



**LYNCHBURG CLAY LOCAL SCHOOL DISTRICT  
HIGHLAND COUNTY  
SINGLE AUDIT  
FOR THE YEAR ENDED JUNE 30, 2023**



OHIO AUDITOR OF STATE  
KEITH FABER



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

Board of Education  
Lynchburg Clay Local School District  
301 East Pearl Street  
Lynchburg, Ohio 45142

We have reviewed the *Independent Auditor's Report* of the Lynchburg Clay Local School District, Highland County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

February 29, 2024

**This page intentionally left blank.**

**LYNCHBURG CLAY LOCAL SCHOOL DISTRICT  
HIGHLAND COUNTY, OHIO**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor’s Report .....	1
Management’s Discussion and Analysis .....	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position .....	10
Statement of Activities .....	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	12
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	15
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual - General Fund .....	16
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual – Elementary and Secondary School Emergency Relief Fund .....	17
Statement of Fund Net Position – Internal Service Fund .....	18
Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Fund .....	19
Statement of Cash Flows – Internal Service Fund .....	20
Notes to the Basic Financial Statements .....	21
Required Supplementary Information:	
Schedule of the School District’s Proportionate Share of the Net Pension Liability School Employees Retirement System of Ohio .....	61
Schedule of the School District’s Proportionate Share of the Net OPEB Liability School Employees Retirement System of Ohio .....	63
Schedule of the School District’s Proportionate Share of the Net Pension Liability State Teachers Retirement System of Ohio .....	65

**LYNCHBURG CLAY LOCAL SCHOOL DISTRICT  
HIGHLAND COUNTY, OHIO**

**TABLE OF CONTENTS (Continued)**

<b>TITLE</b>	<b>PAGE</b>
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset) - State Teachers Retirement System of Ohio .....	67
Schedule of School District Contributions - School Employees Retirement System of Ohio.....	69
Schedule of School District Contributions - State Teachers Retirement System of Ohio .....	71
Notes to the Required Supplementary Information .....	73
Schedule of Expenditures of Federal Awards.....	78
Notes to the Schedule of Expenditures of Federal Awards .....	79
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	80
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.....	82
Schedule of Audit Findings .....	85



## INDEPENDENT AUDITOR'S REPORT

Lynchburg Clay Local School District  
Highland County  
301 East Pearl Street  
Lynchburg, Ohio 45142

To the Board of Education:

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Lynchburg Clay Local School District**, Highland County, Ohio (School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lynchburg Clay Local School District, Highland County, Ohio as of June 30, 2023, and the respective changes in financial position and where applicable cash flows thereof and the budgetary comparison for the General Fund and the Elementary and Secondary School Emergency Relief Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

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

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

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

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

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

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

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

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

***Required Supplementary Information***

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



***Supplementary information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

December 22, 2023

**Lynchburg Clay Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
Unaudited

---

As management of the Lynchburg Clay Local School District, we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's performance.

### **Financial Highlights**

- The most significant changes from the fiscal year are due to changes in assumptions and in the net difference between projected and actual earnings on pension plan investments of the State-wide pension systems.
- The School District received a large donation to the FFA from a local benefactor.

### **Using the Basic Financial Statements**

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

The Statement of Net Position and the Statement of Activities provide information about the activities of the School District as a whole and present a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund financial statements also look at the School District's major funds, with all other nonmajor funds presented in total in one column. The major funds for the Lynchburg Clay Local School District are the General Fund and the Elementary and Secondary School Emergency Relief Fund.

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

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2023?" The Statement of Net Position and the Statement of Activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include all *assets and deferred outflows of resources* and *liabilities and deferred inflows of resources* using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

**Lynchburg Clay Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

---

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

**Fund Financial Statements**

The analysis of the School District's major fund begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's major funds.

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

**Proprietary Fund** - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds. The Internal Service Fund is used to account for the payment of premiums for medical insurance to the insurance purchasing pool.

**The School District as a Whole**

Recall that the *Statement of Net Position* provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for fiscal years 2023 and 2022:

(Table 1)  
 Net Position  
 Governmental Activities

	2023	Restated 2022	Change in Net Position
<b>Assets:</b>			
Current and Other Assets	\$19,891,693	\$19,096,416	\$795,277
Net OPEB Asset	1,264,252	1,038,407	225,845
Capital Assets, Net	16,451,599	17,059,924	(608,325)
Total Assets	\$37,607,544	\$37,194,747	\$412,797

(Continued)

**Lynchburg Clay Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

(Table 1)  
Net Position  
Governmental Activities  
(Continued)

	2023	Restated 2022	Change in Net Position
<b>Deferred Outflows of Resources:</b>			
Pension	\$3,797,586	\$3,972,878	(\$175,292)
OPEB	446,440	553,629	(107,189)
Total Deferred Outflows of Resources	<u>4,244,026</u>	<u>4,526,507</u>	<u>(282,481)</u>
<b>Liabilities:</b>			
Other Liabilities	1,571,762	1,438,820	132,942
Long-Term Liabilities:			
Due Within One Year	54,559	99,526	(44,967)
Due In More Than One Year:			
Net Pension Liability	14,343,869	8,731,634	5,612,235
Net OPEB Liability	918,659	1,277,807	(359,148)
Other Amounts	1,163,538	1,091,726	71,812
Total Liabilities	<u>18,052,387</u>	<u>12,639,513</u>	<u>5,412,874</u>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	2,243,628	2,261,160	(17,532)
Pension	1,323,918	6,783,367	(5,459,449)
OPEB	2,118,232	1,936,722	181,510
Total Deferred Inflows of Resources	<u>5,685,778</u>	<u>10,981,249</u>	<u>(5,295,471)</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	16,447,727	17,010,809	(563,082)
Restricted	2,372,682	1,136,982	1,235,700
Unrestricted (Deficit)	(707,004)	(47,299)	(659,705)
Total Net Position	<u>\$18,113,405</u>	<u>\$18,100,492</u>	<u>\$12,913</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2023. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

**Lynchburg Clay Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

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

Current and other assets increased \$795,277 mainly due to a combination of increased cash and cash equivalents and an increase in intergovernmental receivable. Cash and cash equivalents increased due to the receipt of a large donation to the FFA that has not yet been spent. Intergovernmental receivable increased due to multiple grants not yet having received their reimbursements by year end.

Total liabilities increased \$5,412,874 due to an increase in both the net pension liabilities for both SERS and STRS, thus causing the net pension liability to increase for the School District as well. Deferred inflows of resources decreased mainly due to the change in the net difference between projected and annual earnings on pension plan investments compared to the prior fiscal year.

Net Invested in Capital Assets decreased \$563,082 due to depreciation outpacing current year capital asset additions. Restricted net position increased \$1,235,700 mainly due to a large donation to the School District's FFA from a local benefactor. Unrestricted net position decreased \$659,705 mainly due to the increase in Net Pension Liability particularly related to the increase in the liability associated with STRS.

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

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

(Table 2)

Changes in Net Position  
Governmental Activities

	2023	Restated 2022	Change
<b>Revenues</b>			
Program Revenues:			
Charges for Services and Sales	\$780,069	\$1,037,948	(\$257,879)
Operating Grants, Contributions and Interest	5,452,883	4,332,932	1,119,951
<b>Total Program Revenues</b>	<b>\$6,232,952</b>	<b>\$5,370,880</b>	<b>\$862,072</b>

(Continued)

**Lynchburg Clay Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

(Table 2)  
**Changes in Net Position**  
**Governmental Activities**  
(Continued)

	2023	Restated 2022	Change
<b>Revenues</b>			
General Revenues:			
Property Taxes	\$2,736,834	\$2,519,332	\$217,502
Grants and Entitlements not Restricted to Specific Programs	9,394,970	9,484,144	(89,174)
Gifts and Donations	10,222	0	10,222
Investment Earnings/Interest	318,195	29,603	288,592
Miscellaneous	27,530	216,715	(189,185)
Total General Revenues	<u>12,487,751</u>	<u>12,249,794</u>	<u>237,957</u>
Total Revenues	<u>18,720,703</u>	<u>17,620,674</u>	<u>1,100,029</u>
<b>Program Expenses</b>			
Instruction:			
Regular	6,950,094	6,175,309	774,785
Special	2,745,988	2,204,180	541,808
Vocational	275,254	149,536	125,718
Student Intervention Services	8,923	0	8,923
Support Services:			
Pupils	1,157,836	891,776	266,060
Instructional Staff	402,177	334,007	68,170
Board of Education	38,315	51,292	(12,977)
Administration	1,471,089	1,261,683	209,406
Fiscal	414,469	383,977	30,492
Business	53,638	53,097	541
Operation and Maintenance of Plant	2,434,145	1,832,362	601,783
Pupil Transportation	1,191,097	923,143	267,954
Central	68,004	73,397	(5,393)
Operation of Non-Instructional Services:			
Food Services	823,121	734,905	88,216
Extracurricular Activities	672,231	422,421	249,810
Interest	1,409	3,582	(2,173)
Total Expenses	<u>18,707,790</u>	<u>15,494,667</u>	<u>\$3,213,123</u>
Change in Net Position	12,913	2,126,007	
Net Position at Beginning of Year - Restated	<u>18,100,492</u>	<u>15,974,485</u>	
Net Position at End of Year	<u>\$18,113,405</u>	<u>\$18,100,492</u>	

**Governmental Activities**

Program revenues increased \$862,072 mainly due to an increase in operating grants, contributions and interest related to a large donation to the School District's FFA from a local benefactor. Investment earnings/interest increased due to market conditions continuing to recover from the pandemic low levels.

Expenses increased \$3,213,123 from the previous fiscal year primarily due to an increase in capital asset depreciation and pension expense. The pension expense is associated with the significant increase the net pension liability compared to the prior fiscal year along with a significant decrease in deferred inflows associated with the net difference between projected and actual earnings on pension plan investments, especially the decrease associated with STRS.

**Lynchburg Clay Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
Unaudited

---

**The School District's Funds**

Information about the School District's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$18,587,875 and expenditures of \$18,080,791.

The General Fund had a decrease in fund balance of \$321,471. The main reason for the decrease in the General Fund balance is due to expenditures outpacing revenues.

The Elementary and Secondary School Emergency Relief Fund had a decrease in fund balance of \$241,798. The main reason for the decrease in the fund balance is due to a reduction in grant funding compared to the prior fiscal year.

**General Fund - Budget Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. During the course of fiscal year 2023, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A summary of the General Fund's original and final budgeted amounts is listed on page 16, as well as the actual amounts. A variance comparison is presented between the final budgeted amount and the actual amount.

For the General Fund, original revenues were an insignificant difference of \$12,921 less than final budgeted revenues. Final budgeted revenues were \$52,923 less than actual revenues which is not substantial.

Original budgeted expenditures were \$479,035 less than the final budgeted expenditures of \$16,420,549. Such increases were mainly the result of increases associated with operation and maintenance of plant expenses. The actual budget basis expenditures were \$446,330 less than final budgeted expenditures due to the School District carefully monitoring expenditures throughout the year.

**Capital Assets and Debt Administration**

***Capital Assets***

The Lynchburg Clay Local School District's investment in capital assets as of June 30, 2023, was \$16,451,599. This investment in capital assets includes land; land improvements; buildings and building improvements; furniture, fixtures and equipment, vehicles, and intangible right to use equipment and software. Net capital assets decreased \$608,325 from the prior fiscal year. For more information on capital assets, refer to the Note 8 to the basic financial statements.

***Debt***

At June 30, 2023, the School District had leases outstanding totaling \$3,872. The School District's long-term obligations also includes net pension and OPEB liability and compensated absences.

The School District's overall legal debt margin was \$14,263,235 with an unvoted debt margin of \$158,480 at June 30, 2023.

For more information on debt, refer to the Note 13 to the basic financial statements.

*Lynchburg Clay Local School District*  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
Unaudited

---

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

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Richard Hawk, Treasurer, at Lynchburg Clay Local School District, 301 East Pearl Street, P.O. Box 515, Lynchburg, Ohio 45142.



**Lynchburg Clay Local School District**  
Statement of Net Position  
June 30, 2023

	Governmental Activities
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$16,637,523
Accrued Interest Receivable	35,119
Prepaid Items	17,337
Inventory Held for Resale	12,986
Materials and Supplies Inventory	4,251
Intergovernmental Receivable	571,990
Property Taxes Receivable	2,612,487
Net OPEB Asset	1,264,252
Capital Assets:	
Land	405,668
Depreciable Capital Assets, Net	16,045,931
<i>Total Assets</i>	<i>37,607,544</i>
<b>Deferred Outflows of Resources:</b>	
Pension	3,797,586
OPEB	446,440
<i>Total Deferred Outflows of Resources</i>	<i>4,244,026</i>
<b>Liabilities:</b>	
Accounts Payable	45,508
Accrued Wages and Benefits Payable	1,193,777
Intergovernmental Payable	263,944
Matured Compensated Absences Payable	68,533
Long-Term Liabilities:	
Due Within One Year	54,559
Due in More Than One Year:	
Net Pension Liability	14,343,869
Net OPEB Liability	918,659
Other Amounts	1,163,538
<i>Total Liabilities</i>	<i>18,052,387</i>
<b>Deferred Inflows of Resources:</b>	
Property Taxes	2,243,628
Pension	1,323,918
OPEB	2,118,232
<i>Total Deferred Inflows of Resources</i>	<i>5,685,778</i>
<b>Net Position:</b>	
Net Investment in Capital Assets	16,447,727
Restricted for:	
Food Service Operations	91,775
Athletics	73,122
Scholarships	566,791
Student Managed Activities	1,087,438
Local, State and Federal Grants	271,046
Pension/OPEB Plans	282,510
Unrestricted (Deficit)	(707,004)
<i>Total Net Position</i>	<i>\$18,113,405</i>

See accompanying notes to the basic financial statements

**Lynchburg Clay Local School District**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2023

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Revenue and Changes in Net Position
				Governmental Activities
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$6,950,094	\$206,814	\$402,613	(\$6,340,667)
Special	2,745,988	76,534	1,256,867	(1,412,587)
Vocational	275,254	8,511	45,039	(221,704)
Student Intervention Services	8,923	0	0	(8,923)
Support Services:				
Pupils	1,157,836	0	135,644	(1,022,192)
Instructional Staff	402,177	0	214,388	(187,789)
Board of Education	38,315	0	0	(38,315)
Administration	1,471,089	0	50,797	(1,420,292)
Fiscal	414,469	0	0	(414,469)
Business	53,638	0	0	(53,638)
Operation and Maintenance of Plant	2,434,173	0	433,385	(2,000,788)
Pupil Transportation	1,191,097	0	1,379,863	188,766
Central	68,004	0	0	(68,004)
Operation of Non-Instructional Services:				
Food Services	823,093	270,157	484,934	(68,002)
Extracurricular Activities	672,231	218,053	1,049,353	595,175
Interest	1,409	0	0	(1,409)
<b>Total Governmental Activities</b>	<b>\$18,707,790</b>	<b>\$780,069</b>	<b>\$5,452,883</b>	<b>(12,474,838)</b>
<b>General Revenues:</b>				
Property Taxes Levied for General Purposes				2,736,834
Grants and Entitlements not Restricted to Specific Programs				9,394,970
Gifts and Donations				10,222
Investment Earnings/Interest				318,195
Miscellaneous				27,530
<b>Total General Revenues</b>				<b>12,487,751</b>
Change in Net Position				12,913
<i>Net Position at Beginning of Year - Restated (Note 22)</i>				<u>18,100,492</u>
<i>Net Position at End of Year</i>				<u><u>\$18,113,405</u></u>

See accompanying notes to the basic financial statements

**Lynchburg Clay Local School District**

Balance Sheet  
Governmental Funds  
June 30, 2023

	General Fund	Elementary and Secondary School Emergency Relief Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$14,266,505	\$0	\$2,184,734	\$16,451,239
Inventory Held for Resale	0	0	12,986	12,986
Materials and Supplies Inventory	0	0	4,251	4,251
Accrued Interest Receivable	35,119	0	0	35,119
Interfund Receivable	410,306	0	0	410,306
Intergovernmental Receivable	93,628	297,776	180,586	571,990
Prepaid Items	16,321	152	864	17,337
Property Taxes Receivable	2,612,487	0	0	2,612,487
<b>Total Assets</b>	<b>\$17,434,366</b>	<b>\$297,928</b>	<b>\$2,383,421</b>	<b>\$20,115,715</b>
<b>Liabilities:</b>				
Accounts Payable	\$41,702	\$401	\$3,405	\$45,508
Accrued Wages and Benefits Payable	1,070,280	100	123,397	1,193,777
Interfund Payable	0	297,275	113,031	410,306
Intergovernmental Payable	248,838	0	15,106	263,944
Matured Compensated Absences Payable	66,044	0	2,489	68,533
<b>Total Liabilities</b>	<b>1,426,864</b>	<b>297,776</b>	<b>257,428</b>	<b>1,982,068</b>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	2,243,628	0	0	2,243,628
Unavailable Revenue	215,238	292,869	20,258	528,365
<b>Total Deferred Inflows of Resources</b>	<b>2,458,866</b>	<b>292,869</b>	<b>20,258</b>	<b>2,771,993</b>
<b>Fund Balances:</b>				
Nonspendable	16,321	152	5,115	21,588
Restricted	345	0	2,123,569	2,123,914
Committed	11,000	0	2,154	13,154
Assigned	1,767,924	0	0	1,767,924
Unassigned (Deficit)	11,753,046	(292,869)	(25,103)	11,435,074
<b>Total Fund Balances (Deficit)</b>	<b>13,548,636</b>	<b>(292,717)</b>	<b>2,105,735</b>	<b>15,361,654</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$17,434,366</b>	<b>\$297,928</b>	<b>\$2,383,421</b>	<b>\$20,115,715</b>

See accompanying notes to the basic financial statements

**Lynchburg Clay Local School District**  
 Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2023

---

<b>Total Governmental Fund Balances</b>		\$15,361,654
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		16,451,599
Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.		
	Delinquent property taxes	191,711
	Intergovernmental	313,127
	Investment Earnings	<u>23,527</u>
Total		528,365
The internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		186,284
The net pension/OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
	Net OPEB Asset	1,264,252
	Deferred Outflows - Pension	3,797,586
	Deferred Outflows - OPEB	446,440
	Net Pension Liability	(14,343,869)
	Net OPEB Liability	(918,659)
	Deferred Inflows - Pension	(1,323,918)
	Deferred Inflows - OPEB	<u>(2,118,232)</u>
Total		(13,196,400)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
	Leases	(3,872)
	Compensated absences	<u>(1,214,225)</u>
Total liabilities		<u>(1,218,097)</u>
<b>Net Position of Governmental Activities</b>		<u><u>\$18,113,405</u></u>

See accompanying notes to the basic financial statements

**Lynchburg Clay Local School District**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2023

	General Fund	Elementary and Secondary School Emergency Relief Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property Taxes	\$2,769,576	\$0	\$0	\$2,769,576
Intergovernmental	11,634,340	418,948	1,591,702	13,644,990
Investment Earnings/Interest	283,630	0	18,261	301,891
Tuition and Fees	291,859	0	0	291,859
Rent	2,909	0	0	2,909
Extracurricular Activities	3,862	0	214,191	218,053
Gifts and Donations	15,927	0	1,047,892	1,063,819
Customer Sales and Services	0	0	267,248	267,248
Miscellaneous	26,709	0	821	27,530
<b>Total Revenues</b>	<b>15,028,812</b>	<b>418,948</b>	<b>3,140,115</b>	<b>18,587,875</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	6,183,268	92,095	106,386	6,381,749
Special	2,274,094	2,709	381,293	2,658,096
Vocational	252,250	4	0	252,254
Student Intervention Services	8,923	0	0	8,923
Support Services:				
Pupils	726,214	248	395,075	1,121,537
Instructional Staff	208,910	184,931	6,607	400,448
Board of Education	38,313	0	0	38,313
Administration	1,355,566	3,261	49,512	1,408,339
Fiscal	425,969	2	0	425,971
Business	12,296	0	0	12,296
Operation and Maintenance of Plant	2,388,920	294,609	47,683	2,731,212
Pupil Transportation	1,050,318	24,467	34,974	1,109,759
Central	68,004	0	0	68,004
Operation of Non-Instructional Services:				
Food Services	2,784	0	775,699	778,483
Extracurricular Activities	270,385	0	260,233	530,618
Capital Outlay	10,656	58,420	0	69,076
Debt Service:				
Principal Retirement	45,243	39,061	0	84,304
Interest	1,409	0	0	1,409
<b>Total Expenditures</b>	<b>15,323,522</b>	<b>699,807</b>	<b>2,057,462</b>	<b>18,080,791</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(294,710)</b>	<b>(280,859)</b>	<b>1,082,653</b>	<b>507,084</b>
<b>Other Financing Sources (Uses):</b>				
Inception of Subscription-Based Information				
Technology Agreement	0	39,061	0	39,061
Proceeds from Sale of Capital Assets	3,110	0	0	3,110
Transfers In	6,714	0	36,585	43,299
Transfers Out	(36,585)	0	(6,714)	(43,299)
<b>Total Other Financing Sources (Uses)</b>	<b>(26,761)</b>	<b>39,061</b>	<b>29,871</b>	<b>42,171</b>
<b>Net Change in Fund Balances</b>	<b>(321,471)</b>	<b>(241,798)</b>	<b>1,112,524</b>	<b>549,255</b>
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>13,870,107</b>	<b>(50,919)</b>	<b>993,211</b>	<b>14,812,399</b>
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$13,548,636</b>	<b>(\$292,717)</b>	<b>\$2,105,735</b>	<b>\$15,361,654</b>

See accompanying notes to the basic financial statements

**Lynchburg Clay Local School District**  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Fiscal Year Ended June 30, 2023

---

**Net Change in Fund Balances - Total Governmental Funds** \$549,255

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

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital assets additions	634,374	
Depreciation/Amortization expense	(1,218,425)	
Excess of depreciation/amortization over capital assets expense		(584,051)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

Proceeds from the sale of capital assets	(3,110)	
Loss on sale of capital assets	(21,164)	
Total		(24,274)

Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.

Delinquent property taxes	(32,742)	
Intergovernmental	149,266	
Investment Earnings	15,290	
Total		131,814

The internal service fund used by management to charge the costs of insurance to individual funds is reported in the entity-wide Statement of Activities. (1,202)

The issuance of long-term debt provides current financial resources to governmental funds, but in the Statement of Net Position, the debt is reported as a liability. (39,061)

Inception of Subscription-Based Information Technology Arrangements

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

Lease payments	45,243	
Subscription-Based Information Technology Arrangement payments	39,061	
Total long-term debt repayment		84,304

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 1,388,453

Pension	1,342,519	
OPEB	45,934	
Total		1,388,453

Except for amounts reported as deferred inflows/outflows, changes in the net position liability are reported as pension expense in the statement of activities. (1,420,237)

Pension	(1,670,597)	
OPEB	250,360	
Total		(1,420,237)

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of: (72,088)

Increase in compensated absences payable

**Change in Net Position of Governmental Activities** \$12,913

See accompanying notes to the basic financial statements

**Lynchburg Clay Local School District**  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property Taxes	\$2,515,653	\$2,725,653	\$2,720,507	(\$5,146)
Intergovernmental	11,689,255	11,620,156	11,555,042	(65,114)
Interest	300,000	300,000	310,668	10,668
Tuition and Fees	345,075	290,975	291,859	884
Rent	1,800	1,800	2,909	1,109
Extracurricular Activities	5,090	3,860	3,862	2
Gifts and Donations	6,000	17,900	15,927	(1,973)
Miscellaneous	104,500	19,950	26,597	6,647
<i>Total Revenues</i>	<u>14,967,373</u>	<u>14,980,294</u>	<u>14,927,371</u>	<u>(52,923)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	6,112,369	6,241,350	6,144,319	97,031
Special	2,193,118	2,307,466	2,276,142	31,324
Vocational	241,894	258,056	247,316	10,740
Support Services:				
Pupils	695,224	732,660	722,308	10,352
Instructional Staff	198,314	216,786	204,651	12,135
Board of Education	36,996	41,275	38,332	2,943
Administration	1,332,071	1,377,863	1,363,248	14,615
Fiscal	411,585	443,656	427,708	15,948
Business	57,036	60,500	58,948	1,552
Operation and Maintenance of Plant	3,077,519	3,243,678	3,101,128	142,550
Pupil Transportation	1,201,411	1,142,474	1,044,986	97,488
Central	64,744	68,500	68,004	496
Operation of Non-Instructional Services:				
Food Services	3,083	3,000	2,784	216
Extracurricular Activities	297,459	271,285	263,645	7,640
Capital Outlay	18,691	12,000	10,700	1,300
<i>Total Expenditures</i>	<u>15,941,514</u>	<u>16,420,549</u>	<u>15,974,219</u>	<u>446,330</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(974,141)</u>	<u>(1,440,255)</u>	<u>(1,046,848)</u>	<u>393,407</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Capital Assets	1,000	1,000	3,110	2,110
Transfers In	4,478	0	6,714	6,714
Transfers Out	(35,455)	(40,000)	(36,585)	3,415
<i>Total Other Financing Sources (Uses)</i>	<u>(29,977)</u>	<u>(39,000)</u>	<u>(26,761)</u>	<u>12,239</u>
<i>Net Change in Fund Balance</i>	<u>(1,004,118)</u>	<u>(1,479,255)</u>	<u>(1,073,609)</u>	<u>405,646</u>
<i>Fund Balance at Beginning of Year</i>	14,596,546	14,596,546	14,596,546	0
<i>Prior Year Encumbrances Appropriated</i>	<u>443,802</u>	<u>443,802</u>	<u>443,802</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$14,036,230</u>	<u>\$13,561,093</u>	<u>\$13,966,739</u>	<u>\$405,646</u>

See accompanying notes to the basic financial statements

**Lynchburg Clay Local School District**  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Elementary and Secondary School Emergency Relief Fund  
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$1,624,666	\$1,626,284	\$414,041	(1,212,243)
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	117,002	128,932	135,850	(6,918)
Special	763	2,673	2,673	0
Support Services:				
Pupils	0	0	240	(240)
Instructional Staff	301,148	164,387	197,366	(32,979)
Administration	0	2,621	3,452	(831)
Operation and Maintenance of Plant	1,037,287	1,176,152	1,178,956	(2,804)
Pupil Transportation	0	26,066	24,448	1,618
Capital Outlay	9,311	6,501	19,359	(12,858)
<i>Total Expenditures</i>	<u>1,465,511</u>	<u>1,507,332</u>	<u>1,562,344</u>	<u>(55,012)</u>
<i>Net Change in Fund Balance</i>	159,155	118,952	(1,148,303)	(1,267,255)
<i>Fund Balance (Deficit) at Beginning of Year</i>	(70,555)	(70,555)	(70,555)	0
<i>Prior Year Encumbrances Appropriated</i>	<u>28,545</u>	<u>28,545</u>	<u>28,545</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u><u>\$117,145</u></u>	<u><u>\$76,942</u></u>	<u><u>(\$1,190,313)</u></u>	<u><u>(\$1,267,255)</u></u>

See accompanying notes to the basic financial statements



**Lynchburg Clay Local School District**  
Statement of Fund Net Position  
Internal Service Fund  
June 30, 2023

---

	<u>Self-Insurance Fund</u>
<b><i>Assets:</i></b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$186,284</u></u>
<b><i>Net Position:</i></b>	
Unrestricted	<u><u>\$186,284</u></u>

See accompanying notes to the basic financial statements

**Lynchburg Clay Local School District**  
Statement of Revenues, Expenses  
and Changes in Fund Net Position  
Internal Service Fund  
For the Fiscal Year Ended June 30, 2023

---

	<u>Self-Insurance Fund</u>
<b><i>Operating Revenues:</i></b>	
Charges for Services	\$2,320,722
<b><i>Operating Expenses:</i></b>	
Purchased Services	<u>2,322,938</u>
<i>Operating Loss</i>	(2,216)
<b><i>Non-Operating Revenues:</i></b>	
Interest	<u>1,014</u>
<i>Change in Net Position</i>	(1,202)
<i>Net Position at Beginning of Year</i>	<u>187,486</u>
<i>Net Position at End of Year</i>	<u><u>\$186,284</u></u>

See accompanying notes to the basic financial statements

**Lynchburg Clay Local School District**  
Statement of Cash Flows  
Internal Service Fund  
For the Fiscal Year Ended June 30, 2023

---

	Self-Insurance Fund
<b><i>Increases (Decreases) in Cash and Cash Equivalents</i></b>	
<b><i>Cash Flows from Operating Activities:</i></b>	
Cash Received from Interfund Services Provided	\$2,320,722
Cash Payments to Suppliers for Goods and Services	(2,322,938)
<i>Net Cash Used for Operating Activities</i>	(2,216)
<b><i>Cash Flows from Investing Activities:</i></b>	
Interest	1,014
<i>Decrease in Cash and Cash Equivalents</i>	(1,202)
<i>Cash and Cash Equivalents at Beginning of Year</i>	187,486
<i>Cash and Cash Equivalents at End of Year</i>	\$186,284
<b><i>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</i></b>	
Operating Loss	(\$2,216)

See accompanying notes to the basic financial statements

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

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

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

The School District was established in 1853. The School District serves an area of approximately 114 square miles. It is located in Highland, Clinton, and Brown Counties, and includes all of the Village of Lynchburg; the community of Buford; Dodson, Salem, Hamer, Union, Clay, and Whiteoak Townships in Highland County; Perry and Green Townships in Brown County; and Clark Township in Clinton County. It is staffed by 80 classified employees, 90 certificated personnel and six administrative employees who provide services to 1,085 students. The School District currently operates three instructional buildings, one administrative building, and one garage.

**Reporting Entity**

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Lynchburg Clay Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the School District. The School District has no component units.

The School District participates in two jointly governed organizations, one public entity shared risk pool, and one insurance purchasing pools. These organizations are presented in Notes 15, 16, and 17 to the basic financial statements.

Jointly Governed Organizations:

Metropolitan Educational Technology Association (META)  
Great Oaks Institute of Technology and Career Development

Public Entity Shared Risk Pool

Brown County Schools Benefits Consortium

Insurance Purchasing Pools:

Ohio SchoolComp Workers’ Compensation Group Rating Plan

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

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

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

**Basis of Presentation**

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

**Government-wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the School District, except for fiduciary funds. The activity of the Internal Service Fund is eliminated to avoid "doubling up" revenues and expenses. The government-wide financial statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type; however, the School District has no business-type activities.

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

**Fund Financial Statements**

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

**Fund Accounting**

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

***Lynchburg Clay Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Governmental Funds**

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

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

**Elementary and Secondary School Emergency Relief Fund** – This fund is to account for and report emergency coronavirus relief restricted federal grant monies for related COVID-19 pandemic expenses.

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

**Proprietary Fund**

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

**Internal Service Fund** - Internal Service Funds account for the financing of services provided by one department or agency to the other departments or agencies of the School District. The Internal Service Fund is used to account for the collection and payment of premiums for medical insurance to the insurance purchasing pool.

**Fiduciary Funds**

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

**Measurement Focus**

**Government-wide Financial Statements**

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

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Fund Financial Statements**

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The government-wide financial statements and the financial statements of the proprietary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows of resources, and in the presentation of expenses versus expenditures.

**Revenues-Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined, and “available” means that the resources are collectible within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, grants, and interest.

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

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 assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide Statement of Net Position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Note 10 and 11.

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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension and OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes, intergovernmental grants, and interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 13. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide Statement of Net Position (See Note 10 and 11).

Expenses/Expenditures

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

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

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

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

**Cash and Cash Equivalents**

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



**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

During fiscal year 2023, the School District's investments were limited to a discount commercial paper, money market mutual funds, negotiable certificates of deposit, federal agency securities and US Treasury Bonds. Investments, except for Commercial paper, are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund's current share price. The School District's commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment Earnings/Interest revenue credited to the general fund during 2023 amounted to \$283,630, which includes \$23,892 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

### **Interfund Balances**

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

### **Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

### **Inventory**

Materials and supplies inventory is reported at cost, while inventory held for resale is presented at the lower of cost or market value, and donated commodities are presented at their entitlement value. Inventories are presented on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

### **Capital Assets**

All capital assets of the School District are general capital assets that are associated with governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets (except for intangible right-to-use lease assets and subscription assets which are discussed below) are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$1,000. The capitalization threshold for land and buildings is zero dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

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

Description	Governmental Activities Estimated Lives
Land Improvements	20 years
Buildings and Building Improvements	20-50 years
Furniture, Fixtures and Equipment	5-20 years
Vehicles	8 years
Intangible Right to Use	5-10 years

The School District is reporting intangible right to use assets related to leased equipment and subscription assets. The lease assets include equipment and represents nonfinancial assets which are being utilized for a period of time through leases from another entity. Subscription assets represent intangible right to use assets related to the use of another party’s IT software. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, these intangible right to use assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

The School District serves as lessee in a noncancellable lease which are accounted for as follows:

**Lessee** At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The School District is reporting Subscription-Based Information Technology Arrangements (SBITAs) for various noncancellable IT software contracts. At the commencement of the subscription term, the School District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of lease payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at the commencement of the subscription term, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on in a systematic and rational manner over the shorted of the subscription term or the useful life of the underlying IT asset. Subscription assets are reported with other capital assets and subscription payables are reported with long-term debt on the statement of net position.

**Compensated Absences**

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

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees will be paid.

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

**Accrued Liabilities and Long-Term Obligations**

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

**Fund Balance**

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

*Nonspendable*

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

*Restricted*

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

*Committed*

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

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

*Assigned*

Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education or a School District official delegated that authority by resolution or State Statute. State statute authorizes the Treasurer to assign fund balance for purchase orders provided such amounts have been lawfully appropriated. The Treasurer assigned fund balance to cover a gap between estimated revenue and appropriations in the 2024 appropriated budget.

*Unassigned*

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

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service, athletics, student managed activities, scholarship, and state and federal grants.

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

**Internal Activity**

Transfers between government funds are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities.

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

***Lynchburg Clay Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Budgetary Process**

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

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

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including all supplemental appropriations.

**Estimates**

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

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for the self-insurance programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are classified as non-operating.

**NOTE 3 - ACCOUNTABILITY**

At June 30, 2023, the following nonmajor special revenue funds had deficit fund balances:

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

Funds	Amounts
Elementary and Secondary School	
Emergency Relief Fund	\$292,717
Title VI-B Fund	10,395
Title I Fund	12,665
Title VI-R Fund	1,920
Title IV-A Fund	36
Total	\$317,733

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the General Fund needed for operations until the receipt of grant monies. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the General Fund and Elementary and Secondary School Emergency Relief Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).
3. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
4. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statement for the General Fund and Elementary and Secondary School Emergency Relief Fund.

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

	Net Change in Fund Balance	
	General Fund	Elementary and Secondary School Emergency Relief Fund
GAAP Basis	(\$321,471)	(\$241,798)
Adjustments:		
Revenue Accruals	(128,504)	(43,968)
Change in Fair Market Value of Investments Fiscal Year 2023	68,246	0
Change in Fair Market Value of Investments Fiscal Year 2022	(41,183)	0
Expenditure Accruals	127,621	30,501
Encumbrances	(778,318)	(893,038)
Budget Basis	<u>(\$1,073,609)</u>	<u>(\$1,148,303)</u>

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirement have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer’s investment pool (STAROhio); and
8. Certain bankers’ acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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

**Investments**

As of June 30, 2023, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Moody's Rating	Percent of Total Investments
Amortized Cost:				
Discount Commercial Paper	\$724,810	Less than one year	P1	6.81%
Fair Value - Level One Inputs:				
Money Market Mutual Funds	773,745	Less than one year	N/A	N/A
Fair Value - Level Two Inputs:				
Negotiable Certificates of Deposits	6,758,259	Less than three years	N/A	63.51%
Federal Home Loan Bank Bonds	1,033,494	Less than one year	Aaa	9.71%
U.S. Treasury Bonds	1,351,781	Less than one year	Aaa	12.70%
Total Fair Value - Level Two Inputs	9,143,534			
Total Portfolio	<u>\$10,642,089</u>			



**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2023. The money market mutual fund is measured at fair value using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

**Interest Rate Risk** The School District has no investment policy that addresses interest rate risk beyond the requirements of State statute. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

**Credit Risk** The School District has no investment policy that addresses credit risk. Ohio law requires that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized rating service. The School District's negotiable certificates of deposit are covered by FDIC.

**Concentration of Credit Risk** The School District's investment policy places no limit on the amount it may invest in any one issuer.

#### **NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, 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 semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien December 31, 2021, were levied after April 1, 2022, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Highland, Clinton, and Brown Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2023, are available to finance fiscal year 2023 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

Accrued property taxes receivable includes real property and public utility property taxes that are measurable as of June 30, 2023 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows – property taxes.

The amount available as an advance at June 30, 2023, was \$177,148 in the General Fund. The amount available as June 30, 2022, was \$128,017 in the General Fund.

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

The assessed values upon which the fiscal year 2023 taxes were collected are:

	2022 Second - Half Collections		2023 First - Half Collections	
	Amount	Percentage	Amount	Percentage
Real Estate	\$137,237,000	95.32%	\$140,308,930	88.53%
Public Utility Personal	6,740,090	4.68%	18,171,460	11.47%
Total Assessed Value	<u>\$143,977,090</u>	<u>100.00%</u>	<u>\$158,480,390</u>	<u>100.00%</u>
Tax Rate Per \$1,000 of Assessed Valuation	\$22.80		\$22.80	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2023, consisted of interest, interfund, intergovernmental grants, and property taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of State programs. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. A summary of intergovernmental receivables follows:

	<u>Amount</u>
<u>Governmental Activities:</u>	
High Schools That Work Grant	\$1,625
Elementary and Secondary School Emergency Relief Grant	297,776
Title II-A Grant	13,122
Title I Grant	82,390
IDEA-B Grant	73,181
IDEA Early Childhood Grant	4,794
Title IV-A Grant	5,474
Medicaid Reimbursement	93,446
Workers Compensation Reimbursement	182
Total Intergovernmental Receivable	<u>\$571,990</u>

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

**NOTE 8 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2023, was as follows:

	Restated Balance at 6/30/22	Additions	Deductions	Balance at 6/30/23
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$405,668	\$0	\$0	\$405,668
Capital Assets Being Depreciated:				
Tangible Assets:				
Land Improvements	3,915,723	243,078	0	4,158,801
Buildings and Building Improvements	29,240,808	26,091	0	29,266,899
Furniture, Fixtures and Equipment	3,199,147	266,722	(532,899)	2,932,970
Vehicles	1,906,916	59,422	(134,000)	1,832,338
Total Capital Assets Being Depreciated	<u>38,262,594</u>	<u>595,313</u>	<u>(666,899)</u>	<u>38,191,008</u>
Intangible Right to Use:				
Lease Assets:				
Furniture, Fixtures and Equipment	206,532	0	0	206,532
Subscription Assets:				
Software	55,522	39,061	0	94,583
Total Intangible Right to Use Assets	<u>262,054</u>	<u>39,061</u>	<u>0</u>	<u>301,115</u>
Total Capital Assets Being Depreciated	<u>38,524,648</u>	<u>634,374</u>	<u>(666,899)</u>	<u>38,492,123</u>
Less Accumulated Depreciation/Amortization:				
Depreciation:				
Land Improvements	(2,570,216)	(143,411)	0	(2,713,627)
Buildings and Building Improvements	(15,544,711)	(703,190)	0	(16,247,901)
Furniture, Fixtures and Equipment	(2,481,572)	(125,277)	508,625	(2,098,224)
Vehicles	(1,108,633)	(175,694)	134,000	(1,150,327)
Total Depreciation	<u>(\$21,705,132)</u>	<u>(\$1,147,572)</u>	<u>\$642,625</u>	<u>(\$22,210,079)</u>
Amortization:				
Intangible Right to Use:				
Lease Assets:				
Furniture, Fixtures and Equipment	(165,260)	(41,272)	0	(206,532)
Subscription Assets:				
Software	0	(29,581)	0	(29,581)
Total Amortization	<u>(165,260)</u>	<u>(70,853)</u>	<u>0</u>	<u>(236,113)</u>
Total Accumulated Depreciation/Amortization	<u>(21,870,392)</u>	<u>(1,218,425) *</u>	<u>642,625</u>	<u>(22,446,192)</u>
Total Capital Assets Being Depreciated, Net	<u>\$16,654,256</u>	<u>(\$584,051)</u>	<u>(\$24,274)</u>	<u>\$16,045,931</u>
Governmental Activities Capital Assets, Net	<u>\$17,059,924</u>	<u>(\$584,051)</u>	<u>(\$24,274)</u>	<u>\$16,451,599</u>

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

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
Instruction:			
Regular	\$416,760	\$29,581	\$446,341
Special	39,142	0	39,142
Vocational	15,666	0	15,666
Support Services:			
Pupils	27,008	0	27,008
Instructional Staff	9,293	0	9,293
Administration	57,981	0	57,981
Fiscal	968	0	968
Business	70	41,272	41,342
Operation and Maintenance of Plant	206,016	0	206,016
Pupil Transportation	176,514	0	176,514
Operation of Non-Instructional Services:			0
Food Services	57,800	0	57,800
Extracurricular Activities	140,354	0	140,354
Total Depreciation/Amortization Expense	<u>\$1,147,572</u>	<u>\$70,853</u>	<u>\$1,218,425</u>

**NOTE 9 - RISK MANAGEMENT**

**Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the School District contracted with Wright Specialty Group for property insurance, fleet insurance, liability insurance, and inland marine coverage.

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

**Workers' Compensation**

For fiscal year 2023, the School District participated in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduce premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP. Each year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

**Employee Medical Benefits**

The School District participates in the Brown County Schools Benefits Consortium (the Consortium), an insurance purchasing pool (See Note 16) consisting of nine districts. The Consortium has elected to have United Healthcare provide medical coverage purchased as a group through the Consortium. The School

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

District is responsible for providing a current listing of enrolled employees and for providing timely pro-rata payments of premiums- to the Consortium for employee health coverage. The Consortium is responsible for the management and operations of the program. Upon termination from the Consortium, for any reason, the terminated member relinquishes their portion of equity in the Consortium's cash pool.

**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

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

**Net Pension/Net OPEB Liability**

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a net OPEB asset or long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

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

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, 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. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$372,550 for fiscal year 2023. Of this amount, \$26,038 is reported as an intergovernmental payable.

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

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

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary 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 July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2023, 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 regardless of 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.

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.

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

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 on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. 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 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The School District’s contractually required contribution to STRS was \$969,969 for fiscal year 2023. Of this amount, \$176,668 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.06452320%	0.048825410%	
Prior Measurement Date	0.06598110%	0.049250540%	
Change in Proportionate Share	-0.00145790%	-0.000425130%	
 Proportionate Share of the Net			
Pension Liability	\$3,489,918	\$10,853,951	\$14,343,869
Pension Expense	\$258,523	\$1,412,074	\$1,670,597

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

	SERS	STRS	Total
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$141,345	\$138,944	\$280,289
Changes of assumptions	34,436	1,298,892	1,333,328
Net difference between projected and actual earnings on pension plan investments	0	377,694	377,694
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	45,015	418,741	463,756
School District contributions subsequent to the measurement date	372,550	969,969	1,342,519
<b>Total Deferred Outflows of Resources</b>	<b>\$593,346</b>	<b>\$3,204,240</b>	<b>\$3,797,586</b>

<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$22,911	\$41,519	\$64,430
Changes of assumptions	0	977,692	977,692
Net difference between projected and actual earnings on pension plan investments	121,782	0	121,782
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	54,816	105,198	160,014
<b>Total Deferred Inflows of Resources</b>	<b>\$199,509</b>	<b>\$1,124,409</b>	<b>\$1,323,918</b>

\$1,342,519 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	\$31,621	\$165,309	\$196,930
2025	(38,748)	68,363	29,615
2026	(173,969)	(224,578)	(398,547)
2027	202,383	1,100,768	1,303,151
<b>Total</b>	<b>\$21,287</b>	<b>\$1,109,862</b>	<b>\$1,131,149</b>

**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.

**Lynchburg Clay Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

---

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022, are presented below:

	June 30, 2022
Inflation	2.4 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 percent to 13.58 percent 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally. The most recent experience study was completed for the five year period ended June 30, 2020.

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 rebalancing uncorrelated asset classes.

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	100.00 %	

**Discount Rate**

The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$5,136,991	\$3,489,918	\$2,102,279

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022
Inflation	2.50 percent
Salary increases	From 2.5 percent to 12.5 percent based on age
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

For 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, post-retirement mortality rates are based on 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 June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Long-Term Expected Rate of Return **</u>
Domestic Equity	26.00%	6.60%
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00%	

\* Target allocation percentage is effective July 1, 2022.

Target weights were phased in over a 3 month period concluding on October 1, 2022

\*\* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of 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 7.00 percent as of June 30, 2022. 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

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$16,396,367	\$10,853,951	\$6,166,781

**NOTE 11 – DEFINED BENEFIT OPEB PLANS**

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

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

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. 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.

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

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 2023, 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 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was \$45,934.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$45,934 for fiscal year 2023, all of which is reported as an intergovernmental payable.

**Plan Description – State Teachers Retirement System of Ohio (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. 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 the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

**OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.06543100%	0.048825410%	
Prior Measurement Date	0.06751670%	0.049250540%	
Change in Proportionate Share	<u>-0.00208570%</u>	<u>-0.000425130%</u>	
Proportionate Share of the:			
Net OPEB (Asset)	\$0	(\$1,264,252)	(\$1,264,252)
Net OPEB Liability	\$918,659	\$0	\$918,659
OPEB Expense	(\$26,769)	(\$223,591)	(\$250,360)

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$7,723	\$18,327	\$26,050
Changes of assumptions	146,124	53,853	199,977
Net difference between projected and actual earnings on pension plan investments	4,775	22,008	26,783
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	137,283	10,413	147,696
School District contributions subsequent to the measurement date	45,934	0	45,934
Total Deferred Outflows of Resources	<u>\$341,839</u>	<u>\$104,601</u>	<u>\$446,440</u>
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$587,641	\$189,867	\$777,508
Changes of assumptions	377,116	896,476	1,273,592
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	67,132	0	67,132
Total Deferred Inflows of Resources	<u>\$1,031,889</u>	<u>\$1,086,343</u>	<u>\$2,118,232</u>

\$45,934 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	(\$148,777)	(\$285,732)	(\$434,509)
2025	(151,798)	(282,498)	(434,296)
2026	(139,630)	(134,336)	(273,966)
2027	(95,445)	(56,000)	(151,445)
2028	(72,827)	(73,625)	(146,452)
Thereafter	(127,507)	(149,551)	(277,058)
Total	(\$735,984)	(\$981,742)	(\$1,717,726)

**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, 2022, are presented below:

	June 30, 2022
Inflation	2.40 percent
Future Salary Increases, including inflation	
Wage Increases	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation



**Lynchburg Clay Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

---

	June 30, 2022
Fiduciary Net Position is Projected to be Depleted	2044
Municipal Bond Index Rate:	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.08 percent
Prior Measurement Date	2.27 percent
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	7.00 to 4.40 percent

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

**Discount Rate**

The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022, and the June 30, 2021, total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69 percent at June 30, 2022, and 1.92 percent at June 30, 2021.

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

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). 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 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1 % Increase (5.08%)
School District's proportionate share of the net OPEB liability	\$1,140,987	\$918,659	\$739,178
	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$708,450	\$918,659	\$1,193,224

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent

**Lynchburg Clay Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

	June 30, 2022	June 30, 2021
<b>Health Care Cost Trends</b>		
<b>Medical</b>		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
<b>Prescription Drug</b>		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate

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

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, 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, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. 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, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

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

The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1 % Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$1,168,768)	(\$1,264,252)	(\$1,346,043)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$1,311,337)	(\$1,264,252)	(\$1,204,819)

**NOTE 12 - EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from School District policies and State laws. Eligible classified employees earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Each fiscal year, employees are given the option to request payment for up to 10 days of vacation leave by fiscal year-end.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 days for all personnel. Upon retirement, payment is made for one-third of accrued, but unused sick leave credit to a maximum of 52 days.

**Insurance Benefits**

The School District provides dental and vision insurance to its staff through Superior. The School District also provides life insurance to most employees through the Securian Insurance Company. The Lynchburg Clay Board of Education pays 100 percent of dental, vision and life insurance premiums.

**Deferred Compensation**

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

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

**NOTE 13 - LONG-TERM OBLIGATIONS**

The changes in the School District’s long-term obligations during fiscal year 2023 were as follows:

	Amounts Outstanding 6/30/2022	Additions	Deductions	Amounts Outstanding 6/30/2023	Amounts Due in One Year
<u>Governmental Activities:</u>					
Net Pension Liability					
SERS	\$2,434,511	\$1,055,407	\$0	\$3,489,918	\$0
STRS	6,297,123	4,556,828	0	10,853,951	0
Total Net Pension Liability	<u>8,731,634</u>	<u>5,612,235</u>	<u>0</u>	<u>14,343,869</u>	<u>0</u>
Net OPEB Liability					
SERS	1,277,807	0	359,148	918,659	0
Leases	49,115	0	45,243	3,872	3,872
Subscriptions	0	39,061	39,061	0	0
Compensated Absences	1,142,137	154,413	82,325	1,214,225	50,687
Total Governmental Activities	<u>\$11,200,693</u>	<u>\$5,805,709</u>	<u>\$525,777</u>	<u>\$16,480,625</u>	<u>\$54,559</u>

The School District has an outstanding agreement to lease copiers. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District’s incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. A summary of the principal and interest amounts for the remaining lease is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$3,872	\$16	\$3,888

During the fiscal year the School District entered into subscription-based information technology agreements for various noncancellable IT software contracts. At the commencement of the subscription term, the School District paid the cost of each subscription in full, the total principal for the subscriptions was \$39,061 paid from the Elementary and Secondary School Emergency Relief Fund.

There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the following funds: General, Food Service, IDEA-B, Title I and Title II funds. For Additional information related to the net pension/OPEB liability see Note 10 and Note 11. Compensated absences will be paid from the General, Food Service, Student Wellness and Success, Title VI-B, Title I, Title IV-A and Title VI R.

The School District’s overall legal debt margin was \$14,263,235 with an unvoted debt margin of \$158,480 at June 30, 2023.

**NOTE 14 - INTERFUND ACTIVITY**

**Transfers To/From Other Funds**

Transfers made during the fiscal year ended June 30, 2023, were as follows:

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

Transfer From	Transfer To		
	General Fund	Nonmajor Governmental Funds	Total
General Fund	\$0	\$36,585	\$36,585
Nonmajor Governmental Funds	6,714	0	6,714
Total	<u>\$6,714</u>	<u>\$36,585</u>	<u>\$43,299</u>

Transfers were made to the Nonmajor Governmental Funds to support programs. Transfers made to General Fund was to close out unused funds no longer in use.

**Interfund Balances**

Payable	Receivable
	General Fund
Elementary and Secondary School Emergency Relief Fund	\$297,275
Nonmajor Governmental Funds	113,031
Total	<u>\$410,306</u>

The General Fund advanced money to the Elementary and Secondary School Emergency Relief Major Special Revenue Fund, and the Career Development, Title VI-B, Title I, Title IV-A Student Support and Academic Enrichment, Preschool Disability, and Miscellaneous Federal Grants Nonmajor Special Revenue Funds to cover negative cash balances. Advancing monies to special revenue funds is necessary due to timing differences in the receiving of grant monies. When the monies are finally received, the grant fund will use those restricted monies to reimburse the General Fund for the initial advance.

**NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS**

**Metropolitan Educational Technology Association (META)**

The School District is a participant in the Metropolitan Educational Technology Association (META), which is a computer consortium and a regional council of governments. META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology, and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META consists of a president, vice president and twelve board members who represent the members of META. The Board works with META's Chief Executive Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District paid META \$46,072 for services provided during the fiscal year. Financial information can be obtained from META Solutions, 100 Executive Drive, Marion Ohio 43302.

*Lynchburg Clay Local School District*  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Great Oaks Institute of Technology and Career Development**

The Great Oaks Institute of Technology and Career Development is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards. The Board exercises total control over the operations of Great Oaks Institute of Technology and Career Development including budgeting, appropriating, contracting and designating management. Great Oaks offers career technical programs to high school juniors and seniors of the School District. Each School District's degree of control is limited to its representation on the board. To obtain financial information write to the Great Oaks Institute of Technology and Career Development, 3254 E. Kemper Road, Cincinnati, Ohio, 45241-1581.

**NOTE 16 – PUBLIC ENTITY SHARED RISK POOL**

**Brown County Schools Benefits Consortium**

The Brown County Schools Benefits Consortium, a public entity shared risk and insurance purchasing pool, currently operates to provide medical insurance (insurance purchasing pool) and dental coverage (public entity shared risk pool) to enrolled employees of the consortium members and to eligible dependents of those enrolled employees. Six Brown County school districts (Eastern, Fayetteville-Perry, Georgetown, Ripley Union Lewis Huntington, Southern Hills Joint Vocational, and Western Brown Schools) and two Highland County school districts (Bright Local and Lynchburg-Clay Local School District) along with the Brown County Educational Service Center have entered into an agreement to form the Brown County Schools Benefits Consortium. The Consortium is governed by a nine member board consisting of the superintendents of each participating school district along with the superintendent of the Brown County Educational Service Center. The overall objectives of the consortium are to formulate and administer a program of medical and dental insurance for the benefit of the consortium members' employees and their dependents. The consortium contracts with United Healthcare to provide medical insurance directly to consortium member employees. The Educational Service Center pays premiums to the consortium based on employee membership. For dental coverage the consortium acts as a public entity shared risk pool. Each member district pays dental premiums based on the consortium estimates of future claims. If the member district's dental claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the member district's claims are low, it will not receive a refund. Dental coverage is administered through a third party administrator, Guardian. Participating member districts pay an administrative fee to the fiscal agent to cover the costs associated with the administering of the Consortium. To obtain financial information write to the Brown County Educational Service Center at 9231 Hamer Road, Georgetown, Ohio 45121.

**NOTE 17 – INSURANCE PURCHASING POOLS**

**Ohio SchoolComp Workers' Compensation Group Rating Plan**

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

**NOTE 18 - SET-ASIDE CALCULATIONS**

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

**Lynchburg Clay Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

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

	Capital Acquisition
Set-Aside Balance as of June 30, 2022	\$0
Current Fiscal Year Set-aside Requirement	236,673
Current Fiscal Year Qualifying Expenditures	(236,673)
Set-Aside Balance as of June 30, 2023	\$0

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

**NOTE 19- FUND BALANCE**

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

Fund Balances	General Fund	Elementary and Secondary School Emergency Relief Fund	Nonmajor Governmental Funds	Total
<u>Nonspendable:</u>				
Prepays	\$16,321	\$152	\$864	\$17,337
Inventory	0	0	4,251	4,251
<i>Total Nonspendable</i>	16,321	152	5,115	21,588
<u>Restricted for:</u>				
Scholarships	0	0	566,791	566,791
Athletics	0	0	73,122	73,122
Food Service Operations	0	0	113,453	113,453
Local, State, and Federal Grants	345	0	282,765	283,110
School Managed Activities	0	0	1,087,438	1,087,438
<i>Total Restricted</i>	345	0	2,123,569	2,123,914
<u>Committed to:</u>				
Underground Storage	11,000	0	0	11,000
Improvements	0	0	2,154	2,154
<i>Total Committed</i>	\$11,000	\$0	\$2,154	\$13,154

(Continued)



**Lynchburg Clay Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

Fund Balances	General Fund	Elementary and Secondary School Emergency Relief Fund	Nonmajor Governmental Funds	Total
<u>Assigned to:</u>				
Future Appropriations	\$1,031,308	\$0	\$0	\$1,031,308
Purchases on Order	736,616	0	0	736,616
<i>Total Assigned</i>	<u>1,767,924</u>	<u>0</u>	<u>0</u>	<u>1,767,924</u>
<u>Unassigned (Deficit)</u>	<u>11,753,046</u>	<u>(292,869)</u>	<u>(25,103)</u>	<u>11,435,074</u>
<i>Total Fund Balances</i>	<u><u>\$13,548,636</u></u>	<u><u>(\$292,717)</u></u>	<u><u>\$2,105,735</u></u>	<u><u>\$15,361,654</u></u>

**NOTE 20 – SIGNIFICANT COMMITMENTS**

**Encumbrances**

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

General Fund	\$778,318
Elementary and Secondary School Emergency Relief Fund	893,038
Nonmajor Governmental Funds	27,962
Total	<u><u>\$1,699,318</u></u>

**NOTE 21 - CONTINGENCIES**

**Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2023, if applicable, cannot be determined at this time.

**School Foundation**

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2023 were finalized. As a result, the School District recognized a payable of \$402.

**Litigation**

The School District is not a party to any legal proceeding as of June 30, 2023.

*Lynchburg Clay Local School District*  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**NOTE 22 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION**

**Change in Accounting Principles**

For fiscal year 2023, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, GASB Statement No. 96, Subscription-Based Information Technology Arrangements, and GASB Statement No. 99, Omnibus 2022.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The School District did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). These changes were incorporated in the School District’s 2023 financial statements. The School District recognized \$55,522 in subscription assets.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

**Restatement of Net Position**

The implementation of GASB 96 had the following effect on net position as of June 30, 2022:

	Governmental Activities
Net Position, June 30, 2022	<u>\$18,044,970</u>
Adjustments:	
GASB 96	<u>55,522</u>
Restated Net Position, June 30, 2022	<u><u>\$18,100,492</u></u>

**NOTE 23 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2023, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

*Lynchburg Clay Local School District*

*Required Supplementary Information*

**Lynchburg Clay Local School District**  
 Required Supplementary Information  
 Schedule of the School District's Proportionate Share of the Net Pension Liability  
 School Employees Retirement System of Ohio  
 Last Ten Fiscal Years

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.06452320%	0.06598110%	0.06277780%	0.06045690%
School District's Proportionate Share of the Net Pension Liability	\$3,489,918	\$2,434,511	\$4,152,256	\$3,617,243
School District's Covered Payroll	\$2,410,307	\$2,277,500	\$2,200,850	\$1,941,681
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	144.79%	106.89%	188.67%	186.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.05755870%	0.05525900%	0.05551830%	0.05533570%	0.05494900%	0.05494900%
\$3,296,492	\$3,301,603	\$4,063,428	\$4,592,599	\$2,780,938	\$3,267,641
\$1,866,733	\$1,970,679	\$1,594,550	\$1,656,686	\$1,595,618	\$1,695,763
176.59%	167.54%	254.83%	277.22%	174.29%	192.69%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

**Lynchburg Clay Local School District**  
 Required Supplementary Information  
 Schedule of the School District's Proportionate Share of the Net OPEB Liability  
 School Employees Retirement System of Ohio  
 Last Seven Fiscal Years (1)

---

	2023	2022	2021
School District's Proportion of the Net OPEB Liability	0.06543100%	0.06751670%	0.06479230%
School District's Proportionate Share of the Net OPEB Liability	\$918,659	\$1,277,807	\$1,408,148
School District's Covered Payroll	\$2,410,307	\$2,277,500	\$2,200,850
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	38.11%	56.11%	63.98%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.06151560%	0.05831670%	0.05602360%	0.05618050%
\$1,546,987	\$1,617,863	\$1,503,527	\$1,601,352
\$1,941,681	\$1,866,733	\$1,970,679	\$1,594,550
79.67%	86.67%	76.29%	100.43%
15.57%	13.57%	12.46%	11.49%

**Lynchburg Clay Local School District**  
 Required Supplementary Information  
 Schedule of the School District's Proportionate Share of the Net Pension Liability  
 State Teachers Retirement System of Ohio  
 Last Ten Fiscal Years

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.048825410%	0.049250540%	0.046751310%	0.045897850%
School District's Proportionate Share of the Net Pension Liability	\$10,853,951	\$6,297,123	\$11,312,153	\$10,150,033
School District's Covered Payroll	\$6,342,914	\$6,277,786	\$5,725,236	\$5,565,300
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	171.12%	100.31%	197.58%	182.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%

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

See accompanying notes to the required supplementary information



2019	2018	2017	2016	2015	2014
0.045022500%	0.044640370%	0.044486080%	0.045082320%	0.046368090%	0.046368090%
\$9,899,437	\$10,604,416	\$14,890,832	\$12,459,432	\$11,278,323	\$13,434,666
\$5,140,793	\$4,872,393	\$4,734,607	\$4,688,350	\$4,718,169	\$4,794,546
192.57%	217.64%	314.51%	265.75%	239.04%	280.21%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

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

	2023	2022	2021
School District's Proportion of the Net OPEB Liability (Asset)	0.048825410%	0.049250540%	0.046751310%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$1,264,252)	(\$1,038,407)	(\$821,653)
School District's Covered Payroll	\$6,342,914	\$6,277,786	\$5,725,236
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered - Payroll	-19.93%	-16.54%	-14.35%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.70%	174.70%	182.10%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.045897850%	0.045022500%	0.044640370%	0.044486080%
(\$760,179)	(\$723,465)	\$1,741,702	\$2,379,127
\$5,565,300	\$5,140,793	\$4,872,393	\$4,734,607
-13.66%	-14.07%	35.75%	50.25%
174.70%	176.00%	47.10%	37.30%

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

<b>Net Pension Liability</b>	2023	2022	2021	2020
Contractually Required Contribution	\$372,550	\$337,443	\$318,850	\$308,119
Contributions in Relation to the Contractually Required Contribution	<u>(372,550)</u>	<u>(337,443)</u>	<u>(318,850)</u>	<u>(308,119)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,661,071	\$2,410,307	\$2,277,500	\$2,200,850
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
<b>Net OPEB Liability</b>				
Contractually Required Contribution (2)	45,934	39,945	40,979	39,959
Contributions in Relation to the Contractually Required Contribution	<u>(45,934)</u>	<u>(39,945)</u>	<u>(40,979)</u>	<u>(39,959)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.73%</u>	<u>1.66%</u>	<u>1.80%</u>	<u>1.82%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>1.73%</u>	<u>1.66%</u>	<u>1.80%</u>	<u>1.82%</u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
\$262,127	\$252,009	\$275,895	\$223,237	\$218,351	\$221,153
(262,127)	(252,009)	(275,895)	(223,237)	(218,351)	(221,153)
\$0	\$0	\$0	\$0	\$0	\$0
\$1,941,681	\$1,866,733	\$1,970,679	\$1,594,550	\$1,656,686	\$1,595,618
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
45,189	40,499	30,296	28,079	42,111	29,694
(45,189)	(40,499)	(30,296)	(28,079)	(42,111)	(29,694)
\$0	\$0	\$0	\$0	\$0	\$0
2.33%	2.17%	1.54%	1.76%	2.54%	1.86%
2.33%	2.17%	1.54%	1.76%	2.54%	1.86%

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

<b>Net Pension Liability</b>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$969,969	\$888,008	\$878,890	\$801,533
Contributions in Relation to the Contractually Required Contribution	<u>(969,969)</u>	<u>(888,008)</u>	<u>(878,890)</u>	<u>(801,533)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$6,928,350	\$6,342,914	\$6,277,786	\$5,725,236
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
\$779,142	\$719,711	\$682,135	\$662,845	\$656,369	\$613,362
(779,142)	(719,711)	(682,135)	(662,845)	(656,369)	(613,362)
\$0	\$0	\$0	\$0	\$0	\$0
\$5,565,300	\$5,140,793	\$4,872,393	\$4,734,607	\$4,688,350	\$4,718,169
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%
\$0	\$0	\$0	\$0	\$0	\$47,182
0	0	0	0	0	(47,182)
\$0	\$0	\$0	\$0	\$0	\$0
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

**Lynchburg Clay Local School District**  
Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2023

---

**Net Pension Liability**

**Changes in Assumptions – SERS**

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented below:

	<u>Fiscal Year 2022</u>	<u>Fiscal Years 2021-2017</u>	<u>Fiscal Year 2016 and Prior</u>
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning in 2022, amounts reported use mortality rates based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts reported for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

**Changes in Assumptions - STRS**

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented below:



**Lynchburg Clay Local School District**  
**Notes to the Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2023**

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	From 2.5 percent to 12.5 percent based on age	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Beginning with fiscal year 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

**Changes in Benefit Term – STRS Pension**

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient’s retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

**Net OPEB Liability**

**Changes in Assumptions – SERS**

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

**Lynchburg Clay Local School District**  
Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2023

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

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

Municipal Bond Index Rate:	
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

**Changes in Assumptions – STRS**

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

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

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

For fiscal year 2023, the projected salary increases were changed from age based (2.5 percent to 12.50 percent) to service based (2.5 percent to 8.5 percent.)

**Lynchburg Clay Local School District**  
Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2023

---

**Changes in Benefit Terms – STRS OPEB**

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

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

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

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

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience.

**LYNCHBURG CLAY LOCAL SCHOOL DISTRICT  
HIGHLAND COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/ Pass Through Grantor Program Title	AL Number	Grant Year	Expenditures
<b>FEDERAL COMMUNICATIONS COMMISSION</b>			
Direct Program			
Electronic Connectivity Grant	32.009	2023	\$ 49,101
<b>Total Federal Communications Commission</b>			<b>49,101</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed through Ohio Department of Education:</i>			
National School Breakfast Program	10.553	N/A	127,730
<i>Total National School Breakfast Program</i>			127,730
National School Lunch Program - Non-Cash Assistance	10.555	N/A	58,800
National School Lunch Program	10.555	N/A	312,280
Covid 19 - National School Lunch Program	10.555	N/A	32,670
<i>Total National School Lunch</i>			403,750
<b>Total Nutrition Cluster</b>			<b>531,480</b>
Pandemic EBT Administrative Costs	10.649	2022	628
<b>Total U.S. Department of Agriculture</b>			<b>532,108</b>
<b><u>U.S. DEPARTMENT OF TREASURY</u></b>			
<i>Passed through Ohio Facilities Construction Commission:</i>			
Coronavirus State Fiscal Recovery Fund - K-12 School Safety	21.027	2023	4,659
<b>Total U.S. Department of Treasury</b>			<b>4,659</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed through Ohio Department of Education:</i>			
Title 1 Grants to Local Education Agencies - Targeted Assistance	84.010	2022	40,588
Title 1 Grants to Local Education Agencies - Targeted Assistance	84.010	2023	234,089
Title 1 Grants to Local Education Agencies - Expanding Opportunities	84.010	2022	794
Title 1 Grants to Local Education Agencies - Expanding Opportunities	84.010	2023	3,338
<i>Total Title I Grants to Local Educational Agencies</i>			278,809
Special Education Cluster:			
Special Education Grants to States - IDEA-B	84.027	2022	6,551
Special Education Grants to States - IDEA-B	84.027	2023	253,622
Special Education Grants to States - Restoration	84.027	2022	35,099
COVID19 Special Education Grants to States - ARP IDEA-B	84.027	2023	7,241
<i>Total Special Education Grants to States</i>			302,513
Special Education Preschool Grants	84.173	2023	6,178
COVID19 Special Education Preschool Grants - ARP	84.173	2023	758
<i>Total Special Education Preschool Grants</i>			6,936
<b>Total Special Education Cluster</b>			<b>309,449</b>
Supporting Effective Instruction State Grants	84.367	2022	7,544
Supporting Effective Instruction State Grants	84.367	2023	35,205
<i>Total Supporting Effective Instruction State Grants</i>			42,749
Student Support and Academic Enrichment Program	84.424	2022	2,689
Student Support and Academic Enrichment Program	84.424	2023	17,092
<i>Total Student Support and Academic Enrichment Program</i>			19,781
COVID19 Education Stabilization Fund	84.425D	2021	5,146
COVID19 Education Stabilization Fund	84.425D	2022	156,510
COVID19 Education Stabilization Fund - ARP	84.425U	2022	483,203
COVID19 Education Stabilization Fund - ARP Homeless	84.425U	2022	24,448
<i>Total Education Stabilization Fund</i>			669,307
<b>Total Department of Education</b>			<b>1,320,095</b>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b>\$ 1,905,963</b>

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

**LYNCHBURG CLAY LOCAL SCHOOL DISTRICT  
HIGHLAND COUNTY, OHIO**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of **Lynchburg Clay Local School District**, Highland County, Ohio (the District) under programs of the federal government for the year ended June 30, 2023. 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 comingles 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.

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

Lynchburg Clay Local School District  
Highland County  
301 East Pearl Street  
Lynchburg, Ohio 45142

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Lynchburg Clay Local School District**, Highland County (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 22, 2023.

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

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

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

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

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

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

***Purpose of this Report***

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



**Perry and Associates**  
Certified Public Accountants, A.C.  
*Marietta, Ohio*

December 22, 2023



**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**

Lynchburg Clay Local School District  
Highland County  
301 East Pearl Street  
Lynchburg, Ohio 45142

To the Board of Education:

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

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

We have audited **Lynchburg Clay Local School District’s**, Highland County (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Lynchburg Clay Local School District’s major federal program for the year ended June 30, 2023. Lynchburg Clay Local School District’s major federal program is identified in the *Summary of Auditor’s Results* section of the accompanying schedule of audit findings.

In our opinion, Lynchburg Clay Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on the Major Federal Program***

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

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



***Responsibilities of Management for Compliance***

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

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

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

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

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

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

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

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

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

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

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



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

December 22, 2023

**LYNCHBURG CLAY LOCAL SCHOOL DISTRICT  
HIGHLAND COUNTY, OHIO**

**SCHEDULE OF AUDIT FINDINGS  
2 CFR § 200.515  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

None.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
---------------------------------------

None.

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



**LYNCHBURG CLAY LOCAL SCHOOL DISTRICT**

**HIGHLAND COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/21/2024**

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)