



OHIO AUDITOR OF STATE  
**KEITH FABER**





**CLINTON MASSIE LOCAL SCHOOL DISTRICT  
CLINTON COUNTY  
JUNE 30, 2020**

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**CLINTON MASSIE LOCAL SCHOOL DISTRICT  
CLINTON COUNTY  
JUNE 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

Clinton Massie Local School District  
Clinton County  
2556 Lebanon Road  
Clarksville, Ohio 45113

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 Clinton Massie Local School District, Clinton County, Ohio (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

***Opinion***

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

***Emphasis of Matter***

As discussed in Note 20 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio  
March 24, 2021

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**Clinton-Massie Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

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The discussion and analysis of Clinton-Massie Local School District's 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 notes to the basic financial statements and the basic financial statements to enhance their understanding of the District's performance.

**Financial Highlights**

Key financial highlights for 2020 are as follows:

- Net position of governmental activities decreased \$2,064,071 which represents a 15% decrease from 2019.
- General revenues accounted for \$15,895,216 in revenue or 82% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,477,640 or 18% of total revenues of \$19,372,856.
- The District had \$21,436,927 in expenses related to governmental activities; \$3,477,640 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$15,895,216 were also used to provide for these programs.

**Overview of the Financial Statements**

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.

The *Statement of Net Position* and *Statements 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. The General Fund and Debt Service Fund are the major funds of the District.

**Government-Wide Financial Statements**

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 questions, "How did we do financially during 2020?" The Government-wide Financial Statements answers this question. These statements include *all assets and deferred outflows*, and *liabilities and deferred inflows* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Clinton-Massie Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

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These two statements report the District's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. 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.

In the Government-wide Financial Statements, the overall financial position of the District is presented in the following manner:

- Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

**Fund Financial Statements**

The analysis of the District's major funds are presented in the Fund Financial Statements. 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.

**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* that can readily be converted to cash. The governmental fund 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 financial statements.

**Fiduciary Funds** Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

**The District as a Whole**

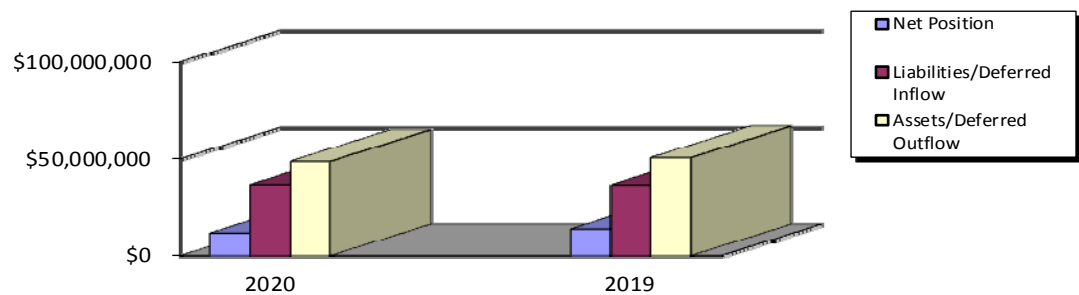
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2020 compared to 2019:

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**Clinton-Massie Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

**Table 1  
Net Position**

	Governmental Activities	
	2020	2019
<b>Assets:</b>		
Current and Other Assets	\$11,651,839	\$10,834,846
Net OPEB Asset	991,164	993,057
Capital Assets	32,426,962	33,904,125
<b>Total Assets</b>	<b>45,069,965</b>	<b>45,732,028</b>
<b>Deferred Outflows of Resources:</b>		
Deferred Charge on Refunding	172,317	191,464
Pension	3,138,935	4,462,861
OPEB	354,388	262,091
<b>Total Deferred Outflows of Resources</b>	<b>3,665,640</b>	<b>4,916,416</b>
<b>Liabilities:</b>		
Other Liabilities	1,747,525	1,358,328
Long-Term Liabilities	25,348,891	26,545,924
<b>Total Liabilities</b>	<b>27,096,416</b>	<b>27,904,252</b>
<b>Deferred Inflows of Resources:</b>		
Property Taxes	6,555,364	5,441,732
Pension	1,412,448	1,646,144
OPEB	1,782,528	1,703,396
<b>Total Deferred Inflows of Resources</b>	<b>9,750,340</b>	<b>8,791,272</b>
<b>Net Position:</b>		
Net Investment in Capital Assets	27,095,492	28,255,603
Restricted	1,071,227	1,066,371
Unrestricted	(16,277,870)	(15,369,054)
<b>Total Net Position</b>	<b>\$11,888,849</b>	<b>\$13,952,920</b>



Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2020, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$11,888,849.

**Clinton-Massie Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

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At year-end, capital assets represented 72% of total assets. Capital assets include land, land improvements, buildings and improvements, equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2020, were \$27,095,492. 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, \$1,071,227 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Capital assets decreased due to additions being less than depreciation expense for the fiscal year. Long-term liabilities decreased due to a decrease in the net pension liability and net other post employment benefits liability along with the District continually making payments on their outstanding debt.

Table 2 shows the changes in net position for fiscal years 2020 and 2019.

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**Clinton-Massie Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

**Table 2  
Changes in Net Position**

	Governmental Activities	
	2020	2019
Revenues:		
Program Revenues		
Charges for Services	\$1,859,902	\$1,910,983
Operating Grants, Contributions	1,617,738	1,411,743
General Revenues:		
Income Taxes	249,847	0
Property Taxes	6,701,826	6,194,491
Grants and Entitlements	8,454,891	9,141,347
Investment Earnings	99,281	49,966
Other	389,371	363,424
Total Revenues	<u>19,372,856</u>	<u>19,071,954</u>
Program Expenses:		
Instruction	13,231,545	10,032,459
Support Services:		
Pupil and Instructional Staff	1,544,964	1,253,353
School Administrative, General Administration and Fiscal	1,772,924	1,395,790
Operations and Maintenance	1,830,143	1,589,323
Pupil Transportation	1,449,626	1,195,163
Central	15,453	6,003
Operation of Non-Instructional Services	594,238	500,110
Extracurricular Activities	724,250	656,786
Interest and Fiscal Charges	273,784	270,030
Total Program Expenses	<u>21,436,927</u>	<u>16,899,017</u>
Change in Net Position	(2,064,071)	2,172,937
Net Position - Beginning of Year	<u>13,952,920</u>	<u>11,779,983</u>
Net Position - End of Year	<u>\$11,888,849</u>	<u>\$13,952,920</u>

The District revenues are mainly from two sources. Property taxes levied for general, special revenue, and debt service purposes, and grants and entitlements comprised 78% of the District's revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

**Clinton-Massie Local School District  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

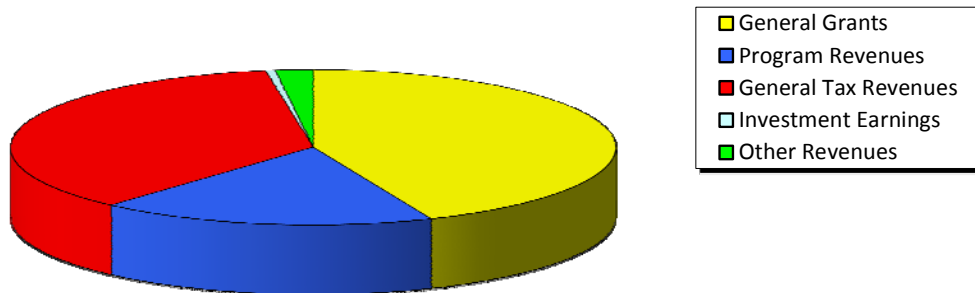
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Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 35% of revenue for governmental activities for the District in fiscal year 2020.

**Governmental Activities  
Revenue Sources**

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Revenue Sources	2020	Percent of Total
General Grants	\$8,454,891	43.6%
Program Revenues	3,477,640	18.0%
General Tax Revenues	6,951,673	35.9%
Investment Earnings	99,281	0.5%
Other Revenues	389,371	2.0%
<b>Total Revenue Sources</b>	<b>\$19,372,856</b>	<b>100.0%</b>



Instruction comprises 62% of governmental program expenses. Support services expenses were 31% of governmental program expenses. All other expenses including interest and fiscal charges were 7%. Interest expense was attributable to the outstanding bonds and borrowing for capital projects.

Total revenues increased by 1.6% from 2019 to 2020. The increase was mainly due to an increase in property tax revenues along with the passage of an income tax levy within the District. Total expenses increased primarily due to changes in assumptions and benefits by the statewide pension systems which caused the appearance of a large increase in overall expenses.

**Governmental Activities**

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

**Clinton-Massie Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

**Table 3  
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Instruction	\$13,231,545	\$10,032,459	(\$10,737,523)	(\$7,577,345)
Support Services:				
Pupil and Instructional Staff	1,544,964	1,253,353	(1,390,189)	(1,244,092)
School Administrative, General				
Administration and Fiscal	1,772,924	1,395,790	(1,772,467)	(1,394,943)
Operations and Maintenance	1,830,143	1,589,323	(1,757,398)	(1,526,478)
Pupil Transportation	1,449,626	1,195,163	(1,414,294)	(1,161,152)
Central	15,453	6,003	(15,453)	(6,003)
Operation of Non-Instructional Services	594,238	500,110	(77,789)	27,954
Extracurricular Activities	724,250	656,786	(520,390)	(424,202)
Interest and Fiscal Charges	273,784	270,030	(273,784)	(270,030)
Total Expenses	<u>\$21,436,927</u>	<u>\$16,899,017</u>	<u>(\$17,959,287)</u>	<u>(\$13,576,291)</u>

**The District's Funds**

The District has two major governmental funds: the General Fund and the Debt Service Fund. Assets of these funds comprised \$11,089,919 (95%) of the total \$11,660,240 governmental funds' assets.

**General Fund:** Fund balance at June 30, 2020 was \$2,076,127, a decrease in fund balance of \$753,950 from 2019.

**Debt Service Fund:** Fund balance at June 30, 2020 was \$815,042, a decrease in fund balance of \$27,215 from 2019.

**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 District amended its general fund budget. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, final budget basis revenue was \$16,595,103, compared to original budget estimates of \$16,595,103.

The District's general fund ending unobligated cash balance was \$2,506,555 at fiscal year end.

**Clinton-Massie Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

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**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2020, the District had invested in land, land improvements, buildings and improvements, equipment and vehicles. Table 4 shows fiscal year 2020 balances compared to fiscal year 2019:

**Table 4  
Capital Assets at Year End  
(Net of Depreciation)**

---

	Governmental Activities	
	2020	2019
Land	\$462,953	\$462,953
Land Improvements	683,071	792,184
Buildings and Improvements	30,245,839	31,633,334
Equipment	445,332	498,635
Vehicles	589,767	517,019
Total Net Capital Assets	<u>\$32,426,962</u>	<u>\$33,904,125</u>

The decrease in capital assets is due to additions being less than depreciation expense for the fiscal year.

See Note 7 to the basic financial statements for further details on the District's capital assets.

**Debt**

At June 30, 2020, the District had \$5,503,787 in bonds and capital leases outstanding, \$646,435 due within one year. Table 5 summarizes bonds and capital leases outstanding at year end.

**Table 5  
Outstanding Debt at Year End**

---

	Governmental Activities	
	2020	2019
Bonds Payable:		
2009 Qualified School Construction	\$ 175,000	\$ 210,000
2011 Current Interest Bonds	4,490,000	4,490,000
2011 Capital Appreciation Bonds	0	128,025
2011 Accretion of Interest	0	257,638
2011 Refunding - Premium	253,636	281,817
2013 HB264 #1	415,000	465,000
2013 HB264 Premium	14,509	16,581
2013 HB264 - 30,000 Gallon Tank	0	24,140
Capital Lease Payable:		
Capital Lease	155,642	224,423
	<u>\$5,503,787</u>	<u>\$6,097,624</u>



**Clinton-Massie Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

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See Notes 8-9 to the basic financial statements for further details on the District's long-term liabilities.

**For the Future**

The District has experienced a decline in operating reserves over the past decade. At the end of fiscal year 2020, the District had a little over 2 months of the recommended unencumbered operating reserves. The District passed a 0.5% earned income tax levy in May of 2019. Collection began for District residents January 1, 2020. The District received its first payment in April 2019 (\$75,123) for those who had their income taxes taken directly out of their paychecks. The District will not receive a full payment until June/July 2020, after 2020 income taxes are filed. This is the first operating levy to be passed since 1988.

When resident student enrollment declined after the recession in 2008, the Board decided to implement Open Enrollment in fiscal year 2010 and had an overwhelming number of applicants. The District accepted 80 Open Enrollment students in fiscal year 2010 which continually grew each year maxing out at 172 in fiscal year 2014 and has since rebounded back to 179 in fiscal year 2020. Open enrollment income really helped prop up the declining revenue stream and will continue into the future while the District better manages class sizes. Additional revenue streams have been property taxes from the completion of the Rockies Express Pipeline in fiscal year 2011 and proceeds from Casino revenues being distributed via the state in fiscal year 2013. There have also been recent changes in tax collections that have come into play. In 2017 during the Clinton County Real Estate Reappraisal, CAUV property values decreased while residential property values increased which resulted in increased tax collections beginning with first half 2018 collections in the 2017-18 fiscal year. Due to being heavily state funded, the District is highly susceptible to any and all changes made to the school funding formula. The District has been on the guarantee for state funding since the 2009-2010 school year which has created financial challenges. Operational expenditures continue to increase at a higher rate than increases in state and local revenues. As increases in expenditures outpace revenues in future years, costs and programs must be reduced or new sources of revenues must be found. It is a constant balancing act between the needs of the district and the funds to provide those needs. The District is proactive in weighing alternatives, and making various cost-conscious changes, where possible.

The District added a new High School in fiscal year 2005, a renovated Middle School in fiscal year 2009, and a new Elementary School in fiscal year 2010. The old elementary building (now called Annex) was partially demolished with the remaining space being available for use as needed by the District. The Warren County YMCA began leasing space in the Annex for a daycare, and the two gymnasiums are also in use throughout the year for various sports and activities.

Clinton-Massie is excited about the direction in which we are heading in terms of our local report card. Clinton-Massie continues to help students grow as indicated by our Overall District Grade of "B" on the 2020 report card. Clinton-Massie continues to be a leader in our region as evidenced by the following component grades for 2020: Achievement—NR; Progress—NR; Gap Closing—NR; Graduation Rate—NR; K-3 Literacy—NR; and Prepared for Success – NR. Clinton-Massie will continue to closely monitor student progress and achievement by using the Ohio Department of Education measures to inform and guide instruction.

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

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it

**Clinton-Massie Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

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receives. Questions concerning any of the information in this report or requests for additional information should be directed to, Clinton-Massie Local School District, Treasurer, 2556 Lebanon Road, Clarksville, Ohio 45113.

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Clinton-Massie Local School District, Ohio  
Statement of Net Position  
June 30, 2020

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$4,165,769
Receivables (Net):	
Taxes	7,229,188
Accounts	53,265
Interest	5,159
Intergovernmental	174,334
Prepays	21,791
Inventory	2,333
Nondepreciable Capital Assets	462,953
Depreciable Capital Assets, Net	31,964,009
Net OPEB Asset	991,164
	<hr/>
Total Assets	45,069,965
	<hr/>
Deferred Outflows of Resources:	
Deferred Charge on Refunding Pension	172,317
OPEB	3,138,935
	354,388
	<hr/>
Total Deferred Outflows of Resources	3,665,640
	<hr/>
Liabilities:	
Accounts Payable	301,276
Accrued Wages and Benefits	1,424,625
Accrued Interest Payable	21,624
Long-Term Liabilities:	
Due Within One Year	704,103
Due In More Than One Year:	
Net Pension Liability	17,102,041
Net OPEB Liability	1,663,068
Other Amounts	5,879,679
	<hr/>
Total Liabilities	27,096,416
	<hr/>
Deferred Inflows of Resources:	
Property Taxes	6,555,364
OPEB	1,782,528
Pension	1,412,448
	<hr/>
Total Deferred Inflows of Resources	9,750,340
	<hr/>
Net Position:	
Net Investment in Capital Assets	27,095,492
Restricted for:	
Debt Service	810,929
Federal Grants	55,372
Classroom Facilities Maintenance	34,894
District Managed Student Activities	167,623
Other Grants	2,409
Unrestricted	(16,277,870)
	<hr/>
Total Net Position	\$11,888,849
	<hr/> <hr/>

See accompanying notes to the basic financial statements.

Clinton-Massie Local School District, Ohio  
Statement of Activities  
For the Fiscal Year Ended June 30, 2020

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$9,500,235	\$1,277,152	\$44,531	(\$8,178,552)
Special	2,898,533	83,567	1,072,246	(1,742,720)
Vocational	0	0	12,297	12,297
Other	832,777	1,155	3,074	(828,548)
<b>Support Services:</b>				
Pupil	1,211,352	0	145,854	(1,065,498)
Instructional Staff	333,612	0	8,921	(324,691)
General Administration	52,494	0	0	(52,494)
School Administration	1,198,495	0	0	(1,198,495)
Fiscal	521,935	0	457	(521,478)
Operations and Maintenance	1,830,143	28,500	44,245	(1,757,398)
Pupil Transportation	1,449,626	0	35,332	(1,414,294)
Central	15,453	0	0	(15,453)
Operation of Non-Instructional Services	594,238	265,668	250,781	(77,789)
Extracurricular Activities	724,250	203,860	0	(520,390)
Interest and Fiscal Charges	273,784	0	0	(273,784)
<b>Totals</b>	<b>\$21,436,927</b>	<b>\$1,859,902</b>	<b>\$1,617,738</b>	<b>(17,959,287)</b>

<b>General Revenues:</b>	
Income Taxes	249,847
Property Taxes Levied for:	
General Purposes	6,024,916
Special Revenue Purposes	96,267
Debt Service Purposes	580,643
Grants and Entitlements, Not Restricted	8,454,891
Revenue in Lieu of Taxes	10,627
Unrestricted Contributions	43,512
Investment Earnings	99,281
Other Revenues	335,232
<b>Total General Revenues</b>	<b>15,895,216</b>
<b>Change in Net Position</b>	<b>(2,064,071)</b>
<b>Net Position - Beginning of Year</b>	<b>13,952,920</b>
<b>Net Position - End of Year</b>	<b>\$11,888,849</b>

See accompanying notes to the basic financial statements.

Clinton-Massie Local School District, Ohio  
Balance Sheet  
Governmental Funds  
June 30, 2020

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$3,081,107	\$787,710	\$296,952	\$4,165,769
<b>Receivables (Net):</b>				
Taxes	6,544,608	593,350	91,230	7,229,188
Accounts	42,299	0	10,966	53,265
Interest	5,159	0	0	5,159
Intergovernmental	7,665	0	166,669	174,334
Interfund	8,401	0	0	8,401
Prepays	19,620	0	2,171	21,791
Inventory	0	0	2,333	2,333
<b>Total Assets</b>	<b><u>9,708,859</u></b>	<b><u>1,381,060</u></b>	<b><u>570,321</u></b>	<b><u>11,660,240</u></b>
<b>Liabilities:</b>				
Accounts Payable	289,148	0	12,128	301,276
Accrued Wages and Benefits	1,277,704	0	146,921	1,424,625
Interfund Payable	0	0	8,401	8,401
<b>Total Liabilities</b>	<b><u>1,566,852</u></b>	<b><u>0</u></b>	<b><u>167,450</u></b>	<b><u>1,734,302</u></b>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	6,065,880	566,018	86,241	6,718,139
Grants and Other Taxes	0	0	101,576	101,576
<b>Total Deferred Inflows of Resources</b>	<b><u>6,065,880</u></b>	<b><u>566,018</u></b>	<b><u>187,817</u></b>	<b><u>6,819,715</u></b>
<b>Fund Balances:</b>				
Nonspendable	19,620	0	2,171	21,791
Restricted	0	815,042	226,228	1,041,270
Assigned	480,523	0	60,111	540,634
Unassigned	1,575,984	0	(73,456)	1,502,528
<b>Total Fund Balances</b>	<b><u>2,076,127</u></b>	<b><u>815,042</u></b>	<b><u>215,054</u></b>	<b><u>3,106,223</u></b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b><u>\$9,708,859</u></b>	<b><u>\$1,381,060</u></b>	<b><u>\$570,321</u></b>	<b><u>\$11,660,240</u></b>

See accompanying notes to the basic financial statements.

Clinton-Massie Local School District, Ohio  
 Reconciliation of Total Governmental Fund Balance to  
 Net Position of Governmental Activities  
 June 30, 2020

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Total Governmental Fund Balance		\$3,106,223
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets used in the operation of Governmental Funds		32,426,962
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	162,775	
Intergovernmental	<u>101,576</u>	
		264,351
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(21,624)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(1,079,995)
Deferred outflow of resources associated with long-term liabilities are not reported in the funds.		
		172,317
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	3,138,935	
Deferred inflows of resources related to pensions	(1,412,448)	
Deferred outflows of resources related to OPEB	354,388	
Deferred inflows of resources related to OPEB	<u>(1,782,528)</u>	
		298,347
Long-term liabilities and net OPEB assets are not available to pay for current period expenditures and are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB Asset	991,164	
Net Pension Liability	(17,102,041)	
Net OPEB Liability	(1,663,068)	
Other Amounts	<u>(5,503,787)</u>	
		<u>(23,277,732)</u>
Net Position of Governmental Activities		<u>\$11,888,849</u>

See accompanying notes to the basic financial statements.

Clinton-Massie Local School District, Ohio  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2020

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property and Other Taxes	\$6,009,610	\$582,227	\$96,018	\$6,687,855
Income Taxes	249,847	0	0	249,847
Tuition and Fees	1,362,021	0	0	1,362,021
Investment Earnings	99,281	0	0	99,281
Intergovernmental	8,990,898	33,074	1,014,827	10,038,799
Extracurricular Activities	40,493	0	102,641	143,134
Charges for Services	0	0	326,247	326,247
Revenue in Lieu of Taxes	10,627	0	0	10,627
Other Revenues	205,852	0	156,280	362,132
<b>Total Revenues</b>	<b>16,968,629</b>	<b>615,301</b>	<b>1,696,013</b>	<b>19,279,943</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	7,756,853	0	27,435	7,784,288
Special	2,297,468	0	499,476	2,796,944
Other	832,777	0	0	832,777
<b>Support Services:</b>				
Pupil	1,003,419	0	168,111	1,171,530
Instructional Staff	320,936	0	4,500	325,436
General Administration	52,494	0	0	52,494
School Administration	1,164,127	0	0	1,164,127
Fiscal	507,682	11,291	1,946	520,919
Operations and Maintenance	1,519,295	0	312,948	1,832,243
Pupil Transportation	1,292,501	0	0	1,292,501
Central	15,453	0	0	15,453
Operation of Non-Instructional Services	1,346	0	572,310	573,656
Extracurricular Activities	438,977	0	224,271	663,248
Capital Outlay	184,602	0	0	184,602
<b>Debt Service:</b>				
Principal Retirement	362,523	128,025	0	490,548
Interest and Fiscal Charges	39,775	503,200	0	542,975
<b>Total Expenditures</b>	<b>17,790,228</b>	<b>642,516</b>	<b>1,810,997</b>	<b>20,243,741</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(821,599)</b>	<b>(27,215)</b>	<b>(114,984)</b>	<b>(963,798)</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds of Capital Leases	184,602	0	0	184,602
Proceeds from Sale of Capital Assets	1,600	0	0	1,600
Transfers In	0	0	136,431	136,431
Transfers (Out)	(118,553)	0	(17,878)	(136,431)
<b>Total Other Financing Sources (Uses)</b>	<b>67,649</b>	<b>0</b>	<b>118,553</b>	<b>186,202</b>
<b>Net Change in Fund Balance</b>	<b>(753,950)</b>	<b>(27,215)</b>	<b>3,569</b>	<b>(777,596)</b>
<b>Fund Balance - Beginning of Year</b>	<b>2,830,077</b>	<b>842,257</b>	<b>211,485</b>	<b>3,883,819</b>
<b>Fund Balance - End of Year</b>	<b>\$2,076,127</b>	<b>\$815,042</b>	<b>\$215,054</b>	<b>\$3,106,223</b>

See accompanying notes to the basic financial statements.

Clinton-Massie Local School District, Ohio  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2020

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Net Change in Fund Balance - Total Governmental Funds (\$777,596)

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

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

Capital assets used in governmental activities	254,516	
Depreciation Expense	<u>(1,731,679)</u>	(1,477,163)

Governmental funds report district pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense.

District pension contributions	1,309,482	
Cost of benefits earned net of employee contributions - Pension	(1,909,435)	
District OPEB contributions	44,474	
Cost of benefits earned net of employee contributions - OPEB	<u>263,057</u>	(292,422)

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

Delinquent Property Taxes	13,971	
Intergovernmental	<u>77,342</u>	91,313

Repayment of bond principal and accretion is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 812,523

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. 447

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences	(183,340)	
Amortization of Bond Premium	30,253	
Amortization of Deferred Charge on Refunding	(19,147)	
Bond Accretion	<u>(64,337)</u>	(236,571)

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net position. (184,602)

Change in Net Position of Governmental Activities (\$2,064,071)

See accompanying notes to the basic financial statements.



Clinton-Massie Local School District, Ohio  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2020

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	Private Purpose Trust	Agency
	<u>          </u>	<u>          </u>
Assets:		
Equity in Pooled Cash and Investments	\$90,280	\$43,130
Receivables (Net):		
Accounts	150	41
Interest	<u>16</u>	<u>0</u>
Total Assets	<u>90,446</u>	<u>43,171</u>
Liabilities:		
Other Liabilities	<u>0</u>	<u>43,171</u>
Total Liabilities	<u>0</u>	<u>\$43,171</u>
Net Position:		
Held in Trust	<u>90,446</u>	
Total Net Position	<u><u>\$90,446</u></u>	

See accompanying notes to the basic financial statements.

Clinton-Massie Local School District, Ohio  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2020

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	Private Purpose Trust
Additions:	
Donations	\$6,642
Investment Earnings	811
Other	150
Total Additions	<u>7,603</u>
Deductions:	
Scholarships	<u>4,229</u>
Total Deductions	<u>4,229</u>
Change in Net Position	3,374
Net Position - Beginning of Year	<u>87,072</u>
Net Position - End of Year	<u><u>\$90,446</u></u>

See accompanying notes to the basic financial statements.

**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year ended June 30, 2020**

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**Note 1 - Description of the School District**

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The Clinton-Massie Local School District (the "District") was originally organized in 1959. The District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by State and/or federal agencies. This Board controls the District's two instructional facilities (High/Middle School and Elementary School) and one support facility (bus garage) staffed by 85 non-certified and 109 certified teaching personnel and 11 administrative employees to provide service to 1,874 students and other community members.

**Note 2 - Summary of Significant Accounting Policies**

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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.

**Reporting Entity**

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 governments 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).

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

**Jointly Governed Organizations**

**Southwest Ohio Computer Association (SWOCA)**

SWOCA is a jointly governed organization among a three-county consortium of Ohio school districts. The jointly governed organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to the administrative and instructional functions of the member districts. Each of the governments of these schools supports SWOCA based upon a per pupil charge, dependent upon the software package utilized.

**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year ended June 30, 2020**

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The Governing Board of SWOCA is comprised of the superintendent of each of the member districts, plus one representative from the fiscal agent. The degree of control exercised by any participating school district is limited to its representation on the Board.

Financial information can be obtained from Donna Davis Norris, who serves as Director, at 3611 Hamilton-Middletown Road, Hamilton, Ohio 45011.

**Insurance Purchasing Pool**

**Southwestern Ohio Educational Purchasing Council Employee Benefit Plan Trust (EPC)**

The EPC Benefit Plan Trust (the Plan) is a group purchasing pool consisting of public school districts who are members of the Southwestern Ohio Educational Purchasing Council (EPC). The purpose of a group purchasing pool is for members to pool funds or resources to purchase group insurance products, including BWC coverage, to provide health benefits to participants at a lower rate than if the individual districts acted independently. Currently, Clinton-Massie participates in the Health Benefit Plan, Dental Benefit Plan, Vision Benefit Plan, and the Life Insured Benefit Plan. As a member of the Health, Dental, and Vision Plans, each district pays a monthly premium to the Trust fund for insurance coverage, which is provided by Anthem, Delta Dental, and VSP, respectively. The Plan is governed by a Board of Trustees elected in accordance with the Trust Agreement and voted on by participating EPC member districts. Financial information can be obtained at EPC Benefits Office, 303 Corporate Center Drive Suite 208, Vandalia, OH 45377-1171.

**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.

**Governmental Funds**

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

*General fund* - The general fund is used to account for all financial resources except those required to be accounted for 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.

*Debt Service fund* – The debt service fund is used to account for the accumulation of resources for the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the District is obligated in some manner for the payment.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by trust funds; (b) for grants and other resources whose use is restricted to a particular purpose; and (c) food service operations.

**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year ended June 30, 2020**

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**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 proprietary funds.

**Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust, which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for student activities and athletic tournaments.

**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, except for fiduciary funds.

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 and deferred outflows of resources and all 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 non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year ended June 30, 2020**

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The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**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. 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 are 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, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the 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: property taxes available as an advance, grants, and other taxes.

Deferred Outflows/Inflows of Resources - In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows are reported on the government-wide statement of net position for deferred charge on refunding, pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension, grants and other taxes, and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance year 2021 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Grants and other taxes have been recorded as deferred inflows the governmental fund financial statements. Deferred inflows of resources related to pensions and OPEB plans are reported on the government-wide statement of net position. (See Note 11 and 12 for more pension and OPEB related information)

**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year ended June 30, 2020**

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*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.

**Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource and are to be repaid. However, the District elected to budget these temporary resources anyway. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures at the level of control selected by Board. The legal level of control has been established by Board at the fund level of expenditures. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. On the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis), the amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts of the budgetary statement reflect the amounts on the final certificate of estimated resources issued during the fiscal year 2020.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during fiscal year 2020.

**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 federally insured negotiable certificates of deposits and money market funds.

**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year ended June 30, 2020**

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Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposits, are reported at cost.

Under existing Ohio statutes, all investment earnings are assigned to the general fund, unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2020 amounted to \$99,281.

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

**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 consumption method on the fund statements and on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is the value of the donated commodities which is equally offset by a restricted fund balance in the governmental funds.

**Capital Assets**

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains its capitalization threshold at \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. 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:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and improvements	20 - 50 years
Equipment	5 - 20 years
Vehicles	8 years

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

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



**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year ended June 30, 2020**

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**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 sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date 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 severance on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service; or 20 years' service at any 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 the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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.

The District's policies regarding compensated absences are determined by the State laws and/or negotiated agreements. In summary, the policies are as follows:

<u>VACATION</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certified</u>
How earned	Not eligible	20 days at start of each contract year	10-20 days depending on length of service
Maximum accumulation	Not applicable	2 years	1 year
Vested	Not applicable	As earned	As earned
Termination entitlement	Not applicable	Unused balance upon termination	Unused balance upon termination
<u>SICK LEAVE</u>			
How earned	1.25 days per month of employment (15 days per year)	1.25 days per month of employment (15 days per year)	1.25 days per month of employment (15 days per year)

**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year ended June 30, 2020**

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Maximum accumulation	Unlimited	Unlimited	Unlimited
Vested	As earned	As earned	As earned
Termination entitlement	Per contract	Per policy	Per policy

**Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, net pension and OPEB liabilities and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements when they mature or, for pension/OPEB contributions, when the service is rendered. Bonds and capital leases 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.

**Fund Balance**

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned – resources that are intended to be used for specific purposes as approved through the District’s formal purchasing procedure by the Treasurer.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts, which had been restricted, committed or assigned for said purposes.

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.

**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year ended June 30, 2020**

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**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the District's \$1,071,227 in restricted net position, none were restricted by enabling legislation.

**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.

**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 are eliminated on the statement of activities. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Unamortized Bond Premium and Deferred Amounts on Refunding**

In the government-wide financial statements bond premiums and deferred amounts on refunding are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium. Deferred amounts on refunding are recorded as deferred outflows of resources and amortized over the term of the related debt. On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Note 3 – Accountability**

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**Deficit Fund Balances**

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

**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year ended June 30, 2020**

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<u>Fund</u>	<u>Deficit</u>
Other Governmental Funds:	
Food Service	\$40,608
Improving Teacher Quality	9,170
Student Wellness and Success	22,691

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

**Note 4 - Equity in Pooled Cash and Investments**

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The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current five year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – 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 monies held by the District can be deposited or invested in the following securities:

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

**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year ended June 30, 2020**

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5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances 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.

### **Deposits**

Custodial credit risk for deposits 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. As of June 30, 2020, \$2,030,276 of the District's bank balance of \$2,280,276 was exposed to custodial credit risk because it was uninsured and collateralized.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

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

### **Investments**

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

**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
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	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>	<u>Weighted Average Maturity (Years)</u>
Negotiable CDs	\$1,450,986	Level 2	0.93
Money Market Funds	634,414	Level 1	0.00
	<u>\$2,085,400</u>		
Portfolio Weighted Average Maturity			0.65

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. The above table identifies the District’s recurring fair value measurements as of June 30, 2020. All investments of the District are valued using quoted market prices.

**Interest Rate Risk** - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

**Credit Risk** – It is the District’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. Money Market Funds and Negotiable CDs are not rated.

**Concentration of Credit Risk** – The District’s investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested 70% in Negotiable CDs, and 30% in Money Market Funds.

**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. All of the District’s securities are either insured and registered in the name of the District or at least registered in the name of the District.

**Note 5 - 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 located in the District. 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 2019 represent the collection of calendar year 2019 taxes. Public utility real 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.

**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year ended June 30, 2020**

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The District receives property taxes from Clinton and Warren County. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available as an advance at June 30, 2020 was \$304,004 in the general fund, \$27,332 in the debt service fund and \$4,989 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. 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 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 unearned revenue.

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 deferred.

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

	2020 First Half Collections	
	Amount	Percent
Agricultural/residential and other real estate	\$280,863,490	92.37%
Public utility personal	23,186,400	7.63%
Total	<u>\$304,049,890</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$30.26	

**Note 6 – Receivables**

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Receivables at June 30, 2020 consisted of taxes, accounts (billings for user charged services and student fees), interest, intergovernmental grants and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of receivables reported on the statement of net position follows:

**Governmental activities:**

Taxes	\$7,229,188
Accounts	53,265
Interest	5,159
Intergovernmental	<u>174,334</u>
Total	<u>\$7,461,946</u>

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

**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year ended June 30, 2020**

**Note 7 - Capital Assets**

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<b>Capital Assets, not being depreciated:</b>				
Land	\$462,953	\$0	\$0	\$462,953
<b>Capital Assets, being depreciated:</b>				
Land Improvements	2,617,962	0	0	2,617,962
Buildings and Improvements	52,533,304	0	0	52,533,304
Equipment	2,441,449	39,414	0	2,480,863
Vehicles	1,834,492	215,102	0	2,049,594
Totals at Historical Cost	<u>59,890,160</u>	<u>254,516</u>	<u>0</u>	<u>60,144,676</u>
Less Accumulated Depreciation:				
Land Improvements	1,825,778	109,113	0	1,934,891
Buildings and Improvements	20,899,970	1,387,495	0	22,287,465
Equipment	1,942,814	92,717	0	2,035,531
Vehicles	1,317,473	142,354	0	1,459,827
Total Accumulated Depreciation	<u>25,986,035</u>	<u>1,731,679</u>	<u>0</u>	<u>27,717,714</u>
Governmental Activities Capital Assets, Net	<u>\$33,904,125</u>	<u>(\$1,477,163)</u>	<u>\$0</u>	<u>\$32,426,962</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,498,187
Special	1,050
Support Services:	
Instructional Staff	3,608
School Administration	1,190
Fiscal	4,750
Operations and Maintenance	22,678
Pupil Transportation	144,287
Operation of Non-Instructional Services	11,916
Extracurricular Activities	44,013
Total Depreciation Expense	<u>\$1,731,679</u>

**Note 8 - Capitalized Leases - Lessee Disclosure**

In fiscal year 2020, the District entered into a lease for new buses.

During prior fiscal years, the District entered into capitalized leases for computers. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as regular and pupil transportation functions expenditures on the budgetary statements. The original cost of the assets under capital lease was \$840,430.



**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year ended June 30, 2020**

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2020:

<u>Fiscal Year Ending June 30,</u>	
2021	\$113,098
2022	<u>51,396</u>
Total minimum lease payments	164,494
Less amount representing interest	<u>(8,852)</u>
Total	<u><u>\$155,642</u></u>

**Note 9 - Long-Term Obligations**

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

	<u>Beginning</u> Balance	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> Balance	<u>Due in</u> One Year
General Obligation Bonds:					
Qualified School Construction Bonds	\$210,000	\$0	(\$35,000)	\$175,000	\$35,000
Current Interest Bonds	4,490,000	0	0	4,490,000	450,000
Capital Appreciation Bonds	128,025	0	(128,025)	0	0
Accretion of Interest	257,638	64,337	(321,975)	0	0
Refunding - Premium	281,817	0	(28,181)	253,636	0
HB264 #1	465,000	0	(50,000)	415,000	55,000
HB264 Premium	16,581	0	(2,072)	14,509	0
HB264 - 30,000 Gallon Tank	24,140	0	(24,140)	0	0
Subtotal Bonds	<u>5,873,201</u>	<u>64,337</u>	<u>(589,393)</u>	<u>5,348,145</u>	<u>540,000</u>
Capital Leases	224,423	184,602	(253,383)	155,642	106,435
Compensated Absences	896,655	207,392	(24,052)	1,079,995	57,668
Subtotal Others Amounts	<u>6,994,279</u>	<u>456,331</u>	<u>(866,828)</u>	<u>6,583,782</u>	<u>704,103</u>
Net Pension Liability:					
STRS	13,588,346	0	(354,159)	13,234,187	0
SERS	4,003,973	0	(136,119)	3,867,854	0
Total Net Pension Liability	<u>17,592,319</u>	<u>0</u>	<u>(490,278)</u>	<u>17,102,041</u>	<u>0</u>
Net OPEB Liability:					
STRS	0	0	0	0 (a)	0
SERS	1,959,326	0	(296,258)	1,663,068	0
Total OPEB Liability	<u>1,959,326</u>	<u>0</u>	<u>(296,258)</u>	<u>1,663,068</u>	<u>0</u>
Total Long-Term Obligations	<u><u>\$26,545,924</u></u>	<u><u>\$456,331</u></u>	<u><u>(\$1,653,364)</u></u>	<u><u>\$25,348,891</u></u>	<u><u>\$704,103</u></u>

(a) OPEB for STRS has a Net OPEB asset in the amount of \$991,164 as of June 30, 2020.

**Compensated Absences:** Compensated absences will be paid from the funds from which the person is paid, which, for the District, are primarily the general fund, food service fund (a nonmajor governmental fund), the Title VI-B fund (a nonmajor governmental fund) and the Title I fund (a nonmajor governmental fund).

**Net Pension/OPEB Liability:** 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.

**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
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Capital Lease Obligations: Capital lease obligations are paid from the general fund (See Note 8).

HB264 Bonds: The District issued \$796,564 in energy conservation bonds on August 8, 2012 for energy conservation throughout the district. The interest rate on these bonds ranges from 2.00% to 4.00% and will mature on June 1, 2027. Principal and interest are paid from the general fund.

During the HB264 project Energy Optimizers put in one large 30,000 tank on the property. Energy Optimizers fronted the cost and the District was to repay if/when the project showed a savings. In January of 2017, the project showed savings and the District is now repaying \$149,000 over a three year period.

Qualified School Construction Bonds: The Qualified School Construction Bonds were issued on November 6, 2009 and bear an interest rate of 1.85%. The bonds mature on September 15, 2024. Principal and interest are paid from the general fund.

2011 Refunding Bonds: In June 2011, the District advance refunded \$7,064,995 in school improvement bonds that were originally for the purpose of new construction, improvements, renovations, and additions to school facilities, including the construction of a new high school, and providing equipment, furnishings and site improvements. The \$507,265 premium on the issuance of these refunding bonds will be amortized over the remaining life of the debt, which has a final maturity date of December 1, 2028. The debt will be retired from the debt service fund.

The refunding bonds are not subject to optional redemption prior to maturity. Of the \$7,064,995 issued, \$6,790,000 represents current interest bonds and \$274,995 are capital appreciation bonds. The current interest bonds mature at varying amounts through December 1, 2028. The capital appreciation bonds will mature in fiscal years 2019 and 2020.

The following is a summary of the future debt service requirements to maturity for the HB 264 and general obligation bonds:

Fiscal Year Ending June 30	HB 264 and General Obligation Bonds		
	Principal	Interest	Total
2021	\$540,000	\$190,639	\$730,639
2022	560,000	169,941	729,941
2023	575,000	148,545	723,545
2024	600,000	125,898	725,898
2025	620,000	102,249	722,249
2026-2029	<u>2,185,000</u>	<u>166,251</u>	<u>2,351,251</u>
Total	<u>\$5,080,000</u>	<u>\$903,523</u>	<u>\$5,983,523</u>

**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

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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.

**Note 10 - Risk Management**

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**Comprehensive**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2020, the district contracted with Arthur J Gallagher & Co., through the Southwestern Ohio Educational Purchasing Council for property, general liability and auto insurance.

Professional liability is protected by Arthur J. Gallagher, with \$1,000,000 each occurrence, \$3,000,000 aggregate limit. Vehicles are covered with \$1,000 deductible for comprehensive and \$1,000 deductible for collision.

Public officials' bond insurance is provided by Phillips Insurance. The Treasurer is covered by a bond in the amount of \$15,000.

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.

**Note 11 - Defined Benefit Pension Plans**

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

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

Pensions and OPEB are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions/OPEB are provided to an employee on a deferred payment basis as part of the total compensation package offered by an employer for employee services each financial period.

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period

**Clinton-Massie Local School District**  
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exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

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

**Plan Description**

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

Age and service requirements for retirement are as follows:

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

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

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

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

**Funding Policy**

Plan members are required to contribute 10 percent of their annual covered salary and the employer is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care

**Clinton-Massie Local School District**  
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Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2020, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The contractually required contribution to SERS was \$322,206 for fiscal year 2020. Of this amount \$50,338 is reported as accrued wages and benefits.

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

**Plan Description**

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective Aug. 1, 2017 through July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective Aug. 1, 2019–July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

**Funding Policy**

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

The contractually required contribution to STRS was \$987,276 for fiscal year 2020. Of this amount \$165,648 is reported as accrued wages and benefits.

**Net 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 employer’s proportion of the net pension liability was based on the employer’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$3,867,854	\$13,234,187	\$17,102,041
Proportion of the Net Pension Liability:			
Current Measurement Date	0.06464550%	0.05984421%	
Prior Measurement Date	<u>0.06991170%</u>	<u>0.06179961%</u>	
Change in Proportionate Share	-0.00526620%	-0.00195540%	
Pension Expense	\$533,252	\$1,376,183	\$1,909,435

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

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	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$98,081	\$107,748	\$205,829
Changes of assumptions	0	1,554,611	1,554,611
Changes in employer proportionate share of net pension liability	26,962	42,051	69,013
Contributions subsequent to the measurement date	322,206	987,276	1,309,482
Total Deferred Outflows of Resources	<u>\$447,249</u>	<u>\$2,691,686</u>	<u>\$3,138,935</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$57,288	\$57,288
Net difference between projected and actual earnings on pension plan investments	49,649	646,815	696,464
Changes in employer proportionate share of net pension liability	171,505	487,191	658,696
Total Deferred Inflows of Resources	<u>\$221,154</u>	<u>\$1,191,294</u>	<u>\$1,412,448</u>

\$1,309,482 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year			
Ending June 30:	SERS	STRS	Total
2021	\$21,097	\$569,299	\$590,396
2022	(142,061)	98,419	(43,642)
2023	(3,304)	(158,503)	(161,807)
2024	28,157	3,901	32,058
Total	<u>(\$96,111)</u>	<u>\$513,116</u>	<u>\$417,005</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.

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

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

Inflation	3.00%
Future Salary Increases, including inflation	3.50% - 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)

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 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement. The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
US 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	100.00%	

**Discount Rate**

The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment



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rate of return (7.50 percent). Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the 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 percent, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease <u>6.50%</u>	Current Discount Rate <u>7.50%</u>	1% Increase <u>8.50%</u>
Proportionate share of the net pension liability	\$5,420,246	\$3,867,854	\$2,565,979

**Actuarial Assumptions - STRS**

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

Inflation	2.50%
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
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0%

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

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

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

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

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

\*\*10 Year annualized 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 pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

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

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Proportionate share of the net pension liability	\$19,340,291	\$13,234,187	\$8,065,058

**Note 12 - Defined Benefit OPEB Plans**

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See Note 11 for a description of the net OPEB liability (asset).

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

**Health Care Plan Description**

The employer 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

**Clinton-Massie Local School District**  
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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 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the employer's surcharge obligation was \$44,474.

The surcharge, added to any allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The contractually required contribution to SERS was \$44,474 for fiscal year 2020. Of this amount \$44,474 is reported as accrued wages and benefits.

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

**Plan Description**

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

**Funding Policy**

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

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**Net OPEB Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability (asset) was based on the employer'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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$1,663,068	\$0	\$1,663,068
Proportionate Share of the Net OPEB (Asset)	0	(991,164)	(991,164)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.06613150%	0.05984421%	
Prior Measurement Date	<u>0.07062490%</u>	<u>0.06179961%</u>	
Change in Proportionate Share	-0.00449340%	-0.00195540%	
OPEB Expense	\$41,097	(\$304,154)	(\$263,057)

At June 30 2020, 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>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$24,412	\$89,857	\$114,269
Changes of assumptions	121,468	20,834	142,302
Net difference between projected and actual earnings on OPEB plan investments	3,992	0	3,992
Changes in employer proportionate share of net OPEB liability	38,267	11,084	49,351
Contributions subsequent to the measurement date	<u>44,474</u>	<u>0</u>	<u>44,474</u>
Total Deferred Outflows of Resources	<u>\$232,613</u>	<u>\$121,775</u>	<u>\$354,388</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$365,365	\$50,427	\$415,792
Changes of assumptions	93,193	1,086,696	1,179,889
Net difference between projected and actual earnings on OPEB plan investments	0	62,252	62,252
Changes in employer proportionate share of net OPEB liability	<u>113,330</u>	<u>11,265</u>	<u>124,595</u>
Total Deferred Inflows of Resources	<u>\$571,888</u>	<u>\$1,210,640</u>	<u>\$1,782,528</u>

\$44,474 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 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:

**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year ended June 30, 2020**

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Fiscal Year			
Ending June 30:	SERS	STRS	Total
2021	(\$105,557)	(\$237,296)	(\$342,853)
2022	(61,703)	(237,296)	(298,999)
2023	(60,530)	(212,348)	(272,878)
2024	(60,722)	(203,594)	(264,316)
2025	(63,947)	(199,303)	(263,250)
Thereafter	(31,290)	972	(30,318)
<b>Total</b>	<b>(\$383,749)</b>	<b>(\$1,088,865)</b>	<b>(\$1,472,614)</b>

**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:

Inflation	3.00%
Future Salary Increases, including inflation	3.50% to 18.20%
Investment Rate of Return	7.50% net of investment 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:	
Medicare	5.25% to 4.75%
Pre-Medicare	7.00% to 4.75%

**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year ended June 30, 2020**

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Mortality rates among active members were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years. The most recent experience study was completed for the five year period ended June 30, 2015.

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

The 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>	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	<u>10.00%</u>	3.00%
Total	<u><u>100.00%</u></u>	

**Discount Rate**

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

**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year ended June 30, 2020**

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**Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates**

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
Proportionate share of the net OPEB liability	\$2,018,649	\$1,663,068	\$1,380,339
	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Proportionate share of the net OPEB liability	\$1,332,454	\$1,663,068	\$2,101,712

**Assumption and Benefit Changes since the Prior Measurement Date**

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

- (1) Discount Rate:
  - Prior Measurement Date 3.70%
  - Measurement Date 3.22%
- (2) Municipal Bond Index Rate:
  - Prior Measurement Date 3.62%
  - Measurement Date 3.13%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
  - Prior Measurement Date 3.70%
  - Measurement Date 3.22%

**Actuarial Assumptions - STRS**

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

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%
Discount Rate of Return	7.45%
Health Care Cost Trends:	
Medical	
Pre-Medicare	5.87% initial, 4% ultimate
Medicare	4.93% initial, 4% ultimate
Prescription Drug	
Pre-Medicare	7.73% initial, 4% ultimate
Medicare	9.62% initial, 4% ultimate

**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year ended June 30, 2020**

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

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

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

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

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

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

\*\*10 Year annualized 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 liability was 7.45 percent as of June 30, 2019 and June 30, 2018. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2019 and June 30, 2018.

**Sensitivity of the Proportionate Share of the Net OPEB (Asset) to Changes in the Discount and Health Care Cost Trend Rate**

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



**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year ended June 30, 2020**

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	1% Decrease <u>(6.45%)</u>	Current Discount Rate <u>(7.45%)</u>	1% Increase <u>(8.45%)</u>
Proportionate share of the net OPEB (asset)	(\$845,761)	(\$991,164)	(\$1,113,413)

	1% Decrease <u>(6.45%)</u>	Current Trend Rate <u>(7.45%)</u>	1% Increase <u>(8.45%)</u>
Proportionate share of the net OPEB (asset)	(\$1,123,934)	(\$991,164)	(\$828,552)

**Assumption and Benefit 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 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

There were changes in assumptions, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

**Note 13 – Contingencies**

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**Foundation Funding**

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.

**Grants**

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

**Litigation**

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

**Note 14 - Statutory Reserves**

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

**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year ended June 30, 2020**

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During the fiscal year ended June 30, 2020, the reserve activity was as follows:

	<u>Capital Acquisition</u>
Set Aside Reserve Balance as of June 30, 2019	\$0
Current Year Set Aside Requirements	301,302
Qualified Disbursements	(281,921)
Prior Year Offsets from Bond Proceeds	<u>(19,381)</u>
Set Aside Reserve Balance as of June 30, 2020	<u>\$0</u>
Restricted Cash as of June 30, 2020	<u>\$0</u>

During fiscal year 2013, the District issued \$796,564 in capital related debt. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$292,131 at June 30, 2020.

**Note 15 - Interfund Transactions**

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Interfund transactions at June 30, 2020, consisted of the following funds for transfers in and out and interfund receivables and payables:

	Transfers		Interfund	
	<u>In</u>	<u>Out</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$0	\$118,553	\$8,401	\$0
Other Governmental Funds	<u>136,431</u>	<u>17,878</u>	<u>0</u>	<u>8,401</u>
Total All Funds	<u>\$136,431</u>	<u>\$136,431</u>	<u>\$8,401</u>	<u>\$8,401</u>

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

**Note 16 – Fund Balances**

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

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**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year ended June 30, 2020**

Fund Balances	General	Debt Service	Other Governmental Funds	Total
<b>Nondisposable:</b>				
Prepays	\$19,620	\$0	\$2,171	\$21,791
<b>Total Nondisposable</b>	<b>19,620</b>	<b>0</b>	<b>2,171</b>	<b>21,791</b>
<b>Restricted for:</b>				
Classroom Facilities Maintenance	0	0	32,477	32,477
Title I	0	0	2,001	2,001
Student Activity	0	0	167,623	167,623
Miscellaneous State Grants	0	0	2,409	2,409
Miscellaneous Federal Grants	0	0	10,314	10,314
Special Education	0	0	6,006	6,006
Idea Preschool Grant	0	0	5,398	5,398
Debt Service	0	815,042	0	815,042
<b>Total Restricted</b>	<b>0</b>	<b>815,042</b>	<b>226,228</b>	<b>1,041,270</b>
<b>Assigned to:</b>				
Permanent Improvement	0	0	60,111	60,111
Public School	39,037	0	0	39,037
Encumbrances	441,486	0	0	441,486
<b>Total Assigned</b>	<b>480,523</b>	<b>0</b>	<b>60,111</b>	<b>540,634</b>
<b>Unassigned (Deficit)</b>	<b>1,575,984</b>	<b>0</b>	<b>(73,456)</b>	<b>1,502,528</b>
<b>Total Fund Balance</b>	<b>\$2,076,127</b>	<b>\$815,042</b>	<b>\$215,054</b>	<b>\$3,106,223</b>

**Note 17 – Other Commitments**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

Fund Type	Year-End Encumbrances
General Fund	\$525,967
Other Governmental Funds	75,330
Total	<u>\$601,297</u>

**Note 18 – Tax Abatements**

As of June 30, 2020, the District has taxes abated on its behalf of Warren County for a CRA agreement.

**Clinton-Massie Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year ended June 30, 2020**

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<u>Tax Abatement Programs</u>	<u>District's Share of Taxes Abated</u>
CRA	
Tincher Properties	<u>\$13,775</u>
Total	<u><u>\$13,775</u></u>

The District is receiving \$6,888 from this other government in association with the forgone property tax revenue.

The abatements will be terminated if the property is deemed delinquent, behind on payments, or the terms and conditions of the CRA are not adhered to and no recapture provisions noted.

**Note 19 – Implementation of New Accounting Principles**

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For fiscal year 2020, the District has postponed implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, GASB No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, and GASB No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61. The District did not implement these statements due to the GASB postponing the implementation by 12 months because of the COVID-19 pandemic.

**Note 20 – COVID-19**

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The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures could impact subsequent periods of the District. The District’s investment portfolio could incur a significant decline in fair value. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, 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, the impact of the investments of the pension and other employee benefit plan in which the District participates and any recovery from emergency funding, either federal or state, cannot be estimated.

# **REQUIRED SUPPLEMENTARY INFORMATION**

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Clinton-Massie Local School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 School Employees Retirement System of Ohio  
 Last Seven Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total Pension Liability
2020	0.06464550%	\$3,867,854	\$2,217,704	174.41%	70.85%
2019	0.06991170%	4,003,973	2,249,933	177.96%	71.36%
2018	0.06780460%	4,051,175	2,271,886	178.32%	69.50%
2017	0.06756540%	4,945,164	2,510,229	197.00%	62.98%
2016	0.06720360%	3,834,703	2,656,571	144.35%	69.16%
2015	0.07014700%	3,550,100	2,058,925	172.42%	71.70%
2014	0.07014700%	4,171,417	2,394,971	174.17%	65.52%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Clinton-Massie Local School District  
 Required Supplementary Information  
 Schedule of District's Contributions for Net Pension Liability  
 School Employees Retirement System of Ohio  
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2020	\$322,206	(\$322,206)	\$0	\$2,301,471	14.00%
2019	299,390	(299,390)	0	2,217,704	13.50%
2018	303,741	(303,741)	0	2,249,933	13.50%
2017	318,064	(318,064)	0	2,271,886	14.00%
2016	351,432	(351,432)	0	2,510,229	14.00%
2015	350,136	(350,136)	0	2,656,571	13.18%
2014	285,367	(285,367)	0	2,058,925	13.86%
2013	331,464	(331,464)	0	2,394,971	13.84%
2012	306,792	(306,792)	0	1,907,031	16.09%
2011	335,400	(335,400)	0	1,851,023	18.12%

See accompanying notes to the required supplementary information.



Clinton-Massie Local School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 State Teachers Retirement System of Ohio  
 Last Seven Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total Pension Liability
2020	0.05984421%	\$13,234,187	\$7,089,686	186.67%	77.40%
2019	0.06179961%	13,588,346	7,272,857	186.84%	77.30%
2018	0.06157666%	14,627,668	6,880,371	212.60%	75.30%
2017	0.06143057%	20,562,663	6,471,343	317.75%	66.80%
2016	0.06476259%	17,898,486	6,808,800	262.87%	72.10%
2015	0.06894292%	16,769,304	7,585,915	221.06%	74.70%
2014	0.06894292%	19,975,486	7,879,569	253.51%	69.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Clinton-Massie Local School District  
 Required Supplementary Information  
 Schedule of District's Contributions for Net Pension Liability  
 State Teachers Retirement System of Ohio  
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2020	\$987,276	(\$987,276)	\$0	\$7,051,971	14.00%
2019	992,556	(992,556)	0	7,089,686	14.00%
2018	1,018,200	(1,018,200)	0	7,272,857	14.00%
2017	963,252	(963,252)	0	6,880,371	14.00%
2016	905,988	(905,988)	0	6,471,343	14.00%
2015	953,232	(953,232)	0	6,808,800	14.00%
2014	986,169	(986,169)	0	7,585,915	13.00%
2013	1,024,344	(1,024,344)	0	7,879,569	13.00%
2012	999,720	(999,720)	0	6,272,024	15.94%
2011	961,152	(961,152)	0	6,177,417	15.56%

See accompanying notes to the required supplementary information.

Clinton-Massie Local School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net OPEB Liability  
 School Employees Retirement System of Ohio  
 Last Four Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total OPEB Liability
2020	0.06613150%	\$1,663,068	\$2,217,704	74.99%	15.57%
2019	0.07062490%	1,959,326	2,249,933	87.08%	13.57%
2018	0.06886100%	1,848,048	2,271,886	81.34%	12.46%
2017	0.06842330%	1,950,317	2,510,229	77.69%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Clinton-Massie Local School District  
 Required Supplementary Information  
 Schedule of District's Contributions for Net OPEB Liability  
 School Employees Retirement System of Ohio  
 Last Five Fiscal Years (1) (2)

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2020	\$44,474	(\$44,474)	\$0	\$2,301,471	1.93%
2019	50,903	(50,903)	0	2,217,704	2.30%
2018	48,070	(48,070)	0	2,249,933	2.14%
2017	37,785	(37,785)	0	2,271,886	1.66%
2016	34,421	(34,421)	0	2,510,229	1.37%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information.

Clinton-Massie Local School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability  
 State Teachers Retirement System of Ohio  
 Last Four Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total OPEB (Asset)/Liability
2020	0.05984421%	(\$991,164)	\$7,089,686	(13.98%)	174.74%
2019	0.06179961%	(993,057)	7,272,857	(13.65%)	176.00%
2018	0.06157666%	2,402,494	6,880,371	34.92%	47.10%
2017	0.06143060%	3,285,324	6,471,343	50.77%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Clinton-Massie Local School District  
 Required Supplementary Information  
 Schedule of District's Contributions for Net OPEB (Asset)/Liability  
 State Teachers Retirement System of Ohio  
 Last Five Fiscal Years (1)

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2020	\$0	\$0	\$0	\$7,051,971	0.00%
2019	0	0	0	7,089,686	0.00%
2018	0	0	0	7,272,857	0.00%
2017	0	0	0	6,880,371	0.00%
2016	0	0	0	6,471,343	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Clinton-Massie Local School District  
Required Supplementary Information  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2020

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$6,024,771	\$6,024,771	\$6,057,538	\$32,767
Revenue in lieu of taxes	0	0	0	0
Tuition and Fees	1,375,247	1,375,247	1,382,727	7,480
Investment Earnings	73,985	73,985	74,387	402
Intergovernmental	8,934,639	8,934,639	8,983,233	48,594
Other Revenues	186,461	186,461	187,475	1,014
<b>Total Revenues</b>	<b>16,595,103</b>	<b>16,595,103</b>	<b>16,685,360</b>	<b>90,257</b>
Expenditures:				
Current:				
Instruction:				
Regular	7,514,134	7,514,134	7,584,531	(70,397)
Special	2,309,085	2,309,085	2,330,718	(21,633)
Other	923,549	923,549	932,201	(8,652)
Support Services:				
Pupil	1,038,090	1,038,090	1,047,815	(9,725)
Instructional Staff	320,148	320,148	323,147	(2,999)
General Administration	52,273	52,273	52,763	(490)
School Administration	1,160,384	1,160,384	1,171,255	(10,871)
Fiscal	507,324	507,324	512,077	(4,753)
Operations and Maintenance	1,636,293	1,636,293	1,651,623	(15,330)
Pupil Transportation	1,462,253	1,462,253	1,475,952	(13,699)
Central	22,444	22,444	22,654	(210)
Extracurricular Activities	437,632	437,632	441,732	(4,100)
Operation of Non-Instructional Services	3,758	3,758	3,793	(35)
Debt Service:				
Principal Retirement	109,972	109,972	109,972	0
Interest and Fiscal Charges	20,561	20,561	20,561	0
<b>Total Expenditures</b>	<b>17,517,900</b>	<b>17,517,900</b>	<b>17,680,794</b>	<b>(162,894)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(922,797)</b>	<b>(922,797)</b>	<b>(995,434)</b>	<b>(72,637)</b>
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	1,591	1,591	1,600	9
Advances (Out)	0	0	0	0
Transfers In	1,868	1,868	1,878	10
Transfers (Out)	(119,326)	(119,326)	(120,444)	(1,118)
<b>Total Other Financing Sources (Uses)</b>	<b>(115,867)</b>	<b>(115,867)</b>	<b>(116,966)</b>	<b>(1,099)</b>
<b>Net Change in Fund Balance</b>	<b>(1,038,664)</b>	<b>(1,038,664)</b>	<b>(1,112,400)</b>	<b>(73,736)</b>
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	3,618,955	3,618,955	3,618,955	0
<b>Fund Balance - End of Year</b>	<b>\$2,580,291</b>	<b>\$2,580,291</b>	<b>\$2,506,555</b>	<b>(\$73,736)</b>

See accompanying notes to the required supplementary information.

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**Clinton-Massie Local School District**  
**Required Supplementary Information**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2020**

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**Note 1 – Budgetary Process**

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All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2020.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

While the District is reporting financial position, results of operations and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis) presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues and other financial sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as an assignment of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.
5. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

**Clinton-Massie Local School District**  
**Required Supplementary Information**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2020**

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The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

	General
GAAP Basis	(\$753,950)
Revenue Accruals	(283,269)
Expenditure Accruals	625,680
Proceeds of Capital Leases	(184,602)
Transfers In	1,878
Transfers (Out)	(1,891)
Encumbrances	(525,967)
Funds Budgeted Elsewhere	9,721
Budget Basis	(\$1,112,400)

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 underground storage tank fund, and the public school support fund.

**Note 2 - Net Pension Liability**

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**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

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

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

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

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

**Changes in Assumptions:**

2018-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

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

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,

**Clinton-Massie Local School District**  
**Required Supplementary Information**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2020**

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- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
- (8) The discount rate was reduced from 7.75% to 7.50%.

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

**State Teachers Retirement System (STRS)**

**Changes in Benefit Terms:**

2019-2020: There were no changes in benefit terms from the amounts reported for these fiscal years.

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

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

**Changes in Assumptions:**

2019-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

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

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

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

**Note 3 - Net OPEB (Asset)/Liability**

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**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

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

**Changes in Assumptions:**

2020: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

**Clinton-Massie Local School District**  
**Required Supplementary Information**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2020**

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- (1) Discount Rate:
  - Prior Measurement Date 3.70%
  - Measurement Date 3.22%
- (2) Municipal Bond Index Rate:
  - Prior Measurement Date 3.62%
  - Measurement Date 3.13%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
  - Prior Measurement Date 3.70%
  - Measurement Date 3.22%

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

- (4) Discount Rate:
  - Prior Measurement Date 3.63%
  - Measurement Date 3.70%
- (5) Municipal Bond Index Rate:
  - Prior Measurement Date 3.56%
  - Measurement Date 3.62%
- (6) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
  - Prior Measurement Date 3.63%
  - Measurement Date 3.70%

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

- (1) Discount Rate:
  - Fiscal Year 2018 3.63%
  - Fiscal Year 2017 2.98%
- (2) Municipal Bond Index Rate:
  - Fiscal Year 2018 3.56%
  - Fiscal Year 2017 2.92%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
  - Fiscal Year 2018 3.63%
  - Fiscal Year 2017 2.98%

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

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and

**Clinton-Massie Local School District**  
**Required Supplementary Information**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2020**

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- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

**State Teachers Retirement System (STRS)**

**Changes in Benefit Terms:**

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

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

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

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

**Changes in Assumptions:**

2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

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

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

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

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**CLINTON-MASSIE LOCAL SCHOOL DISTRICT  
CLINTON COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Revenue	Total Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education</i>				
<b>Child Nutrition Cluster</b>				
Non-Cash Assistance (Food Distribution)				
National School Lunch Program	10.555	N/A	\$ 37,933	\$ 37,933
Cash Assistance				
National School Lunch Program	10.555	3L70	98,576	98,576
School Breakfast Program	10.553	3L60	28,755	28,755
Covid-19 National School Breakfast Program	10.553	3L60	8,685	8,685
Covid-19 National School Lunch Program	10.555	3L70	19,322	19,322
Total Child Nutrition Cluster			<u>193,271</u>	<u>193,271</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>193,271</u></b>	<b><u>193,271</u></b>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education</i>				
Special Education Cluster:				
Special Education Grants to States - IDEA Part B - Restoration	84.027	3M20-20	2,127	2,127
Special Education Grants to States - IDEA Part B - Restoration	84.027	3M20-19	1,626	4,119
Special Education Grants to States - IDEA Part B	84.027	3M20-20	291,890	267,373
Special Education Grants to States - IDEA Part B	84.027	3M20-19	-	21,865
			<u>295,643</u>	<u>295,484</u>
Educational Handicapped Preschool - Restoration	84.173	3C50-20	4,108	-
Educational Handicapped Preschool - Restoration	85.173	3C50-19	-	2,359
Educational Handicapped Preschool	84.173	3C50-20	8,917	8,298
Educational Handicapped Preschool	84.173	3C50-19	801	1,205
			<u>13,826</u>	<u>11,862</u>
Total Special Education Cluster			<u>309,469</u>	<u>307,346</u>
Title I Grants to Local Education Agencies	84.010	3M00-20	139,602	155,121
Title I Grants to Local Education Agencies	84.010	3M00-19	11,262	22,940
			<u>150,864</u>	<u>178,061</u>
Title IIA - Improving Teacher Quality	84.367	3Y60-20	22,958	21,353
Title IIA - Improving Teacher Quality	84.367	3Y60-19	6,793	6,793
			<u>29,751</u>	<u>28,146</u>
Student Support Academic - Title IV-A	84.424	3H10-20	9,162	8,572
Student Support Academic - Title IV-A	84.424	3H10-19	5,377	1,246
			<u>14,539</u>	<u>9,818</u>
Elementary and Secondary School Emergency Relief Fund	84.425D	3HS0	52,389	52,389
<b>Total U.S. Department of Education</b>			<b><u>557,012</u></b>	<b><u>575,760</u></b>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 750,283</u></b>	<b><u>\$ 769,031</u></b>

*The accompanying notes to this schedule are an integral part of this schedule.*

**CLINTON MASSIE LOCAL SCHOOL DISTRICT  
CLINTON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Clinton Massie Local School District (the District) under programs of the federal government for the year ended June 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

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

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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



# OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash  
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SouthwestRegion@ohioauditor.gov

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

Clinton Massie Local School District  
Clinton County  
2556 Lebanon Road  
Clarksville, Ohio 45113

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clinton Massie Local School District, Clinton County, (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 24, 2021. We noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio  
March 24, 2021

# OHIO AUDITOR OF STATE KEITH FABER



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

Clinton Massie Local School District  
Clinton County  
2556 Lebanon Road  
Clarksville, Ohio 45113

To the Board of Education:

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

We have audited Clinton Massie Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect District's major federal program for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

### ***Management's Responsibility***

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

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

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Clinton Massie Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2020.

**Report on Internal Control Over Compliance**

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 would not necessarily 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.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio  
March 24, 2021

**CLINTON MASSIE LOCAL SCHOOL DISTRICT  
CLINTON COUNTY**

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

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

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

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

None

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

None



# OHIO AUDITOR OF STATE KEITH FABER



**CLINTON MASSIE LOCAL SCHOOL DISTRICT**

**CLINTON 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 4/8/2021**

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)