



***CLAY LOCAL SCHOOL DISTRICT***

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**SCIOTO COUNTY**

**REGULAR AUDIT**

**For the Fiscal Year Ended June 30, 2016**

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

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Dave Yost • Auditor of State

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, 2015 through June 30, 2016. 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 black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

March 15, 2017

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*For the Fiscal Year Ended June 30, 2016*

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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, 2016, 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, 2016, 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.

***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 3-10 and schedule of net pension liabilities and pension 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 17, 2017, 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 17, 2017



**CLAY LOCAL SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
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, 2016. 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**

- Net Position of governmental activities increased \$68,985, which is insignificant.
- General Revenues accounted for \$5,073,467. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$2,969,051 of total revenues of \$8,042,518.
- The School District had \$7,973,533 in expenses related to governmental activities; only \$2,969,051 of these expenses were offset by program specific charges for services and sales, grants, contributions, and interest. General Revenues (primarily grants, entitlements and property taxes) of \$5,073,467 were adequate to provide for these programs.

**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 2016?"

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Management's Discussion and Analysis  
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Unaudited

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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.

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 eight. 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** – The School District's fiduciary fund is an agency fund. 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.

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Unaudited

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for fiscal years 2016 and 2015:

(Table 1)  
**Net Position**

	Governmental Activities		
	2016	2015	Change
<b>Assets</b>			
Current and Other Assets	\$3,892,884	\$3,175,865	\$717,019
Capital Assets, Net	20,912,388	21,455,856	(543,468)
Total Assets	<u>24,805,272</u>	<u>24,631,721</u>	<u>173,551</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	349,363	0	349,363
Pension	826,564	510,254	316,310
Total Deferred Outflows of Resources	<u>1,175,927</u>	<u>510,254</u>	<u>665,673</u>
<b>Liabilities</b>			
Current and Other Liabilities	679,007	686,989	(7,982)
Long-Term Liabilities:			
Due Within One Year	123,391	172,751	(49,360)
Due In More Than One Year:			
Net Pension Liability	7,690,003	6,687,264	1,002,739
Other Amounts	5,917,225	5,404,976	512,249
Total Liabilities	<u>14,409,626</u>	<u>12,951,980</u>	<u>1,457,646</u>
<b>Deferred Inflow of Resources</b>			
Property Taxes	1,371,482	1,346,570	24,912
Pension	497,926	1,210,245	(712,319)
Total Deferred Inflow Of Resources	<u>1,869,408</u>	<u>2,556,815</u>	<u>(687,407)</u>
<b>Net Position</b>			
Net Investment In Capital Assets	15,750,692	16,532,328	(781,636)
Restricted	585,422	376,233	209,189
Unrestricted (Deficit)	<u>(6,633,949)</u>	<u>(7,275,381)</u>	<u>641,432</u>
Total Net Position	<u><u>\$9,702,165</u></u>	<u><u>\$9,633,180</u></u>	<u><u>\$68,985</u></u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2016 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

GASB 68 requires the net pension liability to equal the School District's proportionate share of each plan's collective:

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

GASB notes that pension 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. GASB noted that the unfunded portion of this pension 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 this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, 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 pension 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 is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

Total Assets of governmental activities increased \$173,551. Current and Other Assets increased \$717,019 due to an increase in State funding and student enrollment during the fiscal year. Capital Assets, Net decreased significantly in the amount of \$543,468 due to current year depreciation exceeding current year asset additions.

Total Liabilities increased \$1,457,646 primarily due to the new bond issuance in fiscal year 2016 and the increase in net pension liability.

Net Investment in Capital Assets for governmental activities decreased \$781,636. The decrease is due to current year depreciation exceeding current year additions. Unrestricted Net Position for governmental activities increased \$641,432 resulting from receiving an increase in State funding and tuition and fees revenue, which is due to an increase in student enrollment.

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, operating and capital grants, contributions, and interest. General Revenues include property taxes, unrestricted grants, such as State foundation support, unrestricted contributions, investment earnings and miscellaneous revenues.

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

**CLAY LOCAL SCHOOL DISTRICT**  
Management's Discussion and Analysis  
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(Table 2)  
Change in Net Position

	Governmental Activities		Increase/ (Decrease)
	2016	2015	
<b>Revenues</b>			
Program Revenues:			
Charges for Services and Sales	\$1,843,486	\$1,610,362	\$233,124
Operating Grants, Contributions, and Interest	1,125,565	1,127,402	(1,837)
<b>Total Program Revenues</b>	<b>2,969,051</b>	<b>2,737,764</b>	<b>231,287</b>
General Revenues:			
Property Taxes Levied for:			
General Purposes	1,034,489	1,007,273	27,216
Debt Service	307,183	303,231	3,952
Other Purposes	23,490	23,110	380
Grants and Entitlements not			
Restricted to Specific Programs	3,446,345	2,920,159	526,186
Investment Earnings	1,826	1,698	128
Miscellaneous	260,134	219,985	40,149
<b>Total General Revenues</b>	<b>5,073,467</b>	<b>4,475,456</b>	<b>598,011</b>
<b>Total Revenues</b>	<b>8,042,518</b>	<b>7,213,220</b>	<b>829,298</b>
<b>Program Expenses</b>			
Instruction:			
Regular	3,478,467	3,305,350	173,117
Special	1,066,900	886,140	180,760
Student Intervention Services	36,666	23,763	12,903
Support Services:			
Pupil	289,791	272,017	17,774
Instructional Staff	237,679	229,648	8,031
Board of Education	15,565	13,191	2,374
Administration	758,052	610,997	147,055
Fiscal	205,715	186,644	19,071
Operation and Maintenance of Plant	679,111	508,877	170,234
Pupil Transportation	311,256	395,697	(84,441)
Central	17,125	38,169	(21,044)
Operation of Non-Instructional Services:			
Food Service Operations	324,149	308,571	15,578
Extracurricular Activities	193,688	186,679	7,009
Interest and Fiscal Charges	359,369	286,026	73,343
<b>Total Expenses</b>	<b>7,973,533</b>	<b>7,251,769</b>	<b>721,764</b>
Increase in Net Assets	68,985	(38,549)	107,534
Net Assets at Beginning of Year	9,633,180	9,671,729	(38,549)
Net Assets at End of Year	<b>\$9,702,165</b>	<b>\$9,633,180</b>	<b>\$68,985</b>

The statement of activities shows the cost of program services and the charges for services and sales, and operating grants, contributions and interest.

**CLAY LOCAL SCHOOL DISTRICT**  
Management's Discussion and Analysis  
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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 \$2,969,051 of total revenues for fiscal year 2016 and varied from fiscal year 2015. Overall program revenues increased mostly due to tuition and fees, which increased due to higher student enrollment at the end of the fiscal year.

As previously mentioned General Revenues were \$5,073,467 of total revenues for fiscal year 2016 and were \$598,011 more than the prior fiscal year. This is primarily due to the School District receiving more State funding compared to the prior fiscal year.

As should be expected, Instruction costs represent the largest of the School District's expenses, \$4,582,033 for fiscal year 2016. Total Instruction costs increased \$366,780, due to an increase in staff, which also increased fringe benefits and increased expenditures overall. The Instruction category, however, does not include all activities associated with educating students. Total support services which support the instruction process, including Pupils, Instructional Staff, Administration, Maintenance, and Pupil Transportation account for \$2,514,294 of governmental expenses.

**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 \$8,040,478 and expenditures of \$7,444,915. The net change in fund balance for the fiscal year was most significant in the General Fund, an increase of \$644,817. Overall, both revenues and expenditures increased compared to fiscal year 2015 with revenues continuing to outpace expenditures due to the School District continuously monitoring its spending.

The Bond Retirement Fund balance increased \$69,097 due to proceeds from refunding bonds that were issued 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 2016, 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 an increase of \$675,025 between the original budget and final budget basis revenue, which is mainly due to intergovernmental and tuition and fees. Intergovernmental increased because the School District received an increase in State funding. Tuition and fees increased because student enrollment increased during fiscal year 2016. Final estimated expenditures were \$6,123,311, with original estimated expenditures of \$5,849,573.

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Unaudited

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This difference of \$273,738 was primarily due to an increase in staff in special instruction, which resulted in an increase in fringe benefits. The difference is also due to expenditures, in general, increasing overall when compared to the beginning of the fiscal year.

**Capital Assets**

At the end of fiscal year 2016, the School District had \$20,912,388 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. A decrease occurred due to current year depreciation exceeding current year asset additions.

For more information on capital assets, refer to Note 7 in the notes to the basic financial statements.

**Debt**

At June 30, 2016, the School District's outstanding debt obligations included general obligation bonds, of \$4,869,242. 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 \$7,690,003, a premium and accretion on the general obligation bonds of \$641,817 and \$224,871, respectively, and compensated absences.

The School District's overall legal debt margin was \$576,710 with an unvoted debt margin of \$57,477 at June 30, 2016.

For more detailed information on debt, refer to Note 13 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)



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**CLAY LOCAL SCHOOL DISTRICT**

Statement of Net Position

June 30, 2016

	Governmental Activities
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$2,271,802
Materials and Supplies Inventory	3,096
Accrued Interest Receivable	376
Inventory Held for Resale	6,764
Accounts Receivable	4,024
Prepaid Items	2,737
Property Taxes Receivable	1,549,253
Intergovernmental Receivable	54,832
Capital Assets:	
Land	38,512
Depreciable Capital Assets, Net	20,873,876
<i>Total Assets</i>	<u>24,805,272</u>
<b><u>Deferred Outflows of Resources:</u></b>	
Deferred Charge on Refunding	349,363
Pension	826,564
Total Deferred Inflows of Resources	<u>1,175,927</u>
<b><u>Liabilities:</u></b>	
Accounts Payable	47,301
Accrued Wages and Benefits Payable	472,006
Intergovernmental Payable	119,051
Accrued Interest Payable	13,712
Accrued Vacation Leave Payable	26,937
Long-Term Liabilities:	
Due Within One Year	123,391
Due in More Than One Year:	
Net Pension Liability (See Note 9)	7,690,003
Other Amounts Due in More Than One Year	5,917,225
<i>Total Liabilities</i>	<u>14,409,626</u>
<b><u>Deferred Inflows of Resources:</u></b>	
Property Taxes	1,371,482
Pension	497,926
Total Deferred Inflows of Resources	<u>1,869,408</u>
<b><u>Net Position:</u></b>	
Net Investment in Capital Assets	15,750,692
Restricted for Debt Service	297,363
Restricted for Capital Outlay	187,014
Restricted for Other Purposes:	
Classroom Facilities Maintenance	58,676
Food Service	31,879
Athletics	452
Other Grants	3,930
State and Local Grants	6,108
Unrestricted (Deficit)	<u>(6,633,949)</u>
<i>Total Net Position</i>	<u><u>\$9,702,165</u></u>

See accompanying notes to the basic financial statements

**CLAY LOCAL SCHOOL DISTRICT**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2016

	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><i>Governmental Activities:</i></b>				
Instruction:				
Regular	\$3,478,467	\$1,716,782	\$169,190	(\$1,592,495)
Special	1,066,900	0	610,091	(456,809)
Vocational	0	0	1,173	1,173
Student Intervention Services	36,666	0	0	(36,666)
Support Services:				
Pupils	289,791	0	9,882	(279,909)
Instructional Staff	237,679	0	0	(237,679)
Board of Education	15,565	0	0	(15,565)
Administration	758,052	0	0	(758,052)
Fiscal	205,715	0	0	(205,715)
Operation and Maintenance of Plant	679,111	0	15,295	(663,816)
Pupil Transportation	311,256	0	21,899	(289,357)
Central	17,125	0	0	(17,125)
Operation of Non-Instructional Services:				
Food Service Operations	324,149	57,015	236,975	(30,159)
Extracurricular Activities	193,688	69,689	61,060	(62,939)
Interest and Fiscal Charges	359,369	0	0	(359,369)
<b><i>Total Governmental Activities</i></b>	<b>\$7,973,533</b>	<b>\$1,843,486</b>	<b>\$1,125,565</b>	<b>(5,004,482)</b>
<b><i>General Revenues:</i></b>				
Property Taxes Levied for:				
				1,034,489
				307,183
				23,490
Grants and Entitlements not				
				3,446,345
Restricted to Specific Programs				
				1,826
				260,134
<b><i>Total General Revenues</i></b>				<b>5,073,467</b>
<b><i>Change in Net Position</i></b>				<b>68,985</b>
<b><i>Net Position at Beginning of Year</i></b>				<b>9,633,180</b>
<b><i>Net Position at End of Year</i></b>				<b>\$9,702,165</b>

See accompanying notes to the basic financial statements

**CLAY LOCAL SCHOOL DISTRICT**

**Balance Sheet**

Governmental Funds

June 30, 2016

	General Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$1,697,526	\$270,575	\$303,701	\$2,271,802
Receivables:				
Property Taxes	1,178,353	344,484	26,416	1,549,253
Accounts	4,024	0	0	4,024
Intergovernmental	44,143	0	10,689	54,832
Accrued Interest	376	0	0	376
Interfund	6,154	0	0	6,154
Prepaid Items	2,737	0	0	2,737
Materials and Supplies Inventory	2,224	0	872	3,096
Inventory Held for Resale	0	0	6,764	6,764
<i>Total Assets</i>	<u>\$2,935,537</u>	<u>\$615,059</u>	<u>\$348,442</u>	<u>\$3,899,038</u>
<b><u>Liabilities and Fund Balances:</u></b>				
<b><u>Liabilities:</u></b>				
Accounts Payable	\$42,022	\$0	\$5,279	\$47,301
Accrued Wages and Benefits Payable	469,357	0	2,649	472,006
Intergovernmental Payable	116,797	0	2,254	119,051
Interfund Payable	0	0	6,154	6,154
<i>Total Liabilities</i>	<u>628,176</u>	<u>0</u>	<u>16,336</u>	<u>644,512</u>
<b><u>Deferred Inflows of Resources:</u></b>				
Property Taxes	1,044,093	303,984	23,405	1,371,482
Unavailable Revenue	126,294	38,085	6,274	170,653
<i>Total Deferred Inflows of Resources</i>	<u>1,170,387</u>	<u>342,069</u>	<u>29,679</u>	<u>1,542,135</u>
<b><u>Fund Balances:</u></b>				
Nonspendable	4,961	0	872	5,833
Restricted	0	272,990	280,913	553,903
Assigned	31,728	0	20,642	52,370
Unassigned	1,100,285	0	0	1,100,285
<i>Total Fund Balances</i>	<u>1,136,974</u>	<u>272,990</u>	<u>302,427</u>	<u>1,712,391</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,935,537</u>	<u>\$615,059</u>	<u>\$348,442</u>	<u>\$3,899,038</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, 2016

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<b>Total Governmental Fund Balances</b>		\$1,712,391
 <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	
Other capital assets	27,094,512	
Accumulated depreciation	<u>(6,220,636)</u>	
Total capital assets		20,912,388
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	167,281	
Intergovernmental	<u>3,372</u>	
Total		170,653
Accrued Vacation Leave Payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds.		
		(26,937)
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.		
		349,363
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred Outflows - Pension	826,564	
Deferred Inflows - Pension	(497,926)	
Net Pension Liability	<u>(7,690,003)</u>	
Total		(7,361,365)
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	(4,869,242)	
Accretion on Capital Appreciation Bonds	(224,871)	
Premium on general obligation bonds	(641,817)	
Compensated absences	<u>(304,686)</u>	
Total liabilities		<u>(6,040,616)</u>
<b>Net Position of Governmental Activities</b>		<u><u>\$9,702,165</u></u>

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, 2016

	General Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>				
Property Taxes	\$1,032,775	\$306,787	\$23,457	\$1,363,019
Intergovernmental	3,725,325	51,101	724,489	4,500,915
Interest	1,656	43	283	1,982
Tuition and Fees	1,716,782	0	0	1,716,782
Extracurricular Activities	24,020	0	45,669	69,689
Charges for Services	0	0	57,015	57,015
Contributions and Donations	9,882	0	61,060	70,942
Miscellaneous	254,114	0	6,020	260,134
<b>Total Revenues</b>	<b>6,764,554</b>	<b>357,931</b>	<b>917,993</b>	<b>8,040,478</b>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	2,994,058	0	176,165	3,170,223
Special	776,635	0	255,003	1,031,638
Student Intervention Services	25,660	0	0	25,660
Support Services:				
Pupils	261,548	0	7,920	269,468
Instructional Staff	210,945	0	0	210,945
Board of Education	15,565	0	0	15,565
Administration	669,155	0	0	669,155
Fiscal	180,716	8,629	661	190,006
Operation and Maintenance of Plant	607,211	0	64,832	672,043
Pupil Transportation	267,616	0	14,096	281,712
Central	35	0	0	35
Operation of Non-Instructional Services:				
Food Service Operations	0	0	296,365	296,365
Extracurricular Activities	76,109	0	115,860	191,969
Debt Service:				
Principal Retirement	26,671	27,615	0	54,286
Interest and Fiscal Charges	0	365,845	0	365,845
<b>Total Expenditures</b>	<b>6,111,924</b>	<b>402,089</b>	<b>930,902</b>	<b>7,444,915</b>
Excess of Revenues Over (Under) Expenditures	652,630	(44,158)	(12,909)	595,563
<b><u>Other Financing Sources (Uses):</u></b>				
General Obligation Refunding Bonds Issued	0	4,800,000	0	4,800,000
Premium on General Obligation Refunding Bonds	0	641,817	0	641,817
Payment to Refunded Bond Escrow Agent	0	(5,328,562)	0	(5,328,562)
Transfers In	0	0	7,813	7,813
Transfers Out	(7,813)	0	0	(7,813)
<b>Total Other Financing Sources (Uses)</b>	<b>(7,813)</b>	<b>113,255</b>	<b>7,813</b>	<b>113,255</b>
<b>Net Change in Fund Balances</b>	<b>644,817</b>	<b>69,097</b>	<b>(5,096)</b>	<b>708,818</b>
<b>Fund Balances at Beginning of Year</b>	<b>492,157</b>	<b>203,893</b>	<b>307,523</b>	<b>1,003,573</b>
<b>Fund Balances at End of Year</b>	<b>\$1,136,974</b>	<b>\$272,990</b>	<b>\$302,427</b>	<b>\$1,712,391</b>

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, 2016

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**Net Change in Fund Balances - Total Governmental Funds** \$708,818

*Amounts reported for governmental activities in the  
Statement of Activities are different because:*

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:

Capital assets additions	50,208	
Depreciation expense	(593,676)	
Excess of depreciation expense over capital outlay		(543,468)

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	2,143	
Intergovernmental	51	
Investment Earnings	(154)	
Total		2,040

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Activities reports these amounts as deferred outflows. 428,033

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities. (402,143)

The issuance of long-term debt provides current financial resources to governmental funds, but in the Statement of Net Position, the debt is reported as a liability.

Proceeds of general obligation refunding bonds	(4,800,000)	
Premium on general obligation refunding bonds	(641,817)	
Total		(5,441,817)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current fiscal year, these amounts consist of:

Loan principal payments	26,671	
Bond principal payments	27,615	
Payment to refunded bond escrow agent	5,328,562	
Total long-term debt repayment		5,382,848

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

Increase in accrued interest	5,619	
Accretion on bonds	9,815	
Amortization of loss on refunding	(8,958)	
Total		6,476

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	(16,388)	
Increase in compensated absences payable	(55,414)	
Total		(71,802)

**Change in Net Position of Governmental Activities** \$68,985

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, 2016

	Budget Amounts			Variance With Final Budget Over/(Under)
	Original	Final	Actual	
<b><u>Revenues:</u></b>				
Property Taxes	\$1,187,349	\$1,032,489	\$1,032,489	\$0
Intergovernmental	3,181,397	3,725,325	3,725,325	0
Investment Earnings	993	1,163	1,187	24
Tuition and Fees	1,428,455	1,672,679	1,672,679	0
Extracurricular Activities	20,513	24,020	24,020	0
Contributions and Donations	8,439	9,882	9,882	0
Miscellaneous	214,137	250,750	250,750	0
<i>Total Revenues</i>	<u>6,041,283</u>	<u>6,716,308</u>	<u>6,716,332</u>	<u>24</u>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	3,021,824	2,996,642	2,996,642	0
Special	593,606	731,979	731,979	0
Student Intervention Services	17,560	18,141	18,141	0
Support Services:				
Pupils	254,347	255,258	255,258	0
Instructional Staff	117,247	186,875	186,875	0
Board of Education	13,926	20,267	20,267	0
Administration	614,452	657,671	657,671	0
Fiscal	204,432	207,855	207,855	0
Operation and Maintenance of Plant	519,228	611,392	611,392	0
Pupil Transportation	414,741	358,845	358,845	0
Central	70	70	70	0
Extracurricular Activities	78,140	78,316	78,316	0
<i>Total Expenditures</i>	<u>5,849,573</u>	<u>6,123,311</u>	<u>6,123,311</u>	<u>0</u>
Excess of Revenues Over Expenditures	<u>191,710</u>	<u>592,997</u>	<u>593,021</u>	<u>24</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Refund of Prior Year Receipts	(7,695)	(7,695)	(7,695)	0
Transfers Out	(4,000)	(7,813)	(7,813)	0
Advances Out	0	(6,170)	(6,170)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(11,695)</u>	<u>(21,678)</u>	<u>(21,678)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	180,015	571,319	571,343	24
<i>Fund Balance at Beginning of Year</i>	899,808	899,808	899,808	0
<i>Prior Year Encumbrances Appropriated</i>	<u>162,468</u>	<u>162,468</u>	<u>162,468</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,242,291</u></u>	<u><u>\$1,633,595</u></u>	<u><u>\$1,633,619</u></u>	<u><u>\$24</u></u>

See accompanying notes to the basic financial statements



**CLAY LOCAL SCHOOL DISTRICT**

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2016

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	Private Purpose Trust Fund	Agency Funds
	<u>                    </u>	<u>                    </u>
<b><u>Assets:</u></b>		
Equity in Pooled Cash and Cash Equivalents	\$1,500	<u><u>\$40,155</u></u>
<b><u>Liabilities:</u></b>		
Undistributed Monies	<u>                    0</u>	<u><u>\$40,155</u></u>
<b><u>Net Position:</u></b>		
Held in Trust for Scholarships	<u><u>\$1,500</u></u>	

See accompanying notes to the basic financial statements

**CLAY LOCAL SCHOOL DISTRICT**  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2016

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	Private Purpose Trust Fund
<b><u>Additions:</u></b>	
Contributions and Donations	\$1,500
<b><u>Deductions:</u></b>	
Scholarships	1,000
<i>Change in Net Position</i>	500
<i>Net Position at Beginning of Year</i>	1,000
<i>Net Position at End of Year</i>	\$1,500

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, 2016

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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 24 classified employees, 48 certificated teaching personnel and four administrative employees who provide services to 675 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 six organizations, four 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 15 to the basic financial statements.

Jointly Governed Organizations:

- South Central Ohio Computer Association Regional Council of Governments (SCOCARCoG)
- Coalition of Rural and Appalachian Schools
- Metropolitan Educational Technology Association (META)
- Southern Ohio Academy

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

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Public Entity Shared Risk Pool:  
Optimal Health Initiatives Consortium

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, 2016

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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 – 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, 2016

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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 four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary funds are a private purpose trust fund which accounts for contributions received for scholarship programs and agency funds which account for student managed activity programs.

**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.

The private purpose trust funds are reported using the economic flow of resources measurement focus.

**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 the 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 inflows of resources, and in the presentation of expenses versus expenditures.

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

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*Revenues - Exchange and Non-exchange Transactions*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “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 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the 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 statements of financial 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 for pension. 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 or refunding debt. The deferred outflows of resources related to pension are explained in Note 9.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, unavailable revenue, and pension. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 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

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

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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 and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (See Note 9).

*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.

**Pensions**

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

**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 2016, the School District's investments were limited to negotiable certificates of deposit and money market mutual funds. Investments are reported at fair value which is based on quoted market 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 2016 amounted to \$1,656, which includes \$175 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.



**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

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**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2016, 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.

**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.

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  
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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.

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 governmental funds. However, compensated absences and the net pension liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current fiscal year. Bonds and capital leases that will be paid from governmental funds are recognized as an expenditure and liability in the governmental fund financial statements when due.

**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

**CLAY LOCAL SCHOOL DISTRICT**  
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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.

*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 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 financial 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.

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

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
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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, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, 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. The amounts reported as final budgeted amounts reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated 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.

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 appreciation bonds is recorded as an expenditure when the debt becomes due.

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

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**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 - 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.

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Net Change in Fund Balance	
GAAP Basis	\$644,817
Adjustments:	
Revenue Accruals	(48,047)
Expenditure Accruals	44,503
Encumbrances	(63,585)
Change in Fair Value of Investments - 2016	(322)
Change in Fair Value of Investments - 2015	147
Advances	(6,170)
Budget Basis	\$571,343

**NOTE 4 - 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 which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
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federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. . Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. . Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. . The State Treasurer's investment pool (STAR Ohio);
7. . Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. . Written repurchase agreements in the securities described in (1) or (2) 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.

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. Investments may only be made through specified dealers and institutions.

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$1,800,459 of the School District's bank balance of \$2,050,459 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateralization of public funds. Ohio law requires that deposits either be insured or protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

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**Investments**

As of June 30, 2016, the School District had the following investments:

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Maturity</u>	<u>S&amp;P Rating</u>	<u>Percent of Total Investments</u>
Fair Value				
Negotiable Certificates of Deposit	\$300,322	Less than one year	N/A	99.70%
Money Market Mutual Funds	907	Less than one year	N/A	N/A
Totals	<u>\$301,229</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, 2016. All of the School District's investments measured at fair value are valued using quoted market prices (Level 1 inputs).

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District has no investment policy that would further limit its investment choices. The negotiable certificates of deposit are in denominations of under \$250,000 each, in separate banks, and are insured by the Federal Deposit Insurance Corporation (FDIC). The negotiable certificates of deposit are, therefore, not subject to credit risk. The School District has no investment policy that addresses credit risk.

**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, 2016

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**NOTE 5 - 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 2016 represents collections of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed value listed as of January 1, 2015, 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 2016 represents collections of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien December 31, 2014, were levied after April 1, 2015, and are collected in calendar year 2016 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, 2016, are available to finance fiscal year 2016 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, 2016, 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, 2016, were \$7,966 in the General Fund, \$2,415 in the Bond Retirement Debt Service Fund and \$109 in Nonmajor Governmental Funds. The amounts available as an advance at June 30, 2015, were \$7,680 in the General Fund, \$2,339 in the Bond Retirement Debt Service Fund and \$125 in Nonmajor Governmental Funds.

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 2016 taxes were collected are:

**CLAY LOCAL SCHOOL DISTRICT**  
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	2015 Second- Half Collections		2016 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$52,523,550	92.83%	\$52,560,120	91.44%
Public Utility Personal	4,053,830	7.17%	4,917,240	8.56%
Total Assessed Value	\$56,577,380	100.00%	\$57,477,360	100.00%
 Tax rate per \$1,000 of assessed valuation	 \$32.02		 \$32.02	

**NOTE 6 - RECEIVABLES**

Receivables at June 30, 2016, consisted of property taxes, accounts, intergovernmental grants, accrued interest, and interfund. All receivables are considered collectible in full and will be received within one fiscal year with the exception of the property taxes. All receivables, except for delinquent property taxes, are expected to be collected within one year. 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 I	\$6,211
Small, Rural School Achievement Program	3,372
High Schools That Work	1,106
Tuition and Fees	44,143
Total Intergovernmental Receivables	\$54,832

**NOTE 7 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2016, was as follows:

	Balance at 6/30/15	Additions	Deductions	Balance at 6/30/16
<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	2,301,427	27,744	0	2,329,171
Vehicles	432,151	22,464	0	454,615
Total Capital Assets Being Depreciated	\$27,044,304	\$50,208	\$0	\$27,094,512

(continued)

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

	Balance at 6/30/15	Additions	Deductions	Balance at 6/30/16
<u>Governmental Activities</u>				
Less Accumulated Depreciation:				
Land Improvements	(\$130,835)	(\$2,657)	\$0	(\$133,492)
Buildings and Improvements	(3,651,707)	(435,652)	0	(4,087,359)
Furniture, Fixtures and Equipment	(1,525,369)	(144,535)	0	(1,669,904)
Vehicles	(319,049)	(10,832)	0	(329,881)
Total Accumulated Depreciation	<u>(5,626,960)</u>	<u>(593,676) *</u>	<u>0</u>	<u>(6,220,636)</u>
 Total Capital Assets Being Depreciated, Net	 <u>21,417,344</u>	 <u>(543,468)</u>	 <u>0</u>	 <u>20,873,876</u>
 Governmental Activities Capital Assets, Net	 <u>\$21,455,856</u>	 <u>(\$543,468)</u>	 <u>\$0</u>	 <u>\$20,912,388</u>

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

Instruction:	
Regular	\$315,073
Special	33,687
Student Intervention Services	6,260
Support Services:	
Pupils	19,760
Instructional Staff	27,654
Administration	53,147
Fiscal	13,036
Operation and Maintenance of Plant	32,383
Pupil Transportation	48,627
Central	17,090
Operation of Non-Instructional Services:	
Food Service Operations	25,240
Extracurricular Activities	1,719
Total Depreciation Expense	<u>\$593,676</u>

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

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**NOTE 8 - 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 2016, the School District contracted with School Insurance Consultants, LLC (SIC) for insurance consulting services. The premium paid to SIC for fiscal year 2016 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 Selective Insurance Agency for liability, property, inland marine, and automobile liability insurance coverage and paid its premium to Governmental Underwriters of America, an agent for Selective Insurance Agency.

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 15), 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 2016, the School District participated in the Ohio SchoolComp Workers’ Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduce 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 9 - DEFINED BENEFIT PENSION PLANS**

**Net Pension Liability**

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

**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:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$104,088 for fiscal year 2016. Of this amount \$31,468 is reported as an intergovernmental payable.

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

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

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

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The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 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, 11 percent of the 12 percent member rate goes to the DC Plan and 1 percent goes 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 services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. Effective July 1, 2016, the statutory maximum employee contribution rate was

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increased one percent to 14 percent. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$323,945 for fiscal year 2016. Of this amount \$49,133 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, 2015, 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.02343500%	0.02261698%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.02491070%</u>	<u>0.02268176%</u>	
Change in Proportionate Share	<u>0.00147570%</u>	<u>0.00006478%</u>	
Proportionate Share of the Net			
Pension Liability	\$1,421,428	\$6,268,575	\$7,690,003
Pension Expense	\$110,908	\$291,235	\$402,143

At June 30, 2016, 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	\$22,888	\$285,768	\$308,656
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	65,137	24,738	89,875
School District contributions subsequent to the measurement date	<u>104,088</u>	<u>323,945</u>	<u>428,033</u>
Total Deferred Outflows of Resources	<u>\$192,113</u>	<u>\$634,451</u>	<u>\$826,564</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$47,097</u>	<u>\$450,829</u>	<u>\$497,926</u>



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\$428,033 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2017	\$3,707	(\$95,553)	(\$91,846)
2018	3,707	(95,553)	(91,846)
2019	3,598	(95,553)	(91,955)
2020	29,916	146,336	176,252
Total	\$40,928	(\$140,323)	(\$99,395)

**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, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating 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 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

**Discount Rate** The total pension liability was calculated using the discount rate of 7.75 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 (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 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 (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

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	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$1,971,011	\$1,421,428	\$958,635

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	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 paid on fifth anniversary of retirement date.

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.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

Asset Class	Target Allocation	10 Year Expected Nominal Rate of Return *
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

\* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent.

**Discount Rate** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions

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that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

***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 7.75 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 (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$8,707,524	\$6,268,575	\$4,206,080

**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, 2016, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 10 - POSTEMPLOYMENT BENEFITS**

**School Employees Retirement System**

**Health Care Plan Description** - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. 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. Health care is financed through a

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combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, no allocation of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2016, the School District's surcharge obligation was \$13,540.

The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$19,395, and \$12,842, respectively. The full amount has been contributed for all three fiscal years.

**State Teachers Retirement System of Ohio**

Plan Description – The State Teachers Retirement System of Ohio (STRS Ohio) administers a cost-sharing multiple-employer defined benefit Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio 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 Ohio 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 Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For the fiscal years ended June 30, 2016 and June 30, 2015, STRS Ohio did not allocate any employer contributions to post-employment health care. For the fiscal year ended June 30, 2014, one percent of covered payroll was allocated to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$23,206, respectively. The full amount has been contributed for all three fiscal years.

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**NOTE 11 - 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.

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 - 60 days, depending on years of service.

**Insurance Benefits**

The School District provides vision coverage through Vision Service Plan and life insurance through the Metropolitan Educational Technology Association (Note 15). The School District also provides health care and dental coverage for its employees with Medical Mutual of Ohio through the Optimal Health Initiatives Consortium.

**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 12 - OPERATING LEASES - LESSEE DISCLOSURE**

In the prior fiscal year, 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. In fiscal year 2016, the School District payments totaled \$7,836.

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

Fiscal Year Ending June 30,	Total Payments
2017	\$7,836
2018	1,306
Total	<u>\$9,142</u>

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**NOTE 13 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2016 were as follows:

	Amount Outstanding 6/30/15	Additions	Deductions	Amount Outstanding 6/30/16	Amounts Due in One Year
<u>Governmental Activities:</u>					
2008 School Improvement General					
Obligation Bonds - 3.63% to 5.25%					
Term Bonds	\$4,800,000	\$0	\$4,800,000	\$0	\$0
Capital Appreciation Bonds	96,857	0	27,615	69,242	25,311
Accretion on Capital Appreciation Bonds	234,686	50,651	72,385	212,952	84,689
Unamortized Premium	170,241	0	170,241	0	0
2016 Refunding General Obligation					
Bonds - 2% to 4%					
Serial Bonds	0	4,765,000	0	4,765,000	0
Capital Appreciation Bonds	0	35,000	0	35,000	0
Accretion on Capital Appreciation Bonds	0	11,919	0	11,919	0
Unamortized Premium	0	641,817	0	641,817	0
<b>Total All Bonded Debt</b>	<b>5,301,784</b>	<b>5,504,387</b>	<b>5,070,241</b>	<b>5,735,930</b>	<b>110,000</b>
Net Pension Liability					
STRS	5,501,232	767,343	0	6,268,575	0
SERS	1,186,032	235,396	0	1,421,428	0
<b>Total Net Pension Liability</b>	<b>6,687,264</b>	<b>1,002,739</b>	<b>0</b>	<b>7,690,003</b>	<b>0</b>
2012 OSFC Hardship Loan	26,671	0	26,671	0	0
Compensated Absences	249,272	110,545	55,131	304,686	13,391
<b>Total Governmental Activities Long-Term Obligations</b>	<b>\$12,264,991</b>	<b>\$6,617,671</b>	<b>\$5,152,043</b>	<b>\$13,730,619</b>	<b>\$123,391</b>

On November 12, 2008, the School District issued \$5,265,000 in general obligation bonds for the purpose of paying off the July 2008 bond anticipation notes. The bond issue included serial, term, and capital appreciation bonds, in the amounts of \$335,000, \$4,800,000, and \$130,000, respectively. The bonds were issued for a 28 year period with first maturity at December 1, 2009, and final maturity at December 1, 2036.

The capital appreciation bonds, issued at \$130,000, are not subject to prior redemption. The fiscal year 2016 accretion amount was \$50,651. The remaining capital appreciation bonds will mature December 1, 2016, through 2019 as follows:

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Fiscal Year	Maturity Amount
2017	\$110,000
2018	125,000
2019	125,000
Total	<u>\$360,000</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 Debt Service Fund and will mature on December 1, 2036. At June 30, 2016, \$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), which is shown in the following table:

Refunded Bonds Outstanding at 6/30/15	\$4,800,000
Premium on Refunded Bonds at 6/30/15	<u>170,241</u>
Total Refunded Bonds Outstanding at 6/30/15	4,970,241
Payment to Refunded Bond Escrow Agent - Debt Service	<u>(5,328,562)</u>
2016 Refunding Bonds Accounting Loss	<u>(\$358,321)</u>

The capital appreciation bonds, issued at \$35,000, are not subject to prior redemption. The fiscal year 2016 accretion amount was \$11,919. 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>

On June 27, 2010, the School District entered into a loan agreement with the Ohio School Facilities Commission for costs associated with the construction of its new facility. The loan was authorized under the Hardship Loan Program. This program allows the Ohio School Facilities Commission to enter into a loan agreement with a school district if the basic costs of a construction project are increased from the original amount. Qualifying expenditures under the program must be the result of additional costs to the school district to correct conditions resulting from the discovery of oversights or deficiencies in the initial assessment or plan and the payment of such expenditures would create an undue hardship on the school district. The School District submitted an assessment to the Ohio School Facilities Commission that indicated that if it provided the full amount of the additional local share of the construction project of the new facilities, there would be a negative impact on the fund balances of the School District in fiscal years 2011 and 2012. The total amount of the loan was \$266,707.

Principal and interest requirements to retire the School District's outstanding debt at June 30, 2016, are as follows:



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Fiscal Year Ending June 30,	General Obligation Bonds			
	Serial Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest
2017	\$0	\$164,538	\$25,311	\$84,689
2018	0	164,538	23,964	101,036
2019	0	164,538	19,967	105,033
2020	0	164,538	0	0
2021	180,000	162,738	0	0
2022-2026	725,000	762,859	35,000	395,000
2027-2031	1,470,000	605,100	0	0
2032-2036	1,930,000	294,181	0	0
2037	460,000	9,200	0	0
Totals	\$4,765,000	\$2,492,230	\$104,242	\$685,758

The 2016 refunding general obligation bonds will be paid from the Debt Service Fund. The 2012 hardship loan was repaid from the General Fund. Compensated absences will be paid from the General Fund. The School District pays obligations related to employee compensation from the fund benefitting from their service. For additional information related to the net pension liability see note 9.

The School District's overall legal debt margin was \$576,710 with an unvoted debt margin of \$57,477 at June 30, 2016.

**NOTE 14 - INTERFUND ACTIVITY**

Interfund balances at June 30, 2016, consist of the following individual interfund receivable and payable:

		<b>Receivable</b>
		General Fund
<b>Payable</b>	Nonmajor Governmental Funds	\$6,154

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.

Transfers made during the fiscal year ended June 30, 2016, were as follows:

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		<b>Transfers From</b>
		General Fund
<b>Transfers</b>	<b>To</b>	
	Nonmajor	
	Governmental Funds	\$7,813

General Fund transfers are made to move unrestricted balances to support programs and projects accounted for in other funds. Transfers were made from the General Fund to the Nonmajor Governmental Funds for the purpose of funding extracurricular activities.

**NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS, PUBLIC ENTITY SHARED RISK POOL, AND INSURANCE PURCHASING POOL**

**Jointly Governed Organizations**

*South Central Ohio Computer Association Regional Council of Governments (SCOCARCoG)*

The School District is a participant in the South Central Ohio Computer Association Regional Council of Governments (SCOCARCoG), which is organized under ORC Code Chapter 167 as a council of governments. SCOCARCoG is an association of public school districts within the boundaries of Pickaway, Gallia, Adams, Brown, Highland, Pike, Ross, Scioto, Vinton, Jackson, and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCARCoG consists of two representatives from each county in the SCOCARCoG service region designated by the Ohio Department of Education and two representatives of the school treasurers. The Board exercises total control over the operations of SCOCARCoG including budgeting, appropriating, contracting and designating management. Each School District’s degree of control is limited to its representation on the Board.

During fiscal year 2016, SCOCARCoG entered into a merger agreement with Metropolitan Educational Technology Association (“META”). Pursuant to an addendum to the agreement, certain liabilities will remain the sole responsibility of SCOCARCoG, and once these remaining liabilities are satisfied, SCOCARCoG will be dissolved and the member districts will become members of META. SCOCARCoG entered into a subcontract agreement with META to provide services to SCOCARCoG, and on behalf of SCOCARCoG, to the member districts. Consistent with the merger agreement and updated bylaws, SCOCARCoG is currently governed by a four person executive governing board. The School District paid SCOCARCoG \$47,970 for services provided during the fiscal year.

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Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

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*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 2016.

*Metropolitan Educational Technology Association (META)*

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

The governing board of META consists of a president, vice president and six board members who represent the members of META. The board works with META’s Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization’s mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member’s degree of control is limited to its representation on the Board. The School District paid META \$3,051 for services provided during the fiscal year. Financial information can be obtained from David Varda, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

*Southern Ohio Academy*

The School District is a participant in the Southern Ohio Academy, a jointly governed, non-profit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades seven through twelve. The Academy operates under the direction of a nine-member Board of Directors. The Board membership consists of superintendents from Bloom Vernon, Clay, Green, Manchester, Minford, Northwest, Oak Hill, Valley, Washington Nile, New Boston, and Wheelersburg school districts. Because ORC requires an odd number of members, the Board has determined that Board membership will rotate annually with one school district not being represented each year. The Academy was formed to offer students a non-traditional approach for reaching educational goals and to enhance and facilitate student learning among nontraditional student populations while utilizing a variety of innovative resources and educational strategies, which are customized to meet the needs of individual students. The Board exercises total control over the operations of the Academy including budgeting, appropriating, contracting and designating management. Each School District’s degree of control is limited to its representation on the Board. Financial information can be obtained from Andrew T. Riehl, fiscal agent for the Southern Ohio Academy, at the South Central Ohio Educational Service Center, 522 Glenwood Avenue, New Boston, Ohio 45662, or by calling 740-354-0234.

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

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**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, Jennifer Jostworth, CoWorth Financial Services at 10999 Reed Hartman Highway, Suite 304-E, Cincinnati, Ohio 45242.

**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 16 - 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.

	Capital
	<u>Acquisitions</u>
Set-aside Balance as of June 30, 2015	\$0
Current Fiscal Year Set-aside Requirement	109,992
Current Fiscal Year Offsets	<u>(109,992)</u>
Set-aside Balance as of June 30, 2016	<u><u>\$0</u></u>

**CLAY LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

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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 17 – 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	\$63,585
Nonmajor Governmental Funds	<u>14,869</u>
Total	<u><u>\$78,454</u></u>

**NOTE 18 - 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, 2016

Fund Balances	General Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total
<b><i>Nonspendable:</i></b>				
Prepays	\$2,737	\$0	\$0	\$2,737
Inventory	2,224	0	872	3,096
<b><i>Total Nonspendable</i></b>	<b>4,961</b>	<b>0</b>	<b>872</b>	<b>5,833</b>
<b><i>Restricted for:</i></b>				
Food Service	0	0	31,057	31,057
Debt Payment	0	272,990	0	272,990
Student Activity	0	0	402	402
State and Federal Grants	0	0	6,666	6,666
Capital Improvements	0	0	187,014	187,014
Classroom Facilities	0	0	55,774	55,774
<b><i>Total Restricted</i></b>	<b>0</b>	<b>272,990</b>	<b>280,913</b>	<b>553,903</b>
<b><i>Assigned to:</i></b>				
Capital Improvements	0	0	20,642	20,642
Purchases on Order	21,401	0	0	21,401
Principal's Fund	10,327	0	0	10,327
<b><i>Total Assigned</i></b>	<b>31,728</b>	<b>0</b>	<b>20,642</b>	<b>52,370</b>
<b><i>Unassigned:</i></b>	<b>1,100,285</b>	<b>0</b>	<b>0</b>	<b>1,100,285</b>
<b><i>Total Fund Balances</i></b>	<b>\$1,136,974</b>	<b>\$272,990</b>	<b>\$302,427</b>	<b>\$1,712,391</b>

**NOTE 19 – 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, 2016, 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, 2016

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**Foundation**

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for fiscal year 2015, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the school district; therefore, the financial statement impact is not determinable at this time. ODE and management believe this may result in either a receivable to or a liability of the School District.

**Pension Changes Between Measurement Date and Report Date**

In April 2016, the SERS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of June 30, 2016. The most significant changes is a reduction in the discount rate from 7.75 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the Schools District's net pension liability is expected to be significant.

**Litigation**

The School District is not party to any legal proceedings.

**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 Three Fiscal Years (1) \**

	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.02491070%	0.02343500%	0.02343500%
School District's Proportionate Share of the Net Pension Liability	\$1,421,428	\$1,186,032	\$1,393,604
School District's Covered-Employee Payroll	\$749,943	\$538,397	\$659,626
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	189.54%	220.29%	211.27%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(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.



**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 Three Fiscal Years (1) \**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's Proportion of the Net Pension Liability	0.02268176%	0.02261698%	0.02261698%
School District's Proportionate Share of the Net Pension Liability	\$6,268,575	\$5,501,232	\$6,553,032
School District's Covered-Employee Payroll	\$2,488,264	\$2,302,343	\$2,320,608
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	251.93%	238.94%	282.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(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.

**Clay Local School District**  
*Required Supplementary Information*  
*Schedule of School District Contributions*  
*School Employees Retirement System of Ohio*  
*Last Nine Fiscal Years (1)*

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	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$104,088	\$98,842	\$74,622	\$91,292
Contributions in Relation to the Contractually Required Contribution	<u>(104,088)</u>	<u>(98,842)</u>	<u>(74,622)</u>	<u>(91,292)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
School District Covered-Employee Payroll	\$743,486	\$749,943	\$538,397	\$659,626
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%

(1) Information prior to 2008 is not available.

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<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$126,815	\$112,717	\$117,052	\$81,491	\$62,809
<u>(126,815)</u>	<u>(112,717)</u>	<u>(117,052)</u>	<u>(81,491)</u>	<u>(62,809)</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$942,866	\$896,715	\$864,491	\$828,163	\$639,607
13.45%	12.57%	13.54%	9.84%	9.82%

**Clay Local School District**  
*Required Supplementary Information*  
*Schedule of School District Contributions*  
*State Teachers Retirement System of Ohio*  
*Last Ten Fiscal Years*

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	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$323,945	\$348,357	\$299,305	\$301,679
Contributions in Relation to the Contractually Required Contribution	<u>(323,945)</u>	<u>(348,357)</u>	<u>(299,305)</u>	<u>(301,679)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
School District Covered-Employee Payroll	\$2,313,893	\$2,488,264	\$2,302,343	\$2,320,608
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%

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<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$326,931	\$334,510	\$337,555	\$338,998	\$333,084	\$317,733
<u>(326,931)</u>	<u>(334,510)</u>	<u>(337,555)</u>	<u>(338,998)</u>	<u>(333,084)</u>	<u>(317,733)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,514,854	\$2,573,154	\$2,596,577	\$2,607,677	\$2,562,185	\$2,444,100
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**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, 2016, 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 17, 2017.

**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 17, 2017

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# Dave Yost • Auditor of State

CLAY LOCAL SCHOOL DISTRICT

SCIOTO COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MARCH 28, 2017