participants in the GRP. Each participant pays its workers’ compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP’s selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP. Each year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

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

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
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**Net Pension Liability/Net OPEB Liability**

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. 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 *net OPEB asset* or long-term *net pension/OPEB liability* 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.

**CLAY LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
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**Plan Description - School Employees Retirement System (SERS)**

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

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 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. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

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, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2020, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

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The School District's contractually required contribution to SERS was \$118,231 for fiscal year 2020. Of this amount, \$20,067 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.

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. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year 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 August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. 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 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the

**CLAY LOCAL SCHOOL DISTRICT**  
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account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2020, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$368,809 for fiscal year 2020. Of this amount, \$7,152 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2019, 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 contributions of all participating entities. Following is information related to the proportionate share and pension expense:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.02673850%	0.02450893%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.02708240%</u>	<u>0.02552472%</u>	
Change in Proportionate Share	<u>0.00034390%</u>	<u>0.00101579%</u>	
Proportionate Share of the Net			
Pension Liability	\$1,620,388	\$5,644,638	\$7,265,026
Pension Expense	\$290,955	\$943,008	\$1,233,963

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$41,090	\$45,956	\$87,046
Changes of assumptions	0	663,072	663,072
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	22,008	289,953	311,961
School District contributions subsequent to the measurement date	<u>118,231</u>	<u>368,809</u>	<u>487,040</u>
Total Deferred Outflows of Resources	<u>\$181,329</u>	<u>\$1,367,790</u>	<u>\$1,549,119</u>
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$0	\$24,435	\$24,435
Net difference between projected and actual earnings on pension plan investments	20,800	275,879	296,679
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>3,738</u>	<u>0</u>	<u>3,738</u>
Total Deferred Outflows of Resources	<u>\$24,538</u>	<u>\$300,314</u>	<u>\$324,852</u>

\$487,040 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	\$60,660	\$479,593	\$540,253
2022	(32,512)	150,270	117,758
2023	(1,383)	(892)	(2,275)
2024	11,795	69,696	81,491
Total	\$38,560	\$698,667	\$737,227

**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, 2019, are presented below:

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational



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

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

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 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 rebalanced uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00%	

**Discount Rate**

The total pension liability was calculated using the discount rate of 7.50 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 earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on 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**

**CLAY LOCAL SCHOOL DISTRICT**  
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**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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$2,270,742	\$1,620,388	\$1,074,984

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3.0 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

Actuarial assumptions used in the July 1, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

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

**CLAY LOCAL SCHOOL DISTRICT**  
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For the Fiscal Year Ended June 30, 2020

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<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>	

\* Target weights will be phased in over a 24-month period concluding July 1, 2019.

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. 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 rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

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Notes to the Basic Financial Statements

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	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$8,249,010	\$5,644,638	\$3,439,904

**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, 2020, three members of the Board of Education have elected Social Security. The Board’s liability is 6.2 percent of wages paid.

**NOTE 11 – DEFINED BENEFIT OPEB PLANS**

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

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

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

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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 2020, no allocation 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 2020, this amount was \$19,600. 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 2020, the School District's surcharge obligation was \$16,732.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$16,732 for fiscal year 2020, which is reported as an intergovernmental payable.

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

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. 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 benefit recipients 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 fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.02704720%	0.02450893%	
Proportion of the Net OPEB Liability			
Current Measurement Date	<u>0.02772290%</u>	<u>0.02552472%</u>	
Change in Proportionate Share	<u>0.00067570%</u>	<u>0.00101579%</u>	
Proportionate Share of the			
Net OPEB (Asset)	\$0	(\$422,750)	(\$422,750)
Net OPEB Liability	\$697,173	\$0	\$697,173
OPEB Expense	\$24,433	(\$122,488)	(\$98,055)

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$10,234	\$38,326	\$48,560
Changes of assumptions	50,921	8,886	59,807
Net difference between projected and actual earnings on pension plan investments	1,673	0	1,673
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	28,514	32,494	61,008
School District contributions subsequent to the measurement date	<u>16,732</u>	<u>0</u>	<u>16,732</u>
Total Deferred Outflows of Resources	<u>\$108,074</u>	<u>\$79,706</u>	<u>\$187,780</u>
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$153,164	\$21,508	\$174,672
Changes of assumptions	39,068	463,496	502,564
Net difference between projected and actual earnings on OPEB plan investments	0	26,552	26,552
Changes in Proportionate share and Difference between School District contributions and proportionate share of contributions	<u>2,898</u>	<u>0</u>	<u>2,898</u>
Total Deferred Inflows of Resources	<u>\$195,130</u>	<u>\$511,556</u>	<u>\$706,686</u>

\$16,732 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	(\$37,173)	(\$93,973)	(\$131,146)
2022	(14,833)	(93,973)	(108,806)
2023	(14,342)	(83,331)	(97,673)
2024	(14,422)	(79,597)	(94,019)
2025	(15,455)	(83,170)	(98,625)
Thereafter	(7,563)	2,194	(5,369)
Total	(\$103,788)	(\$431,850)	(\$535,638)

**Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

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Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.22 percent
Prior Measurement Date	3.70 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

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

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

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

**Discount Rate**

The discount rate used to measure the total OPEB liability at June 30, 2019, was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019, was 3.70 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 state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge



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For the Fiscal Year Ended June 30, 2020

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and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and 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 (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is 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.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
School District's proportionate share of the net OPEB liability	\$846,235	\$697,173	\$578,650
	1% Decrease (6.00 % decreasing to 3.75%)	Current Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.00 % decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$558,577	\$697,173	\$881,056

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.87 percent initial, 4 percent ultimate
Medicare	4.93 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	7.73 percent initial, 4 percent ultimate
Medicare	9.62 initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 10.

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS 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, 2019. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2019.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate**

The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as 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.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	(\$360,733)	(\$422,750)	(\$474,893)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$479,380)	(\$422,750)	(\$353,394)

**NOTE 12 - EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated contracts and State laws. Eligible classified employees and administrators earn 10 to 25 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.

**CLAY LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

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 275 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum payment of 40 - 70 days, depending on years of service.

**Insurance Benefits**

The School District provides vision coverage through Vision Service Plan and life insurance through the Grady Enterprises, Inc. The School District also provides health care through Anthem Blue Cross Blue Shield and dental coverage for its employees with Delta Dental through the Optimal Health Initiatives Consortium (Note 16).

**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.

**NOTE 13 - OPERATING LEASES - LESSEE DISCLOSURE**

In prior fiscal years, the School District leased copiers from Superior Office Services, Inc. through an operating lease. Operating leases are reported as function expenditures in governmental funds and on the budgetary statements. The School District also entered into a lease for Chromebooks from Signature Bank through an operating lease. During fiscal year 2020, the School District’s payments totaled \$40,256.

The following is a schedule of the future minimum lease payments:

Fiscal Year Ending June 30,	Total Payments
2021	\$11,916
2022	5,386
2023	4,080
Total	<u>\$21,382</u>

**NOTE 14 - LONG-TERM OBLIGATIONS**

The changes in the School District’s long-term obligations during fiscal year 2020 were as follows:

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

	Amount Outstanding 6/30/19	Additions	Deductions	Amount Outstanding 6/30/20	Amounts Due in One Year
<u>Governmental Activities:</u>					
2016 Refunding General Obligation					
Bonds - 2% to 4%					
Serial Bonds	\$4,765,000	\$0	\$0	\$4,765,000	\$180,000
Capital Appreciation Bonds	35,000	0	0	35,000	0
Accretion on Capital Appreciation					
Bonds	72,912	34,628	0	107,540	0
Unamortized Premium	641,817	0	0	641,817	0
Total All Bonded Debt	<u>5,514,729</u>	<u>34,628</u>	<u>0</u>	<u>5,549,357</u>	<u>180,000</u>
Net Pension Liability					
STRS	5,388,963	255,675	0	5,644,638	0
SERS	1,531,363	89,025	0	1,620,388	0
Total Net Pension Liability	<u>6,920,326</u>	<u>344,700</u>	<u>0</u>	<u>7,265,026</u>	<u>0</u>
Net OPEB Liability					
SERS	750,362	0	53,189	697,173	0
Compensated Absences	310,236	85,872	46,691	349,417	11,608
Total Governmental Activities					
Long-Term Obligations	<u>\$13,495,653</u>	<u>\$465,200</u>	<u>\$99,880</u>	<u>\$13,860,973</u>	<u>\$191,608</u>

On December 8, 2015, the School District issued \$4,800,000 in Series 2016 refunding bonds in order to refund the 2008 School Improvement General Obligation Bonds in order to take advantage of lower interest rates. These bonds are paid from the Bond Retirement Fund and will mature on December 1, 2036. At June 30, 2020, \$4,800,000 of the refunded bonds were still outstanding. The School District also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$450,916, but incurred an accounting loss of \$358,321 (difference between reacquisition price and net carrying amount of the old debt).

The capital appreciation bonds, issued at \$35,000, are not subject to prior redemption. The fiscal year 2020 accretion amount was \$34,628. The remaining capital appreciation bonds will mature December 1, 2023, and December 1, 2024, as follows:

Fiscal Year	Maturity Amount
2024	\$190,000
2025	240,000
Total	<u>\$430,000</u>

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

Principal and interest requirements to retire the School District’s outstanding debt at June 30, 2020, are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds			
	Serial Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest
2021	\$180,000	\$162,738	\$0	\$0
2022	215,000	158,787	0	0
2023	215,000	154,487	0	0
2024	50,000	151,587	15,000	175,000
2025	0	150,836	20,000	220,000
2026-2030	1,390,000	651,812	0	0
2031-2035	1,815,000	367,431	0	0
2036-2037	900,000	36,400	0	0
Totals	\$4,765,000	\$1,834,078	\$35,000	\$395,000

The 2016 refunding general obligation bonds will be paid from the Bond Retirement Fund. Compensated absences will be paid from the General Fund. There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the General Fund. For additional information related to the net pension/OPEB liability see Note 10 and Note 11.

The School District’s overall legal debt margin was \$1,902,871 with an unvoted debt margin of \$65,773 at June 30, 2020.

**NOTE 15 - INTERFUND ACTIVITY**

Interfund balances at June 30, 2020, consist of the following individual interfund receivable and payable:

		<b>Receivable</b>
		General Fund
<b>Payable</b>	Nonmajor Governmental Funds	\$14,423

General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Advancing monies to other funds is necessary due to timing differences in the receiving of grant monies. When the monies are finally received, the grant fund will use these restricted monies to reimburse the General Fund for the initial advance.

**CLAY LOCAL SCHOOL DISTRICT**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended June 30, 2020

Transfers made during the fiscal year ended June 30, 2020, were as follows:

		Transfers From		
		General Fund	Nonmajor Governmental Funds	Total
<b>Transfers To</b>	General Fund	\$0	\$3,249	\$3,249
	Nonmajor Governmental Funds	5,643	0	5,643
	Total	\$5,643	\$3,249	\$8,892

General Fund transfers were made to move unrestricted balances to support programs and projects accounted for in other funds. Transfers of \$3,249 from Nonmajor Governmental Funds to the General Fund were made to transfer monies out of cost centers that were closed during the fiscal year.

**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS, PUBLIC ENTITY SHARED RISK POOL, AND INSURANCE PURCHASING POOL**

**Jointly Governed Organizations**

*Coalition of Rural and Appalachian Schools*

The Coalition of Rural and Appalachian Schools (the “Coalition”) is a jointly governed organization of over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of 14 members. The Board members are composed of one superintendent from each county elected by the school districts within that county. The Coalition provides various services for School District administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for School District personnel. The Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting and designating management. Each School District’s degree of control is limited to its representation on the Board. The School District’s membership fee was \$325 for fiscal year 2020.

*Metropolitan Educational Technology Association (META)*

The School District is a participant in the Metropolitan Educational Technology Association (META), which is a computer consortium and a regional council of governments. 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.

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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The governing board of META consists of a president, vice president and twelve board members who represent the members of META. The Board works with META's Chief Executive 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 Association including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District paid META \$26,321 for services provided during the fiscal year. Financial information can be obtained from META Solutions, Ashley Widby, CFO, 100 Executive Drive, Marion Ohio 43302.

**Public Entity Shared Risk Pool**

*Optimal Health Initiatives Consortium*

The School District is a member of the Optimal Health Initiatives Consortium (the "Consortium"), a public entity shared risk pool, consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. The overall objective of the Consortium is to enable its members to purchase employee benefits and related products and services using the Consortium's economies of scale to create cost-savings. The Council's business and affairs are managed by an Executive Board of Trustees, consisting of the chairperson of each division's board of trustees and the chairperson of the Butler Health Plan. The participants pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the fiscal agent, Charles Leboeuf, CPA, MCM CPAs & Advisors, 201 East Fifth Street, Suite 2100, Cincinnati, Ohio 45202.

**Insurance Purchasing Pool**

*Ohio SchoolComp Workers' Compensation Group Rating Plan*

The School District participates in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The Ohio School Board Association (OSBA) and the Ohio Association of School Business Officials (OASBO) co-sponsor the GRP. The Executive Directors of the OSBA and the OASBO, or their designees, serve as coordinators of the program.

**NOTE 17 - SET-ASIDE CALCULATIONS**

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

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



**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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	Capital Acquisitions
Set-aside Balance as of June 30, 2019	\$0
Current Fiscal Year Set-aside Requirement	122,201
Current Fiscal Year Offsets	(122,201)
Set-aside Balance as of June 30, 2020	\$0

Amounts of offsets and qualifying expenditures presented in the table for the capital acquisition set-asides were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had additional offsets and qualifying expenditures for capital acquisitions, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore is not presented as being carried forward to the next fiscal year.

**NOTE 18 – SIGNIFICANT COMMITMENTS**

**Encumbrances**

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

General Fund	\$103,774
Nonmajor Governmental Funds	39,331
Total	\$143,105

**NOTE 19 - FUND BALANCES**

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

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

Fund Balances	General Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total
<b><i>Nonspendable:</i></b>				
Prepays	\$8,540	\$0	\$0	\$8,540
Inventory	0	0	9,211	9,211
<b><i>Total Nonspendable</i></b>	<b>8,540</b>	<b>0</b>	<b>9,211</b>	<b>17,751</b>
<b><i>Restricted for:</i></b>				
Debt Payments	0	783,343	0	783,343
Food Service	0	0	46,563	46,563
District Managed Activities	0	0	2,850	2,850
Student Activities	0	0	39,135	39,135
Local, State and Federal Grants	0	0	92,673	92,673
Classroom Facilities	0	0	33,957	33,957
<b><i>Total Restricted</i></b>	<b>0</b>	<b>783,343</b>	<b>215,178</b>	<b>998,521</b>
<b><i>Assigned to:</i></b>				
Capital Improvements	0	0	69,533	69,533
Future Appropriations	373,806	0	0	373,806
Purchases on Order	100,627	0	0	100,627
Principal's Fund	27,581	0	0	27,581
<b><i>Total Assigned</i></b>	<b>502,014</b>	<b>0</b>	<b>69,533</b>	<b>571,547</b>
<b><i>Unassigned (Deficit):</i></b>	<b>1,362,776</b>	<b>0</b>	<b>(39,625)</b>	<b>1,323,151</b>
<b><i>Total Fund Balances</i></b>	<b>\$1,873,330</b>	<b>\$783,343</b>	<b>\$254,297</b>	<b>\$2,910,970</b>

**NOTE 20 – ACCOUNTABILITY**

At June 30, 2020, the Public Preschool, Title VI-B, Title I, and Title II-A Special Revenue Funds had deficit fund balances of \$6,316, \$16,812, \$12,837, and \$3,660, respectively. The General Fund is liable for the deficits and provides transfers when cash is required, not when accruals occur.

**NOTE 21 – CONTINGENCIES**

**Grants**

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2020, if applicable, cannot be determined at this time.

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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**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, additional ODE adjustments for fiscal year 2020 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2020 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

**Litigation**

The School District is not party to any legal proceedings.

**NOTE 22 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the School District. The School District's investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**CLAY 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 Seven Fiscal Years (1)

	2020	2019	2018	2017
School District's Proportion of the Net Pension Liability	0.02708240%	0.02673850%	0.02572230%	0.02617510%
School District's Proportionate Share of the Net Pension Liability	\$1,620,388	\$1,531,363	\$1,536,851	\$1,915,776
School District's Covered Payroll	\$919,652	\$905,096	\$888,400	\$743,486
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	176.20%	169.19%	172.99%	257.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%	62.98%

(1) Information prior to 2014 is not available.

\*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

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<u>2016</u>	<u>2015</u>	<u>2014</u>
0.02491070%	0.02343500%	0.02343500%
\$1,421,428	\$1,186,032	\$1,393,604
\$749,943	\$538,397	\$659,626
189.54%	220.29%	211.27%
69.16%	71.70%	65.52%

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**CLAY 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 Four Fiscal Years (1)

	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.02772290%	0.02704720%	0.02613790%	0.02655010%
School District's Proportionate Share of the Net OPEB Liability	\$697,173	\$750,362	\$701,473	\$756,776
School District's Covered Payroll	\$919,652	\$905,096	\$888,400	\$743,486
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	75.81%	82.90%	78.96%	101.79%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.

\*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

**CLAY 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 Seven Fiscal Years (1)

	2020	2019	2018	2017
School District's Proportion of the Net Pension Liability	0.02552472%	0.02450893%	0.02440341%	0.02363416%
School District's Proportionate Share of the Net Pension Liability	\$5,644,638	\$5,388,963	\$5,797,083	\$7,911,066
School District's Covered Payroll	\$3,014,671	\$2,799,579	\$2,913,679	\$2,313,893
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	187.24%	192.49%	198.96%	341.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.30%	75.30%	66.80%

(1) Information prior to 2014 is not available.

\*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information



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<u>2016</u>	<u>2015</u>	<u>2014</u>
0.02268176%	0.02261698%	0.02261698%
\$6,268,575	\$5,501,232	\$6,553,032
\$2,488,264	\$2,302,343	\$2,320,608
251.93%	238.94%	282.38%
72.10%	74.70%	69.30%

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**CLAY 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 Four Fiscal Years (1)

	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability (Asset)	0.02552472%	0.02450893%	0.02440341%	0.02363416%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$422,750)	(\$393,833)	\$952,130	\$1,263,961
School District's Covered Payroll	\$3,014,671	\$2,799,579	\$2,913,679	\$2,313,893
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered - Payroll	(14.02)%	(14.07)%	32.68%	54.62%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

\*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

**CLAY LOCAL SCHOOL DISTRICT**  
Required Supplementary Information  
Schedule of the School District's Contributions  
School Employees Retirement System of Ohio  
Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b><u>Net Pension Liability :</u></b>				
Contractually Required Contribution	\$118,231	\$124,153	\$122,188	\$124,376
Contributions in Relation to the Contractually Required Contribution	<u>(118,231)</u>	<u>(124,153)</u>	<u>(122,188)</u>	<u>(124,376)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$844,507	\$919,652	\$905,096	\$888,400
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>
<b><u>Net OPEB Liability :</u></b>				
Contractually Required Contribution (2)	\$16,732	\$21,373	\$18,786	\$14,411
Contributions in Relation to the Contractually Required Contribution	<u>(16,732)</u>	<u>(21,373)</u>	<u>(18,786)</u>	<u>(14,411)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.98%</u>	<u>2.32%</u>	<u>2.08%</u>	<u>1.62%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.98%</u>	<u>15.82%</u>	<u>15.58%</u>	<u>15.62%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$104,088	\$98,842	\$74,622	\$91,292	\$126,815	\$112,717
<u>(104,088)</u>	<u>(98,842)</u>	<u>(74,622)</u>	<u>(91,292)</u>	<u>(126,815)</u>	<u>(112,717)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$743,486	\$749,943	\$538,397	\$659,626	\$942,866	\$896,715
<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>	<u>13.84%</u>	<u>13.45%</u>	<u>12.57%</u>
\$13,540	\$19,395	\$12,842	\$13,747	\$16,814	\$23,846
<u>(13,540)</u>	<u>(19,395)</u>	<u>(12,842)</u>	<u>(13,747)</u>	<u>(16,814)</u>	<u>(23,846)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.82%</u>	<u>2.59%</u>	<u>2.39%</u>	<u>2.08%</u>	<u>1.78%</u>	<u>2.66%</u>
<u>15.82%</u>	<u>15.77%</u>	<u>16.25%</u>	<u>15.92%</u>	<u>15.23%</u>	<u>15.23%</u>

**CLAY LOCAL SCHOOL DISTRICT**  
Required Supplementary Information  
Schedule of the School District's Contributions  
State Teachers Retirement System of Ohio  
Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b><u>Net Pension Liability :</u></b>				
Contractually Required Contribution	\$368,809	\$422,054	\$391,941	\$407,915
Contributions in Relation to the Contractually Required Contribution	<u>(368,809)</u>	<u>(422,054)</u>	<u>(391,941)</u>	<u>(407,915)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$2,634,350	\$3,014,671	\$2,799,579	\$2,913,679
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b><u>Net OPEB Liability :</u></b>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See accompanying notes to the required supplementary information

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$323,945	\$348,357	\$299,305	\$301,679	\$326,931	\$334,510
<u>(323,945)</u>	<u>(348,357)</u>	<u>(299,305)</u>	<u>(301,679)</u>	<u>(326,931)</u>	<u>(334,510)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,313,893	\$2,488,264	\$2,302,343	\$2,320,608	\$2,514,854	\$2,573,154
<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$23,023	\$23,206	\$25,149	\$25,732
<u>0</u>	<u>0</u>	<u>(23,023)</u>	<u>(23,206)</u>	<u>(25,149)</u>	<u>(25,732)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2020

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**Net Pension Liability**

**Changes in Assumptions - SERS**

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are 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. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

**Changes in Assumptions - STRS**

Beginning with fiscal year 2018, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.



**CLAY LOCAL SCHOOL DISTRICT**  
Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2020

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Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

**Net OPEB Liability**

**Changes in Assumptions – SERS**

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

Municipal Bond Index Rate:	
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

**Changes in Assumptions – STRS**

For fiscal year 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,

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2020

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withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

**Changes in Benefit Terms – STRS OPEB**

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

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

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

**Independent Auditor's Report on Internal Control over Financial  
Reporting and on Compliance and Other Matters Required by  
Government Auditing Standards**

Board of Education  
Clay Local School District  
44 Clay High Street  
Portsmouth, Ohio 45662

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clay Local School District (the School District), Scioto County, as of and for the year ended June 30, 2020, 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 January 20, 2021. Wherein we noted that the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* and related guidance from (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities*, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* and the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2018-1*. We also noted the financial impact of COVID-19 and the ensuing emergency measures that will impact subsequent periods of the School District.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of supporting 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 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 weakness 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 may exist that have not been identified.

Board of Education  
Clay Local School District  
Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based Required by  
*Government Auditing Standards*

### **Compliance and Other Matters**

As part of obtaining reasonable assurance whether the School District's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental 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.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

January 20, 2021

# OHIO AUDITOR OF STATE KEITH FABER



**CLAY LOCAL SCHOOL DISTRICT**

**SCIOTO 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 3/30/2021**

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

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