

**CLEAR FORK VALLEY  
LOCAL SCHOOL DISTRICT**  
RICHLAND COUNTY, OHIO

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020**



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Education  
Clear Fork Valley Local School District  
211 School St  
Bellville, OH 44813

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

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

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

Keith Faber  
Auditor of State  
Columbus, Ohio

February 03, 2021

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**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT**  
**RICHLAND COUNTY, OHIO**  
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## Independent Auditor's Report

Clear Fork Valley Local School District  
Richland County  
211 School Street  
Bellville, Ohio 44813

To the Board of Education:

### ***Report on the Financial Statements***

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

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

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Clear Fork Valley Local 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 for the purpose of expressing an opinion on the effectiveness of the Clear Fork Valley Local School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

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

### ***Emphasis of Matters***

As described in Note 3 to the financial statements, in 2020, the Clear Fork Valley Local School District adopted new accounting guidance, GASBS No. 84, *Fiduciary Activities*. As described in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Clear Fork Valley Local School District. Our opinions are not modified with respect to these matters.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clear Fork Valley Local School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2020, on our consideration of the Clear Fork Valley Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clear Fork Valley Local School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clear Fork Valley Local School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
November 19, 2020



**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The management's discussion and analysis of the Clear Fork Valley Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2020 are as follows:

- In total, net position of governmental activities decreased \$1,004,027 which represents a 6.64% decrease from 2019's restated net position.
- General revenues accounted for \$16,205,202 in revenue or 77.54% of all revenues. Program specific revenues, in the form of charges for services and sales and operating grants and contributions accounted for \$4,692,871 or 22.46% of total revenues of \$20,898,073.
- The District had \$21,902,100 in expenses related to governmental activities; only \$4,692,871 of these expenses were offset by program specific charges for services and sales and operating grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$16,205,202 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund, the bond retirement fund, the classroom facilities fund, and the capital projects fund. The general fund had \$17,675,182 in revenues and other financing sources and \$18,229,708 in expenditures and other financing uses. The general fund had an increase in the reserve for inventory for 2020 of \$12. During fiscal 2020, the general fund's fund balance decreased \$554,514 from a restated fund balance of \$3,663,511 to \$3,108,997.
- The bond retirement fund had \$1,798,251 in revenues and other financing sources and \$1,681,746 in expenditures. During fiscal 2020, the bond retirement fund's fund balance increased \$116,505 from a fund balance of \$1,271,897 to \$1,388,402.
- The classroom facilities fund had \$6,014 in revenues and \$1,439,361 in expenditures. During fiscal 2020, the classroom facilities fund's fund balance decreased \$1,433,347 from a fund balance of \$562,322 to a deficit of \$871,025. This decrease was due to construction expenses related to the District's construction project.
- The capital projects fund had \$740,085 in expenditures and other financing uses. During fiscal 2020, the capital projects fund's fund balance decreased \$740,085 from a fund balance of \$4,750,987 to \$4,010,902.

**Using the Basic Financial Statements (BFS)**

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

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The *statement of net position* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the 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 District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund, bond retirement fund, classroom facilities fund, and the capital projects fund are by far the most significant funds, and the only governmental funds reported as major funds.

**Reporting the District as a Whole**

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

Long-term liabilities decreased primarily due to a decrease in the net pension liability. This factor is outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions to District employees, not the District.

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net position and statement of activities can be found on pages 17-18 of this report.

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

*Fund Financial Statements*

The analysis of the District's major governmental funds begins on page 13. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, the bond retirement fund, the classroom facilities fund, and the capital projects fund.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-23 of this report.

***Proprietary Funds***

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for employee benefits self-insurance. The basic proprietary fund financial statements can be found on pages 24-26 of this report.

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

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The District did not have any fiduciary funds for fiscal year 2020.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

***Required Supplementary Information***

The required supplementary information provides detailed information regarding the District's proportionate share of the net pension liability and net OPEB liability/asset of the retirement system and a ten year schedule of the District's contributions to the retirement systems to fund pension and OPEB obligations.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position at June 30, 2020 and June 30, 2019. The net position at June 30, 2019 has been restated as described in Note 3.B.

	<b>Net Position</b>	
	Governmental Activities 2020	Restated Governmental Activities 2019
<b><u>Assets</u></b>		
Current and other assets	\$ 19,638,382	\$ 23,298,054
Capital assets, net	<u>37,568,264</u>	<u>36,000,854</u>
Total assets	<u>57,206,646</u>	<u>59,298,908</u>
<b><u>Deferred Outflows of Resources</u></b>		
Pension	3,284,190	4,743,530
OPEB	<u>318,258</u>	<u>212,767</u>
Total deferred outflows of resources	<u>3,602,448</u>	<u>4,956,297</u>
<b><u>Liabilities</u></b>		
Current liabilities	3,807,264	4,276,930
Long-term liabilities:		
Due within one year	1,334,213	1,290,962
Due in more than one year:		
Net pension liability	17,689,809	17,884,203
Net OPEB liability	1,684,456	1,883,011
Other amounts	<u>15,480,417</u>	<u>16,439,641</u>
Total liabilities	<u>39,996,159</u>	<u>41,774,747</u>
<b><u>Deferred Inflows of Resources</u></b>		
Property taxes levied for next year	3,756,624	4,396,426
Unamortized deferred gain on refunding	394	1,339
Pension	1,155,016	1,151,206
OPEB	<u>1,780,976</u>	<u>1,807,535</u>
Total deferred inflows of resources	<u>6,693,010</u>	<u>7,356,506</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	22,352,779	19,987,571
Restricted	3,165,111	3,344,812
Unrestricted (deficit)	<u>(11,397,965)</u>	<u>(8,208,431)</u>
Total net position	<u>\$ 14,119,925</u>	<u>\$ 15,123,952</u>

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2020 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The District also adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the District's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

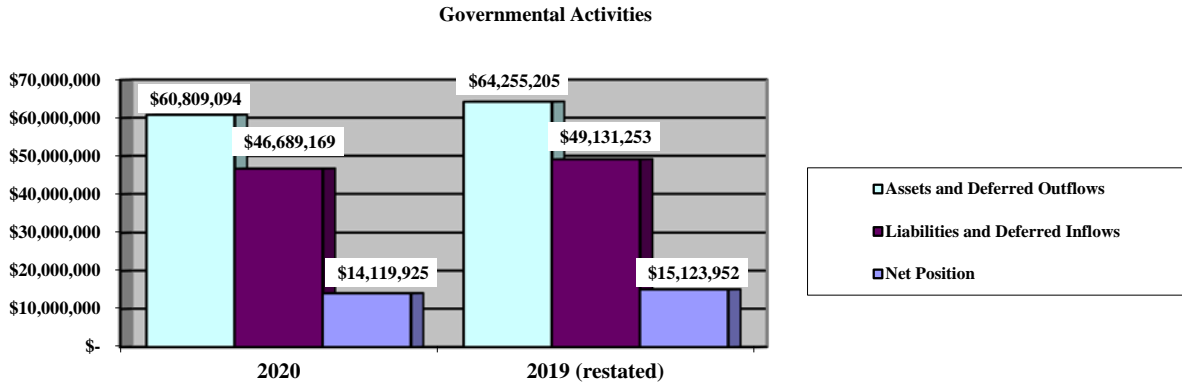
In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2020, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$14,119,925. Assets of the District decreased \$2,092,262.

At year-end, capital assets represented 65.67% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2020 was \$22,352,779. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$3,165,111 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was a deficit of \$11,397,965.

The graph below shows the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2020 and June 30, 2019. The amounts at June 30, 2019 have been restated as described in Note 3.B.



**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The table below shows the change in net position for fiscal years 2020 and 2019. The net position at June 30, 2019 has been restated as described in Note 3.B.

	<u>Change in Net Position</u>	
	Governmental Activities <u>2020</u>	Restated Governmental Activities <u>2019</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 2,120,304	\$ 2,312,844
Operating grants and contributions	2,572,567	2,011,253
Capital grants and contributions	-	294,828
General revenues:		
Property taxes	5,562,050	5,709,465
Income taxes	2,173,206	2,213,583
Grants and entitlements	7,959,783	8,376,843
Investment earnings	491,960	456,415
Other	<u>18,203</u>	<u>187,247</u>
Total revenues	<u>20,898,073</u>	<u>21,562,478</u>

(Continued)

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**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>Change in Net Position (Continued)</b>	
	Governmental	Restated
	Activities <u>2020</u>	Governmental Activities <u>2019</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 8,126,521	\$ 6,980,318
Special	3,443,479	2,812,280
Vocational	455,688	421,358
Adult/continuing	18,442	-
Other	803,434	789,984
Support services:		
Pupil	559,294	550,481
Instructional staff	702,632	581,061
Board of education	234,608	229,373
Administration	1,491,608	1,204,949
Fiscal	463,450	408,639
Operations and maintenance	2,114,616	1,046,606
Pupil transportation	1,367,913	1,221,949
Central	38,549	36,387
Operation of non-instructional services:		
Other non-instructional services	682	5,647
Food service operations	748,491	687,077
Extracurricular activities	710,606	761,155
Interest and fiscal charges	<u>622,087</u>	<u>616,267</u>
Total expenses	<u>21,902,100</u>	<u>18,353,531</u>
Change in net position	(1,004,027)	3,208,947
Net position at beginning of year (restated)	<u>15,123,952</u>	<u>11,915,005</u>
Net position at end of year	<u>\$ 14,119,925</u>	<u>\$ 15,123,952</u>

**Governmental Activities**

Net position of the District's governmental activities decreased \$1,004,027. Total governmental expenses of \$21,902,100 were offset by program revenues of \$4,692,871 and general revenues of \$16,205,202. Program revenues supported 21.43% of the total governmental expenses.

Overall, expenses of the governmental activities increased \$3,548,569 or 19.33%. This increase is primarily the result of benefit changes by the retirement systems. Fluctuations in the pension expense reported under GASB 68 makes it difficult to compare financial information between years. Pension expense is a component of program expenses reported on the statement of activities.



**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

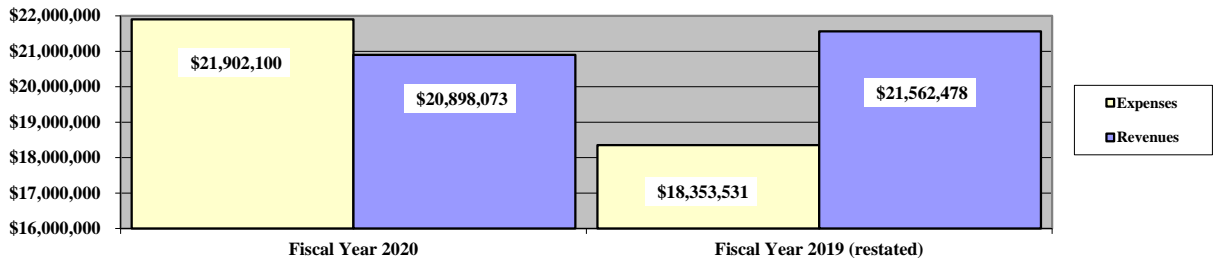
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The primary sources of revenue for governmental activities are derived from property taxes, income taxes, and grants and entitlements. These revenue sources represent 75.10% of total governmental revenue. Real estate property is reappraised every six years.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$12,847,564 or 58.66% of total governmental expenses for fiscal year 2020.

The graph below presents the District's governmental activities revenues and expenses for 2020 and 2019. The amounts at June 30, 2019 have been restated as described in Note 3.B.

**Governmental Activities - Revenues and Expenses**



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**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. The total and net costs of services for fiscal years 2020 and 2019 are presented below. The amounts at June 30, 2019 have been restated as described in Note 3.B.

**Governmental Activities**

	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>	Restated Total Cost of Services <u>2019</u>	Restated Net Cost of Services <u>2019</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 8,126,521	\$ 6,724,907	\$ 6,980,318	\$ 5,528,800
Special	3,443,479	1,715,364	2,812,280	1,355,209
Vocational	455,688	339,509	421,358	300,248
Adult/continuing	18,442	18,442	-	-
Other	803,434	803,434	789,984	789,984
Support services:				
Pupil	559,294	286,717	550,481	550,481
Instructional staff	702,632	695,432	581,061	573,861
Board of education	234,608	234,608	229,373	229,373
Administration	1,491,608	1,476,780	1,204,949	1,171,603
Fiscal	463,450	453,320	408,639	397,307
Operations and maintenance	2,114,616	2,048,690	1,046,606	1,006,400
Pupil transportation	1,367,913	1,272,736	1,221,949	1,149,214
Central	38,549	38,549	36,387	36,387
Operation of non-instructional services:				
Other non-instructional services	682	682	5,647	5,647
Food service operations	748,491	96,527	687,077	(54,942)
Extracurricular activities	710,606	381,445	761,155	(113,735)
Interest and fiscal charges	<u>622,087</u>	<u>622,087</u>	<u>616,267</u>	<u>616,267</u>
Total expenses	<u>\$ 21,902,100</u>	<u>\$ 17,209,229</u>	<u>\$ 18,353,531</u>	<u>\$ 13,542,104</u>

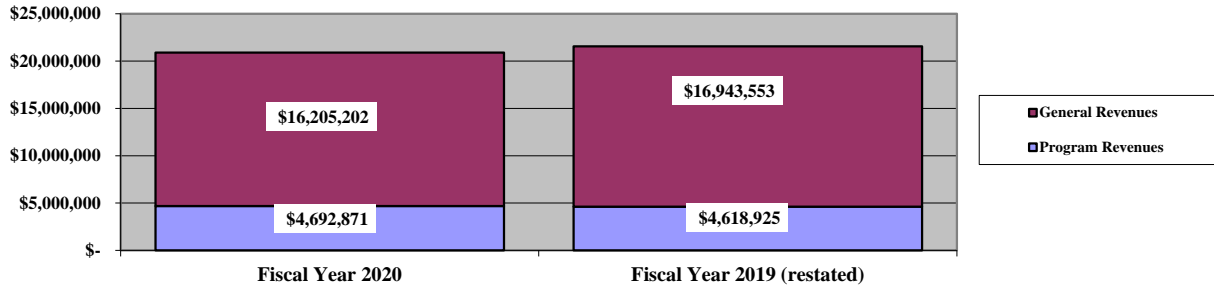
The dependence upon tax and other general revenues for governmental activities is apparent, as 74.74% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 78.57%. The District's taxpayers and unrestricted grants and entitlements from the State are by far the primary support for District's students.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The graph below presents the District's governmental activities revenue for fiscal year 2020 and 2019. The amounts at June 30, 2019 have been restated as described in Note 3.B.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$9,304,957, which is lower than last year's restated total of \$11,873,428. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2020 and 2019. The fund balances at June 30, 2019 have been restated as described in Note 3.B.

	Fund Balance June 30, 2020	Restated Fund Balance June 30, 2019	Change
General	\$ 3,108,997	\$ 3,663,511	\$ (554,514)
Bond retirement	1,388,402	1,271,897	116,505
Classroom facilities	(871,025)	562,322	(1,433,347)
Capital projects	4,010,902	4,750,987	(740,085)
Nonmajor governmental	<u>1,667,681</u>	<u>1,624,711</u>	<u>42,970</u>
Total	<u>\$ 9,304,957</u>	<u>\$ 11,873,428</u>	<u>\$ (2,568,471)</u>

**General Fund**

The District's general fund's fund balance decreased by \$554,526, which includes the \$12 increase in reserve for inventory. The general fund had transfers out of \$1,081,668. The overall expenditures decreased approximately 3.70%. Support services expenditures decreased in part due to a decrease in operation and maintenance costs. Extracurricular costs decreased due to COVID-19 and a reduction in spring activities.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>2020</u>	<u>Restated</u>	
	<u>Amount</u>	<u>2019</u>	<u>Percentage</u>
		<u>Amount</u>	<u>Change</u>
<b><u>Revenues</u></b>			
Property taxes	\$ 4,552,538	\$ 4,576,935	(0.53) %
Income taxes	2,173,206	2,194,412	(0.97) %
Tuition	1,425,510	1,460,578	(2.40) %
Earnings on investments	435,666	313,806	38.83 %
Intergovernmental	8,822,371	9,133,401	(3.41) %
Other revenues	<u>177,500</u>	<u>258,835</u>	(31.42) %
Total	<u>\$ 17,586,791</u>	<u>\$ 17,937,967</u>	(1.96) %
<b><u>Expenditures</u></b>			
Instruction	\$ 11,189,373	\$ 11,609,199	(3.62) %
Support services	5,854,450	6,018,548	(2.73) %
Operation of non-instructional services	-	5,647	(100) %
Facilities acquisition and construction	1,791	33,181	(94.60) %
Extracurricular activities	<u>102,426</u>	<u>141,148</u>	(27.43) %
Total	<u>\$ 17,148,040</u>	<u>\$ 17,807,723</u>	(3.70) %

Overall revenues remained flat with a decrease of \$351,176 or 1.96% from the prior fiscal year. The increase in interest earnings contributed to keeping revenues the same as prior year. This increase was due to the fair market value adjustment at year-end and higher interest rates on the District's investments. The decrease in intergovernmental revenue is primarily due to cuts in Foundation revenue made by the State of Ohio at the end of fiscal year 2020 as a result of the economic impact of COVID-19 to the State budget.

***Bond Retirement Fund***

The bond retirement fund had \$1,798,251 in revenues and other financing sources and \$1,681,746 in expenditures. During fiscal year 2020, the bond retirement fund's fund balance increased \$116,505 from a fund balance of \$1,271,897 to \$1,388,402.

***Classroom Facilities Fund***

The classroom facilities fund had \$6,014 in revenues and \$1,439,361 in expenditures. During fiscal year 2020, the classroom facilities fund's fund balance decreased \$1,433,347 from a fund balance of \$562,322 to a deficit of \$871,025. This decrease was due to construction expenses related to the District's construction project.

***Capital Projects Fund***

The capital projects fund had \$740,085 in expenditures and other financing uses. During fiscal year 2020, the capital projects fund's fund balance decreased \$740,085 from a fund balance of \$4,750,987 to \$4,010,902. This fund is to be used for the District's new elementary school projects.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

***General Fund Budgeting Highlights***

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2020, the general fund, original revenues and other financing sources of \$17,559,760 were \$311,426 less than final budgeted revenues and other financing sources of \$17,871,186. Actual revenues and other financing sources for fiscal year 2020 were \$17,887,371. This represents a \$16,185 increase over final budgeted revenues.

General fund original appropriations (appropriated expenditures and other financing uses) of \$20,464,961 were reduced to \$18,212,480 in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2020 totaled \$18,212,574, which was \$94 more than the final budget appropriations.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2020, the District had \$37,568,263 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. The entire amount is reported in governmental activities. The following table shows June 30, 2020 balances compared to June 30, 2019:

**Capital Assets at June 30  
(Net of Depreciation)**

Governmental Activities

	<u>2020</u>	<u>2019</u>
Land	\$ 735,639	\$ 735,639
Construction in progress	30,530,249	28,655,248
Land improvements	384,654	322,389
Building and improvements	4,057,212	4,309,682
Furniture and equipment	1,220,923	1,265,710
Vehicles	<u>639,587</u>	<u>712,186</u>
<b>Total</b>	<b><u>\$ 37,568,264</u></b>	<b><u>\$ 36,000,854</u></b>

Total additions to capital assets for 2020 were \$2,061,366. Disposals to capital assets for 2020 were \$9,735 (net of accumulated depreciation). Depreciation expense for fiscal year 2020 was \$484,221. Overall, capital assets of the District increased \$1,567,410 due mainly to construction in progress additions related to their Ohio Facilities Construction Commission project.

See Note 9 to the basic financial statements for additional information on the District's capital assets.

***Debt Administration***

At June 30, 2020, the District had \$13,115,298 in general obligation bonds and \$2,275,000 in certificates of participation ("COPS") outstanding. Of these totals, \$1,265,000 is due within one year and \$14,125,298 is due in greater than one year. The following table summarizes the bonds and COPS outstanding.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**Outstanding Debt, at Year End**

	Governmental Activities <u>2020</u>	Governmental Activities <u>2019</u>
General obligation bonds	\$ 13,115,298	\$ 13,561,600
Certificates of participation	<u>2,275,000</u>	<u>2,810,000</u>
<b>Total</b>	<b><u>\$ 15,390,298</u></b>	<b><u>\$ 16,371,600</u></b>

See Note 10 to the basic financial statements for additional information on the District's debt administration.

**Current Financial Related Activities**

The district has two new K-5 Elementary Facilities, the Middle School is only 21 years old, and the High School has been kept in pristine condition. All facilities have been updated with LED lights, the rooves have all been replaced, the technology upgraded, and the athletic turf field is a year old. As far as facilities the district is in good shape for the foreseeable future and should be able to focus on maintenance and upkeep. All of the general fund and permanent improvement property tax levies are permanent, and the district is currently at the 20-mill floor. In addition, the district also has a 1% income tax that is in effect until 2037. With respect to revenue, the most unpredictable variable is state foundation payments and the effects of new biennium budgets. As is the case with most districts, expenditures are increasing at a higher rate than revenues, so carryover and savings are decreasing. The biggest increases are in Medical Insurance premiums, salaries, and benefits. The District has to be very careful in all of its expenditures and scrutinizes each request that is submitted. It is a balancing act to reduce expenses where possible and not impact student achievement; one which the Board of Education and Administration take very seriously. The General Fund balance is stable for the immediate future, but District Administration must remain diligent at its goal to balance expenditures with revenues in order to keep the District solvent in the distant future. The district will have to seek additional monies or reduce staff in order to balance the budget.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Mr. Bradd Stevens, Treasurer at 211 School Street, Bellville, Ohio 44813, 419-886-3855.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2020

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments. . . . .	\$ 10,667,557
Cash with fiscal agent . . . . .	1,617,187
Cash with escrow agent . . . . .	461,527
Receivables:	
Property taxes . . . . .	4,867,286
Income taxes. . . . .	744,969
Accounts. . . . .	10,681
Accrued interest . . . . .	42,101
Intergovernmental . . . . .	114,843
Prepayments . . . . .	68,578
Materials and supplies inventory. . . . .	6,606
Inventory held for resale. . . . .	5,227
Net OPEB asset . . . . .	1,031,820
Capital assets:	
Nondepreciable capital assets . . . . .	31,265,888
Depreciable capital assets, net. . . . .	6,302,376
Capital assets, net. . . . .	37,568,264
Total assets. . . . .	57,206,646
<b>Deferred outflows of resources:</b>	
Pension . . . . .	3,284,190
OPEB . . . . .	318,258
Total deferred outflows of resources . . . . .	3,602,448
<b>Liabilities:</b>	
Accounts payable. . . . .	30,713
Contracts payable. . . . .	1,052,284
Retainage payable . . . . .	461,527
Accrued wages and benefits payable . . . . .	1,524,314
Intergovernmental payable . . . . .	100,240
Pension and postemployment benefits payable . . . . .	236,575
Accrued interest payable . . . . .	34,352
Claims payable. . . . .	367,259
Long-term liabilities:	
Due within one year. . . . .	1,334,213
Due in more than one year:	
Net pension liability . . . . .	17,689,809
Net OPEB liability . . . . .	1,684,456
Other amounts due in more than one year . . . . .	15,480,417
Total liabilities . . . . .	39,996,159
<b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year. . . . .	3,756,624
Unamortized deferred gain on refunding . . . . .	394
Pension . . . . .	1,155,016
OPEB . . . . .	1,780,976
Total deferred inflows of resources . . . . .	6,693,010
<b>Net position:</b>	
Net investment in capital assets . . . . .	22,352,779
Restricted for:	
Capital projects . . . . .	1,928,524
Classroom facilities maintenance . . . . .	444,095
Locally funded programs . . . . .	28,868
State funded programs. . . . .	273,661
Federally funded programs . . . . .	8,871
Student activities . . . . .	454,134
Other purposes . . . . .	26,958
Unrestricted (deficit) . . . . .	(11,397,965)
Total net position . . . . .	\$ 14,119,925

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 8,126,521	\$ 1,335,186	\$ 66,428	\$ (6,724,907)
Special . . . . .	3,443,479	146,033	1,582,082	(1,715,364)
Vocational . . . . .	455,688	-	116,179	(339,509)
Adult/continuing . . . . .	18,442	-	-	(18,442)
Other . . . . .	803,434	-	-	(803,434)
Support services:				
Pupil . . . . .	559,294	-	272,577	(286,717)
Instructional staff . . . . .	702,632	-	7,200	(695,432)
Board of education . . . . .	234,608	-	-	(234,608)
Administration . . . . .	1,491,608	-	14,828	(1,476,780)
Fiscal . . . . .	463,450	10,130	-	(453,320)
Operations and maintenance . . . . .	2,114,616	28,411	37,515	(2,048,690)
Pupil transportation . . . . .	1,367,913	6,391	88,786	(1,272,736)
Central . . . . .	38,549	-	-	(38,549)
Operation of non-instructional services:				
Other non-instructional services . . . . .	682	-	-	(682)
Food service operations . . . . .	748,491	287,026	364,938	(96,527)
Extracurricular activities . . . . .	710,606	307,127	22,034	(381,445)
Interest and fiscal charges . . . . .	622,087	-	-	(622,087)
<b>Total governmental activities . . . . .</b>	<b>\$ 21,902,100</b>	<b>\$ 2,120,304</b>	<b>\$ 2,572,567</b>	<b>(17,209,229)</b>

**General revenues:**

Property taxes levied for:	
General purposes . . . . .	4,516,932
Debt service . . . . .	743,268
Capital outlay . . . . .	196,013
Classroom facilities maintenance . . . . .	105,837
Income taxes levied for:	
General purposes . . . . .	2,173,206
Grants and entitlements not restricted	
to specific programs . . . . .	7,959,783
Investment earnings . . . . .	491,960
Miscellaneous . . . . .	18,203
<b>Total general revenues . . . . .</b>	<b>16,205,202</b>
Change in net position . . . . .	(1,004,027)
<b>Net position</b>	
<b>at beginning of year (restated) . . . . .</b>	<b>15,123,952</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 14,119,925</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

	General	Bond Retirement	Classroom Facilities	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>						
Equity in pooled cash and investments. . . . .	\$ 3,458,297	\$ 1,257,519	\$ 81,128	\$ 4,010,902	\$ 1,859,711	\$ 10,667,557
Cash with escrow agent. . . . .	-	-	136,819	-	324,708	461,527
Receivables:						
Property taxes. . . . .	3,740,020	805,332	-	-	321,934	4,867,286
Income taxes . . . . .	744,969	-	-	-	-	744,969
Accounts . . . . .	9,074	-	-	-	1,607	10,681
Accrued interest . . . . .	42,071	-	1	-	29	42,101
Interfund loans . . . . .	9,821	-	-	-	-	9,821
Intergovernmental. . . . .	13,481	-	-	-	101,362	114,843
Prepayments. . . . .	66,235	-	-	-	2,343	68,578
Materials and supplies inventory. . . . .	5,270	-	-	-	1,336	6,606
Inventory held for resale. . . . .	-	-	-	-	5,227	5,227
Due from other funds . . . . .	71,291	-	-	-	-	71,291
Total assets . . . . .	<u>\$ 8,160,529</u>	<u>\$ 2,062,851</u>	<u>\$ 217,948</u>	<u>\$ 4,010,902</u>	<u>\$ 2,618,257</u>	<u>\$ 17,070,487</u>
<b>Liabilities:</b>						
Accounts payable . . . . .	\$ 7,389	\$ -	\$ -	\$ -	\$ 23,324	\$ 30,713
Contracts payable. . . . .	-	-	952,153	-	100,131	1,052,284
Retainage payable. . . . .	-	-	136,819	-	324,708	461,527
Accrued wages and benefits payable . . . . .	1,443,594	-	-	-	80,720	1,524,314
Intergovernmental payable . . . . .	96,382	-	-	-	3,858	100,240
Pension and postemployment benefits payable . . . . .	206,401	-	-	-	30,174	236,575
Interfund loans payable. . . . .	-	-	-	-	9,821	9,821
Due to other funds . . . . .	-	-	-	-	71,291	71,291
Total liabilities. . . . .	<u>1,753,766</u>	<u>-</u>	<u>1,088,972</u>	<u>-</u>	<u>644,027</u>	<u>3,486,765</u>
<b>Deferred inflows of resources:</b>						
Property taxes levied for the next fiscal year. . . . .	2,873,397	631,077	-	-	252,150	3,756,624
Delinquent property tax revenue not available. . . . .	224,969	43,372	-	-	17,330	285,671
Income tax revenue not available . . . . .	167,648	-	-	-	-	167,648
Intergovernmental revenue not available. . . . .	13,481	-	-	-	37,040	50,521
Accrued interest not available. . . . .	18,271	-	1	-	29	18,301
Total deferred inflows of resources . . . . .	<u>3,297,766</u>	<u>674,449</u>	<u>1</u>	<u>-</u>	<u>306,549</u>	<u>4,278,765</u>
<b>Fund balances:</b>						
Nonspendable:						
Materials and supplies inventory. . . . .	5,270	-	-	-	1,336	6,606
Prepays. . . . .	66,235	-	-	-	2,343	68,578
Restricted:						
Debt service . . . . .	-	1,388,402	-	-	-	1,388,402
Capital improvements . . . . .	-	-	-	-	485,019	485,019
Classroom facilities maintenance . . . . .	-	-	-	-	444,095	444,095
Student wellness and success . . . . .	-	-	-	-	272,145	272,145
Special education . . . . .	-	-	-	-	8,154	8,154
Extracurricular. . . . .	572	-	-	-	452,950	453,522
Scholarships . . . . .	-	-	-	-	26,386	26,386
Other purposes. . . . .	-	-	-	-	30,384	30,384
Committed:						
Capital improvements . . . . .	-	-	-	4,010,902	-	4,010,902
Assigned:						
Student and staff support. . . . .	53,836	-	-	-	-	53,836
Subsequent year's appropriations . . . . .	513,974	-	-	-	-	513,974
Unassigned (deficit) . . . . .	2,469,110	-	(871,025)	-	(55,131)	1,542,954
Total fund balances (deficit) . . . . .	<u>3,108,997</u>	<u>1,388,402</u>	<u>(871,025)</u>	<u>4,010,902</u>	<u>1,667,681</u>	<u>9,304,957</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 8,160,529</u>	<u>\$ 2,062,851</u>	<u>\$ 217,948</u>	<u>\$ 4,010,902</u>	<u>\$ 2,618,257</u>	<u>\$ 17,070,487</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2020

<b>Total governmental fund balances</b>		\$	9,304,957
<i>Amounts reported for governmental activities on 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.			37,568,264
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	285,671	
Income taxes receivable		167,648	
Accrued interest receivable		18,301	
Intergovernmental receivable		50,521	
Total		522,141	522,141
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			1,249,928
Unamortized premiums on bonds issued are not recognized in the funds.			(526,222)
Unamortized deferred gain on debt refunding is not recognized in the funds.			(394)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(34,352)
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 of resources - pension		3,284,190	
Deferred inflows of resources - pension		(1,155,016)	
Net pension liability		(17,689,808)	
Total		(15,560,634)	(15,560,634)
The net OPEB asset/liability is not due and payable in the current period; therefore, the asset/liability and related deferred inflows/outflows are not reported in governmental funds:			
Deferred outflows of resources - OPEB		318,258	
Deferred inflows of resources - OPEB		(1,780,976)	
Net OPEB asset		1,031,820	
Net OPEB liability		(1,684,456)	
Total		(2,115,354)	(2,115,354)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(13,115,298)	
Certificates of participation		(2,275,000)	
Compensated absences		(898,111)	
Total		(16,288,409)	(16,288,409)
<b>Net position of governmental activities</b>		<b>\$</b>	<b>14,119,925</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General	Bond Retirement	Classroom Facilities	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
From local sources:						
Property taxes . . . . .	\$ 4,552,538	\$ 743,663	\$ -	\$ -	\$ 301,889	\$ 5,598,090
Income taxes . . . . .	2,173,206	-	-	-	-	2,173,206
Tuition . . . . .	1,425,510	-	-	-	-	1,425,510
Earnings on investments . . . . .	435,666	-	6,013	-	10,851	452,530
Charges for services . . . . .	-	-	-	-	290,653	290,653
Extracurricular . . . . .	56,599	-	-	-	256,920	313,519
Classroom materials and fees . . . . .	55,709	-	-	-	-	55,709
Rental income . . . . .	24,783	-	-	-	-	24,783
Contributions and donations . . . . .	12,077	-	-	-	23,317	35,394
Contract services . . . . .	10,130	-	-	-	-	10,130
Other local revenues . . . . .	18,202	-	-	-	36,341	54,543
Intergovernmental - state . . . . .	8,762,980	104,413	1	-	336,352	9,203,746
Intergovernmental - federal . . . . .	59,391	-	-	-	1,253,332	1,312,723
Total revenues . . . . .	<u>17,586,791</u>	<u>848,076</u>	<u>6,014</u>	<u>-</u>	<u>2,509,655</u>	<u>20,950,536</u>
<b>Expenditures:</b>						
Instruction:						
Regular . . . . .	7,397,531	-	-	-	74,645	7,472,176
Special . . . . .	2,506,496	-	-	-	772,447	3,278,943
Vocational . . . . .	463,470	-	-	-	-	463,470
Adult/continuing . . . . .	18,442	-	-	-	-	18,442
Other . . . . .	803,434	-	-	-	-	803,434
Support services:						
Pupil . . . . .	537,073	-	-	-	1,000	538,073
Instructional staff . . . . .	666,416	-	-	-	7,200	673,616
Board of education . . . . .	233,855	-	-	-	-	233,855
Administration . . . . .	1,362,502	-	-	-	14,838	1,377,340
Fiscal . . . . .	422,727	15,143	-	-	6,109	443,979
Operations and maintenance . . . . .	1,398,760	-	-	-	152,334	1,551,094
Pupil transportation . . . . .	1,196,555	-	-	-	23,621	1,220,176
Central . . . . .	36,562	-	-	-	-	36,562
Operation of non-instructional services:						
Food service operations . . . . .	-	-	-	-	701,846	701,846
Extracurricular activities . . . . .	102,426	-	-	-	553,354	655,780
Facilities acquisition and construction . . . . .	1,791	-	1,439,361	490,085	447,340	2,378,577
Debt service:						
Principal retirement . . . . .	-	1,235,000	-	-	-	1,235,000
Interest and fiscal charges . . . . .	-	431,603	-	-	-	431,603
Total expenditures . . . . .	<u>17,148,040</u>	<u>1,681,746</u>	<u>1,439,361</u>	<u>490,085</u>	<u>2,754,734</u>	<u>23,513,966</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	438,751	(833,670)	(1,433,347)	(490,085)	(245,079)	(2,563,430)
<b>Other financing sources (uses):</b>						
Transfers in . . . . .	88,391	950,175	-	-	381,493	1,420,059
Transfers (out) . . . . .	(1,081,668)	-	-	(250,000)	(88,391)	(1,420,059)
Total other financing sources (uses) . . . . .	<u>(993,277)</u>	<u>950,175</u>	<u>-</u>	<u>(250,000)</u>	<u>293,102</u>	<u>-</u>
Net change in fund balances . . . . .	(554,526)	116,505	(1,433,347)	(740,085)	48,023	(2,563,430)
<b>Fund balances at beginning of year (restated)</b>	3,663,511	1,271,897	562,322	4,750,987	1,624,711	11,873,428
<b>Increase (decrease) in reserve for inventory</b>	12	-	-	-	(5,053)	(5,041)
<b>Fund balances at end of year (deficit) . . . . .</b>	<u>\$ 3,108,997</u>	<u>\$ 1,388,402</u>	<u>\$ (871,025)</u>	<u>\$ 4,010,902</u>	<u>\$ 1,667,681</u>	<u>\$ 9,304,957</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<b>Net change in fund balances - total governmental funds</b>	\$	(2,563,430)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures		
However, in the statement of activities, the cost of those asset is allocated over their estimated useful lives as depreciation expense		
Capital asset additions	\$ 2,061,366	
Current year depreciation	(484,221)	
Total		1,577,145
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(9,735)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		(5,041)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Property taxes	(36,040)	
Earnings on investments	262	
Intergovernmental	(52,320)	
Total		(88,098)
Repayment of general obligation bonds and certificates of participation is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
		1,235,000
In the statement of activities, interest is accrued on outstanding bonds whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	842	
Accreted interest on capital appreciation bonds	(253,698)	
Amortization of bond premiums	61,428	
Amortization of deferred gain	945	
Total		(190,483)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement net position reports these amounts as deferred outflows.		
		1,338,717
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(2,607,472)
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement net position reports these amounts as deferred outflows.		
		42,740
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB asset/liability are reported as OPEB expense in the statement of activities.		
		292,616
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(126,758)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenue are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities		
		100,772
<b>Change in net position of governmental activities</b>	\$	(1,004,027)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 1,929,059	\$ 4,503,801	\$ 4,767,206	\$ 263,405
Income taxes. . . . .	1,307,436	2,136,070	2,277,678	141,608
Tuition. . . . .	1,868,458	1,429,500	1,425,510	(3,990)
Earnings on investments . . . . .	215,205	150,000	211,751	61,751
Extracurricular. . . . .	18,230	14,000	13,736	(264)
Classroom materials and fees . . . . .	71,879	54,725	55,709	984
Rental income . . . . .	42,401	34,770	24,783	(9,987)
Contract services. . . . .	13,919	10,800	10,130	(670)
Other local revenues . . . . .	23,905	19,950	12,844	(7,106)
Intergovernmental - state . . . . .	11,823,882	9,353,679	8,823,369	(530,310)
Total revenues . . . . .	<u>17,314,374</u>	<u>17,707,295</u>	<u>17,622,716</u>	<u>(84,579)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	7,897,683	5,644,753	7,472,913	(1,828,160)
Special. . . . .	3,883,178	3,883,627	2,431,077	1,452,550
Vocational. . . . .	475,597	475,597	468,387	7,210
Adult/continuing . . . . .	-	-	18,442	(18,442)
Other. . . . .	770,000	770,000	803,434	(33,434)
Support services:				
Pupil. . . . .	617,493	617,493	543,922	73,571
Instructional staff . . . . .	784,211	784,211	673,121	111,090
Board of education . . . . .	134,765	134,765	269,389	(134,624)
Administration. . . . .	1,332,157	1,332,157	1,300,327	31,830
Fiscal . . . . .	432,745	432,745	427,201	5,544
Operations and maintenance. . . . .	1,594,515	1,594,515	1,400,405	194,110
Pupil transportation . . . . .	1,259,951	1,259,951	1,179,874	80,077
Central. . . . .	43,256	43,256	36,954	6,302
Extracurricular activities. . . . .	111,910	111,910	103,669	8,241
Facilities acquisition and construction . . . . .	2,500	2,500	1,791	709
Total expenditures . . . . .	<u>19,339,961</u>	<u>17,087,480</u>	<u>17,130,906</u>	<u>(43,426)</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(2,025,587)</u>	<u>619,815</u>	<u>491,810</u>	<u>(128,005)</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	122,815	70,000	171,516	101,516
Transfers in . . . . .	115,609	88,391	88,391	-
Transfers (out). . . . .	(1,125,000)	(1,125,000)	(1,081,668)	43,332
Sale of assets. . . . .	6,962	5,500	4,748	(752)
Total other financing sources (uses) . . . . .	<u>(879,614)</u>	<u>(961,109)</u>	<u>(817,013)</u>	<u>144,096</u>
Net change in fund balance . . . . .	(2,905,201)	(341,294)	(325,203)	16,091
<b>Fund balance at beginning of year . . . . .</b>	<u>3,525,709</u>	<u>3,525,709</u>	<u>3,525,709</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 620,508</u>	<u>\$ 3,184,415</u>	<u>\$ 3,200,506</u>	<u>\$ 16,091</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2020

	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets:</b>	
Cash with fiscal agent . . . . .	\$ 1,617,187
Total assets. . . . .	<u>1,617,187</u>
<b>Liabilities:</b>	
Claims payable . . . . .	<u>367,259</u>
Total liabilities . . . . .	<u>367,259</u>
<b>Net position:</b>	
Unrestricted. . . . .	<u>1,249,928</u>
Total net position. . . . .	<u><u>\$ 1,249,928</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Operating revenues:</b>	
Charges for services . . . . .	\$ 4,276,859
Total operating revenues . . . . .	<u>4,276,859</u>
<b>Operating expenses:</b>	
Other operating expenses . . . . .	851
Claims expense . . . . .	4,214,862
Total operating expenses . . . . .	<u>4,215,713</u>
Operating income . . . . .	<u>61,146</u>
<b>Nonoperating revenues:</b>	
Interest revenue . . . . .	39,626
Total nonoperating revenues . . . . .	<u>39,626</u>
Change in net position . . . . .	100,772
<b>Net position at beginning of year . . . . .</b>	<u>1,149,156</u>
<b>Net position at end of year . . . . .</b>	<u>\$ 1,249,928</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services . . . . .	\$ 4,276,859
Cash payments for claims . . . . .	(4,275,351)
Cash payments for other expenses . . . . .	(851)
	657
Net cash provided by operating activities . . . . .	657
<b>Cash flows from investing activities:</b>	
Interest received . . . . .	39,626
	39,626
Net cash provided by investing activities . . . . .	39,626
Net increase in cash and cash cash equivalents . . . . .	40,283
<b>Cash and cash equivalents at beginning of year . . .</b>	<b>1,576,904</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b>\$ 1,617,187</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income. . . . .	\$ 61,146
Changes in liabilities:	
Claims payable . . . . .	(60,489)
	657
Net cash provided by operating activities. . . . .	<b>\$ 657</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

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

The District was established in 1963 through the consolidation of existing land areas and school districts. The District serves an area of approximately 108 square miles. It is located in Richland and Knox Counties, and includes the Villages of Bellville and Butler and portions of Jefferson, Worthington, Washington and Perry Townships in Richland County and portions of Pike and Brown Townships in Knox County.

The District is staffed by 73 non-certified employees, 122 certified full-time teaching personnel and 15 administrators who provide services to 1,736 students and other community members. The District currently operates 4 instructional buildings and 1 garage.

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

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

The following organizations are described due to their relationship to the District.

*JOINTLY GOVERNED ORGANIZATIONS*

Heartland Council of Governments/North Central Ohio Computer Cooperative (the "COG")

The COG is a jointly governed organization among 16 school districts, 1 educational service center and a career center. The COG is an association of public school districts within the boundaries of Ashland, Crawford, Huron, Marion, Morrow, Richland, Seneca and Wyandot counties. The COG 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. Each member school district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Cooperative Assembly consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Cooperative Assembly. During fiscal year 2020, the District paid \$93,345 to the COG for various services. Financial information can be obtained from the Treasurer for the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875-0309.

Knox County Career Center

The Knox County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected Boards, which possesses its own budgeting and taxing authority. Financial information may be obtained from the treasurer for Knox County Career Center, at 306 Martinsburg Road, Mount Vernon, Ohio 43050.

*INSURANCE PURCHASING POOLS*

Jefferson Health Plan (JHP) Health Benefits Program

The District is a participant with several other school districts in an insurance purchasing pool operated through the Jefferson Health Plan (JHP). The JHP Health Benefits Program was formed for the purpose of providing a cooperative program to administer medical, prescription, vision, and dental benefits for employees and dependents of participating entities. JHP is governed by a Board of Directors consisting of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board.

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

**B. Fund Accounting**

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

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

*GOVERNMENTAL FUNDS*

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

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

Bond retirement fund - The bond retirement fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Classroom facilities fund - The classroom facilities fund is used to account for intergovernmental revenues from the State that are restricted for building renovation under the Ohio Facilities Construction Commission's Ohio Facilities Construction Commission (OFCC) program.

Capital projects fund - The capital projects fund is used to account for the set aside requirement for the District's new elementary school construction projects.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*PROPRIETARY FUND*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides medical/surgical, prescription, dental and vision benefits to employees.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District does not have any fiduciary funds.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

**C. Basis of Presentation and Measurement Focus**

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the District's internal service fund is charges for services. Operating expenses for the internal service fund includes claims and other expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

*Revenues - Exchange and Nonexchange Transactions* - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6) and revenue from income taxes is recognized in the period in which the income is earned (See Note 7).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: income taxes, property taxes available as an advance, interest, tuition, grants, student fees and rentals.

*Deferred Outflows of Resources and Deferred Inflows of Resources* - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 13 and 14 for deferred outflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements 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 District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

For the District, see Notes 13 and 14 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position. In addition, deferred inflows of resources include a deferred gain on debt refunding. A deferred gain 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 of the life of the refunded or refunding debt.

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except custodial funds). The specific timetable for fiscal year 2020 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Richland County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2020.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present the general fund budgetary statement comparison at the fund and function level.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original, appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2020. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

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

During fiscal year 2020, investments were limited to Federal Agency Securities, commercial paper, negotiable certificates of deposit (CD), First American Treasury Obligation and State Treasury Asset Reserve of Ohio (STAR Ohio). Negotiable certificates of deposit are reported at cost.

During fiscal year 2020, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Under existing Ohio statutes, all investment earnings are assigned to the general fund, unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Investment earnings are assigned to the general fund, the classroom facilities fund, the building fund, the food service special revenue fund, the endowment fund special revenue fund, and the employee benefits self-insurance internal service fund. The food service special revenue fund receives interest earnings based upon federal mandate. Interest revenue credited to the general fund during fiscal year 2020 amounted to \$435,666, which includes \$323,423 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District’s investment account at year end is provided in Note 4.

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the purchase method on the fund statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food, and purchased food.

**H. 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. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$3,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not. The District does not possess infrastructure.

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

Description	Governmental Activities <u>Estimated Lives</u>
Land improvements	20 - 50 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	4 - 10 years



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivables/payables.” These amounts are eliminated in the governmental activities column on the statement of net position. Interfund loans that are used to cover negative cash balances are classified as “due to/from other funds”. These amounts are eliminated in the governmental activities column on the statement of net position.

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2020, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least 20 years of current service with the District, or 15 years of service and 45 years of age, or 5 years of service and 50 of age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2020 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

**K. Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss**

On government-wide and fund financial statements, issuance costs are expensed in the year they occur.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For bond refunds resulting in the defeasance of the debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources or deferred inflow of resources.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

On the governmental fund financial statements bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 10.A.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, net pension liabilities, net OPEB liabilities and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

**M. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. This includes amounts for materials and supplies inventory as well as prepaids.

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

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

*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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

**N. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amounts restricted for other purposes represents amounts restricted for the food service fund.

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

**O. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

On the fund financial statements, reported prepayments is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

**P. Estimates**

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

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**Q. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

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

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

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2020.

**T. Fair Value**

The 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.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2020, the District has implemented GASB Statement No. 84, "*Fiduciary Activities*" and GASB Statement No. 90, "*Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*".

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the District.

**B. Restatement of Net Position and Fund Balances**

The implementation of GASB 84 had the following effect on fund balance as reported at June 30, 2019:

	<u>General</u>	<u>Bond Retirement</u>	<u>Classroom Facilities</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance as previously reported	\$ 3,662,939	\$ 1,271,897	\$ 562,322	\$ 4,750,987	\$ 1,328,313	\$ 11,576,458
GASB Statement No. 84	<u>572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>296,398</u>	<u>296,970</u>
Restated Fund Balance, at June 30, 2019	<u>\$ 3,663,511</u>	<u>\$ 1,271,897</u>	<u>\$ 562,322</u>	<u>\$ 4,750,987</u>	<u>\$ 1,624,711</u>	<u>\$ 11,873,428</u>

The implementation of the GASB 84 pronouncement had the following effect on the net position as reported at June 30, 2019:

	<u>Governmental Activities</u>
Net position as previously reported	\$ 14,826,982
GASB Statement No. 84	<u>296,970</u>
Restated net position at June 30, 2019	<u>\$ 15,123,952</u>

Related to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. At June 30, 2019, agency funds reported assets and liabilities of \$270,016. The District's private purpose trust funds have been reclassified to a special revenue fund with a balance of \$26,954 at June 30, 2019.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**C. Deficit Fund Balances**

Fund balances at June 30, 2020 included the following individual fund deficits:

<u>Major fund</u>	<u>Deficit</u>
Classroom Facilities	\$ 871,025
<u>Nonmajor funds</u>	
Food Services	6,712
Elementary and Secondary School Emergency Relief	118
Coronavirus Relief	12,728
IDEA, Part B	26,235
Improving Teacher Quality	7,560

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain banker's acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash on Hand**

At fiscal year end, the District had \$30 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments".

**B. Cash with Escrow Agent**

At fiscal year end, the District had \$461,527 in depository accounts for retainage related to the District's Ohio Facilities Construction Commission building project. These depository accounts are held outside of the District's internal investment pool. The balances in these depository accounts are not included in the amount of "deposits" reported below.

**C. Cash with Fiscal Agent**

The District is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2020 was \$1,617,187. This amount is not included in the "deposits" or "investments" reported below.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**D. Deposits with Financial Institutions**

At June 30, 2020, the carrying amount of all District deposits was \$2,056,146. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2020, \$2,244,112 of the District’s bank balance of \$2,578,356 was exposed to custodial risk as discussed below, while \$334,244 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State. For 2020, the District’s financial institutions were collateralized at a rate of 102 percent through the OPCS.

**E. Investments**

As of June 30, 2020, the District had the following investment and maturity:

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	<u>Investment Maturities</u>				
		6 months or <u>less</u>	7 to 12 <u>months</u>	13 to 18 <u>months</u>	19 to 24 <u>months</u>	Greater than <u>24 months</u>
<i>Fair Value:</i>						
FHLB	\$ 499,410	\$ -	\$ 499,410	\$ -	\$ -	\$ -
FFCB	199,742	-	199,742	-	-	-
FHLMC	519,702	-	-	-	-	519,702
Negotiable CD's	5,443,158	-	1,011,335	-	1,540,993	2,890,830
Commercial Paper	1,198,360	849,199	349,161	-	-	-
First American Treasury Obligation	640,447	640,447	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	<u>110,562</u>	<u>110,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,611,381</u>	<u>\$ 1,600,208</u>	<u>\$ 2,059,648</u>	<u>\$ -</u>	<u>\$ 1,540,993</u>	<u>\$ 3,410,532</u>

The weighted average maturity of investments is 1.79 years.

The District’s investments in First American Treasury Obligations are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities (FHLB, FFCB, FHLMC, commercial paper), and negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District’s investment policy limits investment portfolio maturities to five years or less.



**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Credit Risk:* The District's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investments in commercial paper were rated P-1 by Moody's Investor Services. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code. The District's investments in negotiable CD's and First American Treasury Obligations are not rated.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the 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 federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The 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:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2020:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% to Total</u>
<i>Fair Value:</i>		
FHLB	\$ 499,410	5.80
FFCB	199,742	2.32
FHLMC	519,702	6.04
Negotiable CD's	5,443,158	63.20
Commercial Paper	1,198,360	13.92
First American Treasury Oblig.	640,447	7.44
<i>Amortized Cost:</i>		
STAR Ohio	<u>110,562</u>	<u>1.28</u>
Total	<u>\$ 8,611,381</u>	<u>100.00</u>

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**F. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2020:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,056,146
Investments	8,611,381
Cash on hand	30
Cash with escrow agent	461,527
Cash with fiscal agent	<u>1,617,187</u>
Total	<u>\$ 12,746,271</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 12,746,271</u>
Total	<u>\$ 12,746,271</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

A. Due to/from other funds at June 30, 2020 as reported on the fund statements, consisted of the following:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	<u>\$ 71,291</u>

B. Interfund loans receivable/payable at June 30, 2020 as reported on the fund statements, consisted of the following:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	<u>\$ 9,821</u>

The primary purpose of the due to/from other funds is to cover negative cash balances in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. For the interfund loans receivable/payable, the District has charged back allowable fiscal year 2020 expenditures to the respective funds under the Coronavirus Relief Fund program. The interfund balance will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2020 are reported on the statement of net position.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

C. Interfund transfers for the year ended June 30, 2020, consisted of the following, as reported on the fund financial statements:

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Bond retirement fund	\$ 700,175
Nonmajor governmental funds	381,493
<u>Transfers to bond retirement fund from:</u>	
Capital projects fund	250,000
<u>Transfers to general fund from:</u>	
Nonmajor governmental funds	<u>88,391</u>
Total	<u>\$ 1,420,059</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The District transferred \$250,000 from the Capital Projects fund to the bond retirement fund in accordance with Ohio Revised Code Section 5705.14(B). The District transferred \$88,391 from nonmajor governmental funds to the General fund in accordance with Ohio Revised Code Section 5705.14(D).

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the 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 property and public utility property. Real property tax revenues received in calendar year 2020 represent the collection of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed values as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2020 represent the collection of calendar year 2019 taxes. Public utility real and personal property taxes received in calendar year 2020 became a lien on December 31, 2018, were levied after April 1, 2019, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 6 - PROPERTY TAXES - (Continued)**

The District receives property taxes from Richland County and Knox County. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available as an advance at June 30, 2020 was \$641,654 in the general fund, \$130,883 in the bond retirement fund and \$52,454 in the permanent improvement fund (a nonmajor governmental fund). These amounts are recorded as revenue. The amount available for advance at June 30, 2019 was \$856,322 in the general fund, \$138,237 in the bond retirement fund and \$55,168 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

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

	2019 Second Half Collections		2020 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 193,176,740	89.13	\$ 195,804,600	85.54
Public utility personal	<u>23,553,290</u>	<u>10.87</u>	<u>33,090,160</u>	<u>14.46</u>
Total	<u>\$ 216,730,030</u>	<u>100.00</u>	<u>\$ 228,894,760</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$49.05		\$49.05	

**NOTE 7 - INCOME TAX**

The District has authorized, through voter approval in August 2012, an annual 1.00 percent earned income school district income tax levied on the income of individuals and estates for a period of five years. The tax went into effect on January 1, 2013. In March of 2016, the voters approved a 20 year renewal. The tax is to be used for normal operating expenses of the District and is credited to the general fund. The income tax revenue credited to the general fund during fiscal year 2020 was \$2,173,206.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2020 consisted of property taxes, income taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 8 - RECEIVABLES - (Continued)**

A summary of receivables reported on the statement of net position follows:

**Governmental activities:**

Property taxes	\$ 4,867,286
Income taxes	744,969
Accounts	10,681
Accrued interest	42,101
Intergovernmental	<u>114,843</u>
<b>Total</b>	<b><u>\$ 5,779,880</u></b>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**NOTE 9 - CAPITAL ASSETS**

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

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2020</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 735,639	\$ -	\$ -	\$ 735,639
Construction in progress	<u>28,655,248</u>	<u>1,875,001</u>	<u>-</u>	<u>30,530,249</u>
Total capital assets, not being depreciated	<u>29,390,887</u>	<u>1,875,001</u>	<u>-</u>	<u>31,265,888</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,456,491	104,768	-	1,561,259
Building and improvements	13,023,534	-	-	13,023,534
Furniture and equipment	3,079,852	56,831	(28,215)	3,108,468
Vehicles	<u>1,907,496</u>	<u>24,766</u>	<u>(163,774)</u>	<u>1,768,488</u>
Total capital assets, being depreciated	<u>19,467,373</u>	<u>186,365</u>	<u>(191,989)</u>	<u>19,461,749</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,134,102)	(42,503)	-	(1,176,605)
Building and improvements	(8,713,852)	(252,470)	-	(8,966,322)
Furniture and equipment	(1,814,142)	(92,217)	18,814	(1,887,545)
Vehicles	<u>(1,195,310)</u>	<u>(97,031)</u>	<u>163,440</u>	<u>(1,128,901)</u>
Total accumulated depreciation	<u>(12,857,406)</u>	<u>(484,221)</u>	<u>182,254</u>	<u>(13,159,373)</u>
Governmental activities capital assets, net	<u>\$ 36,000,854</u>	<u>\$ 1,577,145</u>	<u>\$ (9,735)</u>	<u>\$ 37,568,264</u>

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 9 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 213,859
Special	7,395
Vocational	12,961

Support services:

Pupil	1,520
Instructional staff	16,034
Administration	8,890
Fiscal	246
Operations and maintenance	53,178
Pupil transportation	123,633
Operation of non-instructional	682
Extracurricular	27,092
Food service operations	<u>18,731</u>

Total depreciation expense	<u>\$ 484,221</u>
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**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2020, the following changes occurred in governmental activities long-term obligations.

	Balance Outstanding <u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2020</u>	Amounts Due in <u>One Year</u>
General obligation bonds	\$ 13,561,600	\$ 253,698	\$ (700,000)	\$ 13,115,298	\$ 720,000
Certificates of participation	2,810,000	-	(535,000)	2,275,000	545,000
Net pension liability	17,884,203	82,313	(276,708)	17,689,808	-
Net OPEB liability	1,883,011	-	(198,555)	1,684,456	-
Compensated absences	<u>771,353</u>	<u>215,410</u>	<u>(88,652)</u>	<u>898,111</u>	<u>69,213</u>
Total governmental activities	<u>\$ 36,910,167</u>	<u>\$ 551,421</u>	<u>\$ (1,798,915)</u>	<u>35,662,673</u>	<u>\$ 1,334,213</u>
Add: Unamortized premium				<u>526,222</u>	
Total on statement of net position				<u>\$ 36,188,895</u>	

Net Pension Liability: The District's net pension liability is described in Note 13. The District pays obligations related to employee compensation from the fund benefitting from their services.

Net OPEB Liability/Asset: The District's net OPEB liability/asset is described in Note 14. The District pays obligations related to employee compensation from the fund benefitting from their services.

Compensated absences will be paid from the fund which the employee's salaries are paid which, for the District is primarily the general fund, the food service fund (a nonmajor governmental fund) and the districted managed student activity fund (a nonmajor governmental fund).

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

- B.** Series 1998 School Improvement Bonds - During fiscal year 1998, the District issued general obligation bonds to provide funds for various District building projects. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment.

Accordingly, such unmatured obligations of the District are accounted for in the statement of net position. Payments of principal and interest relating to this bond are recorded as an expenditure in the bond retirement fund.

This remaining issue is comprised of capital appreciation bonds, par value \$153,510. The capital appreciation bonds mature on December 1, 2021 (effective interest 12.518%), December 1, 2022 (effective interest 12.518%) and December 1, 2023 (effective interest 12.518%) and December 1, 2024 (effective interest 12.518%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for capital appreciation bonds is \$3,230,000. Total accreted interest of \$2,126,788 has been included in the statement of net position at June 30, 2020.

Series 2015 Refunding Bonds - Direct Placement

During fiscal year 2016, the District issued \$4,130,000 in general obligation bonds to refund \$4,130,000 of the Series 2005 Refunding Bonds. This issuance was a direct placement with JP Morgan Chase Bank. The bonds are not subject to redemption prior to maturity. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The call date on the refunded bonds was September 2, 2015.

The issue is comprised of current interest bonds, par value \$4,130,000. The average interest rate on the current interest bonds is 1.71%.

Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2024. The debt will be retired through the bond retirement fund.

The net carrying amount of the old debt exceeded the reacquisition price by \$5,040. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which had a final maturity date of December 1, 2020.

Series 2016 General Obligation Bonds

On August 25, 2016, the District issued Series 2016 General Obligation Bonds. Proceeds of \$9,900,000 from the issuance were used to finance part of the District's portion of its Ohio Facilities Construction Commission project. Interest rates on the current interest bonds range from 2.0% to 4.0% with interest payments due on June 1 and December 1 of each year until final maturity at December 1, 2036. The debt will be retired through the bond retirement fund. At June 30, 2020 there was \$87,665 in unspent proceeds of the Series 2016 General Obligation Bonds.

Series 2016 Certificates of Participation

On September 1, 2016, the District issued certificates of participation in the amount of \$3,850,000 to finance part of the District's portion of its Ohio Facilities Construction Commission project. Interest rates on the current interest bonds range from 2.0% to 4.0% with interest payments due on June 1 and December 1 of each year until final maturity at December 1, 2023. The debt will be retired through the bond retirement fund.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a schedule of activity for the general obligation bonds:

	Balance			Balance	Due In
	<u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2020</u>	<u>One Year</u>
Series 1998, capital appreciation bonds	\$ 153,510	\$ -	\$ -	\$ 153,510	\$ -
Series 1998, capital appreciation bonds accreted interest	1,873,090	253,698	-	2,126,788	-
Series 2015, current interest bonds	1,645,000	-	(695,000)	950,000	715,000
Series 2016, current interest bonds	<u>9,890,000</u>	<u>-</u>	<u>(5,000)</u>	<u>9,885,000</u>	<u>5,000</u>
Total general obligation bonds	<u>\$ 13,561,600</u>	<u>\$ 253,698</u>	<u>\$ (700,000)</u>	<u>\$ 13,115,298</u>	<u>\$ 720,000</u>

The following is a summary of the future debt service requirements to maturity for the general obligation bonds, including mandatory sinking fund deposits:

Fiscal Year Ending June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 720,000	\$ 340,357	\$ 1,060,357	\$ -	\$ -	\$ -
2022	60,000	333,673	393,673	44,564	745,436	790,000
2023	65,000	332,590	397,590	39,853	755,147	795,000
2024	70,000	331,421	401,421	35,640	764,360	800,000
2025	660,000	318,245	978,245	33,453	811,547	845,000
2026 - 2030	3,420,000	1,204,313	4,624,313	-	-	-
2031 - 2035	4,045,000	584,200	4,629,200	-	-	-
2036 - 2037	<u>1,795,000</u>	<u>54,224</u>	<u>1,849,224</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 10,835,000</u>	<u>\$ 3,499,023</u>	<u>\$ 14,334,023</u>	<u>\$ 153,510</u>	<u>\$ 3,076,490</u>	<u>\$ 3,230,000</u>

The following is a summary of the future debt service requirements to maturity for the certificates of participation:

Fiscal Year Ending June 30,	Certificates of Participation		
	Principal	Interest	Total
2021	\$ 545,000	\$ 69,050	\$ 614,050
2022	560,000	55,200	615,200
2023	575,000	35,300	610,300
2024	<u>595,000</u>	<u>11,900</u>	<u>606,900</u>
Total	<u>\$ 2,275,000</u>	<u>\$ 171,450</u>	<u>\$ 2,446,450</u>



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

**C. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2020, are a voted debt margin of \$11,000,420 (including available funds of \$1,388,402) and an unvoted debt margin of \$228,895.

**NOTE 11 - COMPENSATED ABSENCES**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees 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 260 days for all certified employees and up to 250 days for classified employees. Upon retirement, payment is made for a 30% of accrued, but unused sick leave credit, to a maximum of 75 days for classified and 25% of accrued, but unused sick leave credit, to a maximum of 65 days for certified employees.

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, boiler/machinery and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 100% coinsured. The following is a description of the District's insurance coverage:

<u>Coverage</u>	<u>Insurer</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
General liability:			
Each occurrence	Ohio School	\$ 5,000,000	\$ 0
Aggregate	Plan	7,000,000	0
Fleet:			
Comprehensive	Ohio School	ACV	1,000
Collision	Plan	ACV	1,000
Violence	Ohio School	1,000,000	0
	Plan		

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There was no significant reduction in coverage from the prior year.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 12 - RISK MANAGEMENT - (Continued)**

**B. Workers' Compensation**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool (See Note 2.A.). The Plan's business and affairs are conducted by a three-member board of directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The worker's compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the Plan.

**C. Life Insurance**

The District provides life insurance and accidental death and dismemberment insurance to most employees through Metropolitan Life Insurance Company.

**D. Employee Group Medical/Surgical, Dental and Vision Insurance**

Medical/surgical, dental and vision insurance is offered to employees through a self-insurance internal service fund. The District is a member of the JHP Health Benefits Program, a claims servicing pool, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the District's behalf. The claims liability of \$367,259 reported in the internal service fund at June 30, 2020 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

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

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2020	\$ 427,748	\$ 4,214,862	\$ (4,275,351)	\$ 367,259
2019	415,297	4,349,459	(4,337,008)	427,748

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 13 - 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.

The net pension liability represents the 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.

The Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the 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 pension and postemployment benefits payable on both the accrual and modified accrual basis of accounting.

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

Plan Description - The 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or 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; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% 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% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District's contractually required contribution to SERS was \$316,256 for fiscal year 2020. Of this amount, \$25,513 is reported as pension and postemployment benefits payable.

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

Plan Description - Licensed teachers 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 website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS 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 to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2020, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$1,022,461 for fiscal year 2020. Of this amount, \$168,320 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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	0.06688190%	0.06391627%	
Proportion of the net pension liability current measurement date	<u>0.06539610%</u>	<u>0.06229898%</u>	
Change in proportionate share	<u>-0.00148580%</u>	<u>-0.00161729%</u>	
Proportionate share of the net pension liability	\$ 3,912,763	\$ 13,777,045	\$ 17,689,808
Pension expense	\$ 528,623	\$ 2,078,849	\$ 2,607,472

At June 30, 2020, the 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	\$ 99,220	\$ 112,172	\$ 211,392
Changes of assumptions	-	1,618,380	1,618,380
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	310	115,391	115,701
Contributions subsequent to the measurement date	<u>316,256</u>	<u>1,022,461</u>	<u>1,338,717</u>
Total deferred outflows of resources	<u>\$ 415,786</u>	<u>\$ 2,868,404</u>	<u>\$ 3,284,190</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 59,638	\$ 59,638
Net difference between projected and actual earnings on pension plan investments	50,223	673,348	723,571
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>90,243</u>	<u>281,564</u>	<u>371,807</u>
Total deferred inflows of resources	<u>\$ 140,466</u>	<u>\$ 1,014,550</u>	<u>\$ 1,155,016</u>

\$1,338,717 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2021	\$ 37,534	\$ 877,906	\$ 915,440
2022	(103,611)	98,054	(5,557)
2023	(3,342)	(157,386)	(160,728)
2024	28,483	12,817	41,300
2025	-	2	2
Total	<u>\$ (40,936)</u>	<u>\$ 831,393</u>	<u>\$ 790,457</u>

***Actuarial Assumptions - SERS***

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

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

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

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2019, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

The long-term return expectation for the Pension Plan Investments has been determined 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 a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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

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

**Discount Rate** - The total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50%). 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 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 7.50%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	District's proportionate share of the net pension liability	\$ 5,483,180	\$ 3,912,763



**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Actuarial Assumptions - STRS*

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

	July 1, 2019
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

For the July 1, 2019, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

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

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

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2019. 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 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, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 20,133,616	\$ 13,777,045	\$ 8,395,882

**NOTE 14 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability/Asset***

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

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

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

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/asset. Resulting adjustments to the net OPEB liability/asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the District's surcharge obligation was \$42,740.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$42,740 for fiscal year 2020. Of this amount, \$42,740 is reported as pension and postemployment benefits payable.

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

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2019, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.06787410%	0.06391627%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.06698200%</u>	<u>0.06229898%</u>	
Change in proportionate share	<u>-0.00089210%</u>	<u>-0.00161729%</u>	
Proportionate share of the net OPEB liability	\$ 1,684,456	\$ -	\$ 1,684,456
Proportionate share of the net OPEB asset	\$ -	\$ (1,031,820)	\$ (1,031,820)
OPEB expense	\$ 24,341	\$ (316,957)	\$ (292,616)

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 24,726	\$ 93,541	\$ 118,267
Net difference between projected and actual earnings on OPEB plan investments	4,045	-	4,045
Changes of assumptions	123,030	21,688	144,718
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	8,488	8,488
Contributions subsequent to the measurement date	<u>42,740</u>	<u>-</u>	<u>42,740</u>
Total deferred outflows of resources	<u>\$ 194,541</u>	<u>\$ 123,717</u>	<u>\$ 318,258</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 370,063	\$ 52,495	\$ 422,558
Net difference between projected and actual earnings on OPEB plan investments	-	64,807	64,807
Changes of assumptions	94,392	1,131,271	1,225,663
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>58,630</u>	<u>9,318</u>	<u>67,948</u>
Total deferred inflows of resources	<u>\$ 523,085</u>	<u>\$ 1,257,891</u>	<u>\$ 1,780,976</u>

\$42,740 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	\$ (121,557)	\$ (247,361)	\$ (368,918)
2022	(58,234)	(247,361)	(305,595)
2023	(57,048)	(221,389)	(278,437)
2024	(57,241)	(212,284)	(269,525)
2025	(53,368)	(207,189)	(260,557)
Thereafter	<u>(23,836)</u>	<u>1,410</u>	<u>(22,426)</u>
Total	<u>\$ (371,284)</u>	<u>\$ (1,134,174)</u>	<u>\$ (1,505,458)</u>

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*Actuarial Assumptions - SERS*

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

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

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

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.13%
Prior measurement date	3.62%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.22%
Prior measurement date	3.70%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

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

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

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

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

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13%, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.62% was used as of June 30, 2018. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,044,611	\$ 1,684,456	\$ 1,398,092

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,349,591	\$ 1,684,456	\$ 2,128,742

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, compared with July 1, 2018, are presented below:

	July 1, 2019		July 1, 2018	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discounted rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.87%	4.00%	6.00%	4.00%
Medicare	4.93%	4.00%	5.00%	4.00%
Prescription Drug				
Pre-Medicare	7.73%	4.00%	8.00%	4.00%
Medicare	9.62%	4.00%	-5.23%	4.00%

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

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

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



**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*Assumption Changes Since the Prior Measurement Date* - There were no changes in assumptions since the prior measurement date of June 30, 2018.

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

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

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

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

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

*Discount Rate* - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2019.

*Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate* - The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 880,453	\$ 1,031,820	\$ 1,159,085
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 1,170,037	\$ 1,031,820	\$ 862,539

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented 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 the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to restricted, assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING – (Continued)**

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

	<u>General fund</u>
Budget basis	\$ (325,203)
Net adjustment for revenue accruals	(90,368)
Net adjustment for expenditure accruals	24,064
Net adjustment for other sources/uses	(176,264)
Funds budgeted elsewhere	<u>13,245</u>
GAAP basis	<u>\$ (554,526)</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the adult education fund, district agency fund, and the public school support fund.

**NOTE 16 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**C. Foundation Funding**

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2020 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2020 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 17 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2019	\$ -
Current year set-aside requirement	305,414
Current year qualifying expenditures	(354,180)
Current year offsets	<u>-</u>
Total	<u>\$ (48,766)</u>
Balance carried forward to fiscal year 2021	<u>\$ -</u>
Set-aside balance June 30, 2020	<u><u>\$ -</u></u>

In fiscal year 2017, the District issued \$13,750,000 in capital related bonds and certificates of participation. These proceeds may be used to reduce the capital improvement set-asides for future years. The amount presented for prior year offsets from bond proceeds is limited to the amount needed to reduce the set-aside balance to \$0.

**NOTE 18 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District did not have any commitments for encumbrances in the governmental funds.

**NOTE 19 - CONTRACTUAL COMMITMENTS**

As of June 30, 2020, the District had the following contractual commitments outstanding:

<u>Vendor</u>	<u>Total Contract</u>	<u>Amount Paid</u>	<u>Remaining Commitment June 30, 2020</u>
Gilbane Building Company	\$ 27,341,972	\$ (26,385,769)	\$ 956,203
Total	<u>\$ 27,341,972</u>	<u>\$ (26,385,769)</u>	<u>\$ 956,203</u>

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 20 - TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS**

Other governments entered into property tax abatement agreements with property owners under the Community Urban Redevelopment program and the Ohio Community Reinvestment Area (“CRA”) program with the taxing districts of the District. The Community Urban Redevelopment and CRA programs are directive incentive tax exemption programs benefiting property owners who renovate or construct new buildings. Under these programs, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the District, the Village of Bellville and Worthington Township have entered into such agreements. Under these agreements, the District’s property taxes were reduced by \$15,129 through the Village of Bellville’s CRA program and \$56 through Worthington Township’s Community Urban Redevelopment program. The District is not receiving any amounts from these other governments in association with the forgone property tax revenue.

**NOTE 21 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District’s investment portfolio and the investments of the pension and other employee benefit plans are subject to increased market volatility, which could result in a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

REQUIRED SUPPLEMENTARY INFORMATION

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.06539610%	0.06688190%	0.06700380%	0.06985200%
District's proportionate share of the net pension liability	\$ 3,912,763	\$ 3,830,450	\$ 4,003,329	\$ 5,112,522
District's covered payroll	\$ 2,211,637	\$ 2,215,674	\$ 2,118,893	\$ 2,216,900
District's proportionate share of the net pension liability as a percentage of its covered payroll	176.92%	172.88%	188.93%	230.62%
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.36%	69.50%	62.98%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.06932120%	0.07071800%	0.07071800%
\$ 3,955,535	\$ 3,578,998	\$ 4,205,372
\$ 2,086,927	\$ 2,054,921	\$ 2,047,052
189.54%	174.17%	205.44%
69.16%	71.70%	65.52%



**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.06229898%	0.06391627%	0.06370341%	0.06363250%
District's proportionate share of the net pension liability	\$ 13,777,045	\$ 14,053,753	\$ 15,132,882	\$ 21,299,716
District's covered payroll	\$ 7,317,750	\$ 7,444,943	\$ 6,799,207	\$ 7,157,014
District's proportionate share of the net pension liability as a percentage of its covered payroll	188.27%	188.77%	222.57%	297.61%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	77.31%	75.30%	66.80%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.06222308%	0.06073681%	0.06073681%
\$ 17,196,639	\$ 14,773,294	\$ 17,597,851
\$ 6,491,936	\$ 6,205,623	\$ 6,528,054
264.89%	238.06%	269.57%
72.10%	74.70%	69.30%

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 316,256	\$ 298,571	\$ 299,116	\$ 296,645
Contributions in relation to the contractually required contribution	<u>(316,256)</u>	<u>(298,571)</u>	<u>(299,116)</u>	<u>(296,645)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,258,971	\$ 2,211,637	\$ 2,215,674	\$ 2,118,893
Contributions as a percentage of covered payroll	14.00%	13.50%	13.50%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
\$ 310,366	\$ 275,057	\$ 284,812	\$ 283,312	\$ 276,214	\$ 258,238
<u>(310,366)</u>	<u>(275,057)</u>	<u>(284,812)</u>	<u>(283,312)</u>	<u>(276,214)</u>	<u>(258,238)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,216,900	\$ 2,086,927	\$ 2,054,921	\$ 2,047,052	\$ 2,053,636	\$ 2,054,399
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 1,022,461	\$ 1,024,485	\$ 1,042,292	\$ 951,889
Contributions in relation to the contractually required contribution	<u>(1,022,461)</u>	<u>(1,024,485)</u>	<u>(1,042,292)</u>	<u>(951,889)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,303,293	\$ 7,317,750	\$ 7,444,943	\$ 6,799,207
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 1,001,982	\$ 908,871	\$ 806,731	\$ 848,647	\$ 840,610	\$ 826,063
<u>(1,001,982)</u>	<u>(908,871)</u>	<u>(806,731)</u>	<u>(848,647)</u>	<u>(840,610)</u>	<u>(826,063)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,157,014	\$ 6,491,936	\$ 6,205,623	\$ 6,528,054	\$ 6,466,231	\$ 6,354,331
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.06698200%	0.06787410%	0.06803900%	0.07063314%
District's proportionate share of the net OPEB liability	\$ 1,684,456	\$ 1,883,011	\$ 1,825,988	\$ 2,013,306
District's covered payroll	\$ 2,211,637	\$ 2,215,674	\$ 2,118,893	\$ 2,216,900
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	76.16%	84.99%	86.18%	90.82%
Plan fiduciary net position as a percentage of the total OPEB liability	15.57%	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY/ASSET  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/asset	0.06229898%	0.06391627%	0.06370341%	0.06363250%
District's proportionate share of the net OPEB liability/(asset)	\$ (1,031,820)	\$ (1,027,069)	\$ 2,485,472	\$ 3,403,083
District's covered payroll	\$ 7,317,750	\$ 7,444,943	\$ 6,799,207	\$ 7,157,014
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.10%	13.80%	36.56%	47.55%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.70%	176.00%	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 42,740	\$ 51,772	\$ 47,846	\$ 37,294
Contributions in relation to the contractually required contribution	<u>(42,740)</u>	<u>(51,772)</u>	<u>(47,846)</u>	<u>(37,294)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,258,971	\$ 2,211,637	\$ 2,215,674	\$ 2,118,893
Contributions as a percentage of covered payroll	1.89%	2.34%	2.16%	1.76%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 35,079	\$ 52,466	\$ 38,021	\$ 44,348	\$ 51,850	\$ 69,964
<u>(35,079)</u>	<u>(52,466)</u>	<u>(38,021)</u>	<u>(44,348)</u>	<u>(51,850)</u>	<u>(69,964)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,216,900	\$ 2,086,927	\$ 2,054,921	\$ 2,047,052	\$ 2,053,636	\$ 2,054,399
1.58%	2.51%	1.85%	2.17%	2.52%	3.41%

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,303,293	\$ 7,317,750	\$ 7,444,943	\$ 6,799,207
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ -	\$ -	\$ 63,819	\$ 65,281	\$ 64,662	\$ 63,543
-	-	(63,819)	(65,281)	(64,662)	(63,543)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,157,014	\$ 6,491,936	\$ 6,205,623	\$ 6,528,054	\$ 6,466,231	\$ 6,354,331
0.00%	0.00%	1.03%	1.00%	1.00%	1.00%

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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PENSION

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2020.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019-2020.

(Continued)

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increase the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

## **SUPPLEMENTARY INFORMATION**

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(E) PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>			
<b>Child Nutrition Cluster:</b>			
(C) School Breakfast Program	10.553	2020	\$ 40,235
(C) School Breakfast Program - COVID-19	10.553	2020	42,656
<b>Total School Breakfast Program</b>			<u>82,891</u>
(C) National School Lunch Program	10.555	2020	159,927
(C) National School Lunch Program - COVID 19	10.555	2020	76,112
(D) National School Lunch Program - Food Donation	10.555	2020	44,280
<b>Total National School Lunch Program</b>			<u>280,319</u>
<b>Total U.S. Department of Agriculture and Child Nutrition Cluster</b>			<u>363,210</u>
<b>U.S. DEPARTMENT OF THE TREASURY PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>			
Coronavirus Relief Fund	21.019	2020	12,728
<b>Total U.S. Department of the Treasury</b>			<u>12,728</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>			
Title I Grants to Local Educational Agencies	84.010	2019	41,937
Title I Grants to Local Educational Agencies	84.010	2020	253,508
<b>Total Title I Grants to Local Educational Agencies</b>			<u>295,445</u>
<b>Special Education Cluster (IDEA):</b>			
Special Education_Grants to States	84.027	2019	25,131
Special Education_Grants to States - Restoration	84.027	2019	2,484
Special Education_Grants to States	84.027	2020	378,478
Special Education_Grants to States - Restoration	84.027	2020	111,168
<b>Total Special Education_Grants to States</b>			<u>517,261</u>
Special Education_Preschool Grants	84.173	2019	90
Special Education_Preschool Grants	84.173	2020	8,499
Special Education_Preschool Grants - Restoration	84.173	2020	4,146
<b>Total Special Education_Preschool Grants</b>			<u>12,735</u>
<b>Total Special Education Cluster (IDEA)</b>			<u>529,996</u>
Supporting Effective Instruction State Grants	84.367	2019	2,737
Supporting Effective Instruction State Grants	84.367	2020	37,901
<b>Total Supporting Effective Instruction State Grants</b>			<u>40,638</u>
Student Support and Academic Enrichment Program	84.424	2020	10,870
<b>Total U.S. Department of Education</b>			<u>876,949</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,252,887</u>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

- (A) This schedule includes the federal award activity of the Clear Fork Valley Local School District under programs of the federal government for the fiscal year ended June 30, 2020 and is prepared in accordance with the cash basis of accounting. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Clear Fork Valley Local School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Clear Fork Valley Local School District.
- (B) CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The District has not elected to use the 10% de minimis indirect cost rate.
- (C) Commingled with state and local revenue from sales of breakfast and lunches; assumed expenditures were made on a first-in, first-out basis.
- (D) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (E) OAKS did not assign pass-through numbers for fiscal year 2020.



**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Clear Fork Valley Local School District  
Richland County  
211 School Street  
Bellville, Ohio 44813

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clear Fork Valley Local School District, Richland County, Ohio, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Clear Fork Valley Local School District's basic financial statements, and have issued our report thereon dated November 19, 2020, wherein we noted as described in Note 3 to the financial statements, the Clear Fork Valley Local School District adopted GASBS No. 84, *Fiduciary Activities*. Furthermore, as described in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

***Internal Control over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clear Fork Valley Local 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 Clear Fork Valley Local School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
November 19, 2020

**Independent Auditor's Report on Compliance for the Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance**

Clear Fork Valley Local School District  
Richland County  
211 School Street  
Bellville, Ohio 44813

To the Board of Education:

***Report on Compliance for the Major Federal Program***

We have audited the Clear Fork Valley Local School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Clear Fork Valley Local School District's major federal program for the fiscal year ended June 30, 2020. The Clear Fork Valley Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Clear Fork Valley Local School District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Clear Fork Valley Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on the Major Federal Program***

In our opinion, the Clear Fork Valley Local School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the fiscal year ended June 30, 2020.

***Report on Internal Control over Compliance***

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Julian & Grube, Inc.  
November 19, 2020

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2020**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Special Education Cluster (IDEA)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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None

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR § 200.511(b)  
JUNE 30, 2020**

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	2019	<u>Noncompliance</u> - Ohio Revised Code section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure must be made by Board resolution and comply with the same provisions of the law as used in developing the original appropriations. The District did not properly modify its appropriations throughout the fiscal year ended June 30, 2019.	Corrective Action Taken and Finding is Fully Corrected	N/A
2019-002	2019	<u>Noncompliance</u> - Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated. For the fiscal year ended June 30, 2019, the District had expenditures plus outstanding encumbrances in excess of appropriations at the legal level of control in the Capital Projects fund.	Corrective Action Taken and Finding is Fully Corrected	N/A

# OHIO AUDITOR OF STATE KEITH FABER



**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT**

**RICHLAND COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 2/16/2021**

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

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