



OHIO AUDITOR OF STATE
KEITH FABER



**CLAY LOCAL SCHOOL DISTRICT
SCIOTO COUNTY
JUNE 30, 2025**

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CLAY LOCAL SCHOOL DISTRICT
SCIOTO COUNTY
JUNE 30, 2025

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Clay Local School District
Scioto County
44 Clay High Street
Portsmouth, Ohio 45662

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 the Clay Local School District, Scioto County, Ohio (School District), as of and for the year ended June 30, 2025, 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 the Clay Local School District, Scioto County, Ohio as of June 30, 2025, and the respective changes in financial position thereof and the budgetary comparison for the General 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.

Emphasis of Matter

As discussed in Note 20 to the financial statements, during 2025, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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 May 20, 2026, 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.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

May 20, 2026

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Clay Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

As management of the Clay Local School District, we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's performance.

Financial Highlights

- The School District's total net position decreased \$636,119.
- General revenues accounted for \$8,324,859 or 77 percent of all revenues. Program specific revenues in the form of charges for services and sales, and operating grants and contributions accounted for \$2,437,330 or 23 percent of total revenues of \$10,762,189.
- The School District had \$11,398,308 in expenses related to governmental activities; only \$2,437,330 of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues (primarily grants and entitlements and property taxes) and beginning net position balances were adequate enough to provide for these programs.

Using the Basic Financial Statements

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

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

Reporting the School District as a Whole

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2025?"

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

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

Clay Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets as of June 30, 2025 and 2024:

(Table 1)
Net Position

	Governmental Activities		
	2025	2024	Change
Assets:			
Current and Other Assets	\$7,991,289	\$7,123,178	\$868,111
Capital Assets, Net	16,432,144	17,148,465	(716,321)
Total Assets	24,423,433	24,271,643	151,790
Total Deferred Outflows of Resources	2,152,947	2,435,235	(282,288)
Liabilities:			
Current and Other Liabilities	972,328	878,992	93,336
Long-Term Liabilities	12,533,119	13,052,674	(519,555)
Total Liabilities	13,505,447	13,931,666	(426,219)
Total Deferred Inflow of Resources	3,610,997	2,364,879	1,246,118
Net Position:			
Net Investment In Capital Assets	12,074,020	12,748,144	(674,124)
Restricted	1,790,027	1,698,145	91,882
Unrestricted (Deficit)	(4,404,111)	(4,035,956)	(368,155)
Total Net Position	\$9,459,936	\$10,410,333	(\$950,397)

Clay Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Tables 1 and 2 provide a summary of the School District's changes from fiscal year 2025 compared to 2024. The above and below tables also separately reflect the restatement for changes in accounting principles related to the implementation of GASB Statement No. 101, "Compensated Absences". GASB Statement No. 100, "Accounting Changes and Error Corrections" does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principle. The 2024 information does not reflect activity related to the additional compensated absences expenses required under GASB 101, "Compensated Absences". (See additional information in Note 20).

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2025. 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.

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 \$868,111 due to an increase in property taxes receivable and cash and cash equivalents. Capital assets, net decreased \$716,321 due to current year depreciation and deletions exceeding additions of capital assets.

Total liabilities decreased \$426,219 due to the State-wide pension systems' changes in assumptions and benefit terms.

Net Investment in Capital Assets for governmental activities decreased \$674,124. The decrease is primarily due to current year depreciation, which were partially offset by additions and payments on principal.

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

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

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

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2025 and 2024.

Clay Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

(Table 2)
Change in Net Position

	Governmental Activities		
	2025	2024	Change
Revenues:			
Program Revenues:			
Charges for Services and Sales	\$433,673	\$337,422	\$96,251
Operating Grants, Contributions, and Interest	2,003,657	2,373,255	(369,598)
Total Program Revenues	2,437,330	2,710,677	(273,347)
General Revenues:			
Property Taxes	1,912,485	2,119,624	(207,139)
Grants and Entitlements not			
Restricted to Specific Programs	6,167,482	5,769,864	397,618
Investment Earnings	147,501	183,921	(36,420)
Miscellaneous	97,391	80,300	17,091
Total General Revenues	8,324,859	8,153,709	171,150
Total Revenues	10,762,189	10,864,386	(102,197)
Program Expenses:			
Instruction:			
Regular	4,660,238	4,243,071	417,167
Special	1,919,600	1,861,239	58,361
Student Intervention Services	43,317	29,680	13,637
Other	209,149	175,407	33,742
Support Services:			
Pupils	358,667	423,104	(64,437)
Instructional Staff	373,440	417,021	(43,581)
Board of Education	30,970	29,772	1,198
Administration	1,065,899	935,247	130,652
Fiscal	349,919	309,302	40,617
Operation and Maintenance of Plant	988,918	1,059,946	(71,028)
Pupil Transportation	572,353	514,112	58,241
Operation of Non-Instructional Services	413,210	340,362	72,848
Extracurricular Activities	256,422	234,214	22,208
Interest	156,206	204,361	(48,155)
Total Expenses	11,398,308	10,776,838	621,470
Change in Net Position	(636,119)	87,548	(723,667)
Net Position Beginning of Year, As Previously Reported	10,410,333	10,322,785	87,548
Adjustment for Implementation of GASB 101	(314,278)	0	N/A
Net Position Beginning of Year, As Adjusted	10,096,055	10,322,785	(226,730)
Net Position at End of Year	\$9,459,936	\$10,410,333	(\$636,119)

Clay Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Governmental Activities

Program Revenues, which are primarily represented by charges for services, tuition, fees, sales, and extracurricular activities, as well as restricted intergovernmental revenues were \$2,437,330 of total revenues for fiscal year 2025 and decreased \$273,347 from fiscal year 2024. The decrease is due to decreases in ESSER funding.

General Revenues were \$8,324,859 of total revenues for fiscal year 2025 and were \$171,150 more than the prior fiscal year. This is primarily due to the School District receiving an increase in grants and entitlements not restricted to specific programs.

As should be expected, instruction costs represent the largest of the School District's expenses, \$6,832,304 for fiscal year 2025. Total Instruction costs increased \$522,907 mainly due increased personnel and contractual costs.

The School District's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$10,901,376 and expenditures and other financing uses of \$11,134,654. The net change in fund balance for the fiscal year was most significant in the General fund, a decrease of \$339,596, due to expenditures and other financing uses exceeding revenues and other financing sources the current fiscal year. The fund balance in the Bond Retirement Fund increased \$44,078 as property tax revenues exceeded debt service requirements.

General Fund - Budget Highlights

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

During the course of fiscal year 2025, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A review of the budgetary comparison statement for the General Fund reflects a no change between the original budget and final budget basis revenue and other financing sources.

Final estimated expenditures and other financing uses were \$11,164,145 and original estimated expenditures were \$11,164,143 reflecting no significant overall changes to appropriations.

Capital Assets

At the end of fiscal year 2025, the School District had \$16,432,144 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. A decrease occurred due to current year depreciation in excess of additions.

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

Debt

At June 30, 2025, the School District's outstanding debt obligations included general obligation bonds, of \$4,105,000. The bonds will be fully retired in fiscal year 2037. The School District's long-term obligations also include the School District's net pension liability of \$6,771,949, net OPEB liability of \$331,830, a premium on the general obligation bonds of \$441,243 and compensated absences.

The School District's overall legal debt margin was \$4,681,636 with an unvoted debt margin of \$84,453 at June 30, 2025.

For more detailed information on debt, refer to Note 12 in the notes to the basic financial statements.

Clay Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Contacting the School District's Financial Management

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

Clay Local School District
Statement of Net Position
As of June 30, 2025

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$5,000,913
Cash and Cash Equivalents in Segregated Accounts	640
Accrued Interest Receivable	12,840
Intergovernmental Receivable	72,021
Prepaid Items	4,027
Property Taxes Receivable	2,395,865
Net OPEB Asset	504,983
Nondepreciable Capital Assets, net	38,512
Depreciable Capital Assets, net	16,393,632
<i>Total Assets</i>	24,423,433
Deferred Outflows of Resources:	
Deferred Charge on Refunding	188,119
Pension	1,588,850
OPEB	375,978
<i>Total Deferred Outflows of Resources</i>	2,152,947
Liabilities:	
Accounts Payable	55,668
Accrued Wages and Benefits Payable	682,217
Intergovernmental Payable	221,873
Accrued Interest Payable	12,570
Long-Term Liabilities:	
Due Within One Year	507,771
Due in More Than One Year	4,921,569
Net Pension Liability	6,771,949
Net OPEB Liability	331,830
<i>Total Liabilities</i>	13,505,447
Deferred Inflows of Resources:	
Property Taxes not Levied to Finance Current Year Operations	2,005,870
Pension	760,272
OPEB	844,855
<i>Total Deferred Inflows of Resources</i>	3,610,997
Net Position:	
Net Investment in Capital Assets	12,074,020
Restricted for Debt Service	1,236,448
Restricted for Other Purposes	275,026
Restricted for Net OPEB Asset	278,553
Unrestricted (Deficit)	(4,404,111)
<i>Total Net Position</i>	\$9,459,936

The notes to the basic financial statements are an integral part of this statement

Clay Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2025

		Program Revenues		Net (Expense)
		Charges for	Operating Grants	Revenue and
	Expenses	Services and Sales	and Contributions	Changes in
				Net Position
Governmental Activities:				
Instruction:				
Regular	\$4,660,238	\$272,940	\$199,716	(\$4,187,582)
Special	1,919,600	0	1,111,831	(807,769)
Student Intervention Services	43,317	0	0	(43,317)
Other	209,149	0	0	(209,149)
Support Services:				
Pupils	358,667	24,205	320,485	(13,977)
Instructional Staff	373,440	0	0	(373,440)
Board of Education	30,970	0	0	(30,970)
Administration	1,065,899	0	5,617	(1,060,282)
Fiscal	349,919	0	43,431	(306,488)
Operation and Maintenance of Plant	988,918	0	3,962	(984,956)
Pupil Transportation	572,353	0	0	(572,353)
Operation of Non-Instructional Services	413,210	76,023	271,491	(65,696)
Extracurricular Activities	256,422	60,505	47,124	(148,793)
Interest	156,206	0	0	(156,206)
<i>Total Governmental Activities</i>	<u>\$11,398,308</u>	<u>\$433,673</u>	<u>\$2,003,657</u>	<u>(8,960,978)</u>
General Revenues:				
Property Taxes Levied for:				
General Purposes				1,523,077
Debt Service				361,438
Classroom Facilities Maintenance				27,970
Grants and Entitlements not				
Restricted for Specific Programs				6,167,482
Investment Earnings				147,501
Miscellaneous				97,391
<i>Total General Revenues</i>				<u>8,324,859</u>
<i>Change in Net Position</i>				(636,119)
<i>Net Position Beginning of Year, As Previously Reported</i>				10,410,333
<i>Adjustment for Implementation of GASB 101</i>				(314,278)
<i>Net Position Beginning of Year, As Adjusted</i>				<u>10,096,055</u>
<i>Net Position End of Year</i>				<u>\$9,459,936</u>

The notes to the basic financial statements are an integral part of this statement

Clay Local School District
Balance Sheet
Governmental Funds
As of June 30, 2025

	General Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$3,372,563	\$1,173,306	\$455,044	\$5,000,913
Cash and Cash Equivalents in Segregated Accounts	0	0	640	640
Accrued Interest Receivable	12,840	0	0	12,840
Interfund Receivable	41,394	0	0	41,394
Intergovernmental Receivable	0	0	72,021	72,021
Prepaid Items	4,027	0	0	4,027
Property Taxes Receivable	1,905,038	455,661	35,166	2,395,865
<i>Total Assets</i>	<u>\$5,335,862</u>	<u>\$1,628,967</u>	<u>\$562,871</u>	<u>\$7,527,700</u>
Liabilities:				
Accounts Payable	\$51,188	\$0	\$4,480	\$55,668
Accrued Wages and Benefits	640,095	0	42,122	682,217
Interfund Payable	0	0	41,394	41,394
Intergovernmental Payable	221,263	0	610	221,873
<i>Total Liabilities</i>	912,546	0	88,606	1,001,152
Deferred Inflows of Resources:				
Property Taxes not Levied to Finance Current Year Operations	1,596,525	379,949	29,396	2,005,870
Unavailable Revenue	260,873	63,192	38,651	362,716
<i>Deferred Inflows of Resources</i>	1,857,398	443,141	68,047	2,368,586
Fund Balances:				
Nonspendable	4,027	0	0	4,027
Restricted	0	1,185,826	270,851	1,456,677
Committed	26,894	0	0	26,894
Assigned	364,659	0	169,533	534,192
Unassigned (Deficit)	2,170,338	0	(34,166)	2,136,172
<i>Total Fund Balances</i>	<u>2,565,918</u>	<u>1,185,826</u>	<u>406,218</u>	<u>4,157,962</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$5,335,862</u>	<u>\$1,628,967</u>	<u>\$562,871</u>	<u>\$7,527,700</u>

The notes to the basic financial statements are an integral part of this statement.

Clay Local School District
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
As of June 30, 2025*

Total Governmental Fund Balances	\$4,157,962
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	16,432,144
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Interest	2,548	
Grants	33,820	
Delinquent Taxes	326,348	
Total	362,716	362,716

Deferred outflows of resources include deferred charges on refunding which do not provide current financial resources and therefore are not reported in the funds.	188,119
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(12,570)
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The net pension and OPEB liabilities (assets) are not due and payable (receivable) in the current period. Therefore, the liabilities (assets) and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows-Pension	1,588,850	
Deferred Outflows-OPEB	375,978	
Deferred Inflows-Pension	(760,272)	
Deferred Inflows-OPEB	(844,855)	
Net Pension Liability	(6,771,949)	
Net OPEB Asset	504,983	
Net OPEB Liability	(331,830)	
Total	(6,239,095)	(6,239,095)

Some long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Refunding General Obligation Bonds	(4,105,000)	
Refunding General Obligation Bonds Premium	(441,243)	
Compensated Absences	(883,097)	
Total	(5,429,340)	(5,429,340)

Net Position of Governmental Activities	\$9,459,936
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The notes to the basic financial statements are an integral part of this statement

Clay Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General Fund	Bond Retirement Fund	(formerly major) ESSER Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$1,497,560	\$355,161	\$0	\$27,518	\$1,880,239
Intergovernmental	7,079,344	45,210	0	1,006,752	8,131,306
Interest	154,111	43,431	0	8,178	205,720
Change in Fair Value of Investments	(2,838)	0	0	0	(2,838)
Tuition and Fees	272,940	0	0	0	272,940
Extracurricular Activities	17,591	0	0	60,505	78,096
Gifts and Donations	16,300	0	0	47,124	63,424
Customer Sales and Services	0	0	0	82,637	82,637
Miscellaneous	95,704	0	0	1,687	97,391
<i>Total Revenues</i>	<i>9,130,712</i>	<i>443,802</i>	<i>0</i>	<i>1,234,401</i>	<i>10,808,915</i>
Expenditures:					
Current:					
Instruction:					
Regular	3,831,598	0	0	204,956	4,036,554
Special	1,508,246	0	0	445,477	1,953,723
Student Intervention Services	43,995	0	0	0	43,995
Other	209,149	0	0	0	209,149
Support Services:					
Pupils	353,107	0	0	21,087	374,194
Instructional Staff	379,988	0	0	0	379,988
Board of Education	31,352	0	0	0	31,352
Administration	1,057,505	0	0	7,365	1,064,870
Fiscal	347,592	8,886	0	680	357,158
Operation and Maintenance of Plant	976,793	0	0	715	977,508
Pupil Transportation	506,613	0	0	6,966	513,579
Operation of Non-Instructional Services	0	0	0	398,263	398,263
Extracurricular Activities	132,215	0	0	126,905	259,120
Capital Outlay	12,928	0	0	38,974	51,902
Debt Service:					
Principal	0	240,000	0	0	240,000
Interest	0	150,838	0	0	150,838
<i>Total Expenditures</i>	<i>9,391,081</i>	<i>399,724</i>	<i>0</i>	<i>1,251,388</i>	<i>11,042,193</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(260,369)</i>	<i>44,078</i>	<i>0</i>	<i>(16,987)</i>	<i>(233,278)</i>
Other Financing Sources (Uses):					
Transfers In	6,617	0	0	85,844	92,461
Transfers Out	(85,844)	0	0	(6,617)	(92,461)
<i>Total Other Financing Sources (Uses)</i>	<i>(79,227)</i>	<i>0</i>	<i>0</i>	<i>79,227</i>	<i>0</i>
<i>Net Change in Fund Balances</i>	<i>(339,596)</i>	<i>44,078</i>	<i>0</i>	<i>62,240</i>	<i>(233,278)</i>
<i>Fund Balances at Beginning of Year, As Previously Reported</i>	<i>2,905,514</i>	<i>1,141,748</i>	<i>(60,278)</i>	<i>404,256</i>	<i>4,391,240</i>
<i>Adjustment for Change in Major Funds</i>	<i>0</i>	<i>0</i>	<i>60,278</i>	<i>(60,278)</i>	<i>0</i>
<i>Fund Balances at Beginning of Year, As Adjusted</i>	<i>2,905,514</i>	<i>1,141,748</i>	<i>0</i>	<i>343,978</i>	<i>4,391,240</i>
<i>Fund Balances at End of Year</i>	<i>\$2,565,918</i>	<i>\$1,185,826</i>	<i>\$0</i>	<i>\$406,218</i>	<i>\$4,157,962</i>

The notes to the basic financial statements are an integral part of this statement.

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, 2025*

Net Change in Fund Balances - Total Governmental Funds	(\$233,278)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital Asset Additions	51,902	
Current Year Depreciation/Amortization	(768,223)	
Total		(716,321)

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

Interest	(3,772)	
Grants	(75,200)	
Delinquent Taxes	32,246	
Total		(46,726)

Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows.

Pension	666,042	
OPEB	24,400	
Total		690,442

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities (assets) are reported as pension/OPEB expense (gain) in the statement of activities.

Pension	(559,960)	
OPEB	139,215	
Total		(420,745)

Accretion, amortization of bond premiums, and the deferred loss on refunding bonds are not reported in the funds, but are allocated as expenses over the life of the debt in the statement of activities.

Amortization of Deferred Charges on Refunding	(17,916)	
Amortization of Premiums	40,113	
Accretion on Capital Appreciation Bonds	(27,565)	
Total		(5,368)

Repayments of long-term debt are expenditures in the governmental funds, but the repayments reduce liabilities in the statement of net position.	240,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in Compensated Absences	(144,123)	
Total		(144,123)

Net Change in Net Position of Governmental Activities	<u><u>(\$636,119)</u></u>
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The notes to the basic financial statements are an integral part of this statement

Clay Local School District
*Statement of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2025*

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$1,024,950	\$1,381,905	\$1,646,713	\$264,808
Intergovernmental	6,999,498	5,928,692	7,064,778	1,136,086
Interest	41,327	124,107	147,889	23,782
Tuition and Fees	98,379	229,049	272,940	43,891
Miscellaneous	42,741	85,636	95,704	10,068
<i>Total Revenues</i>	<i>8,206,895</i>	<i>7,749,389</i>	<i>9,228,024</i>	<i>1,478,635</i>
Expenditures:				
Current:				
Instruction:				
Regular	4,827,480	4,542,843	3,914,306	628,537
Special	1,404,624	1,772,282	1,562,792	209,490
Student Intervention Services	32,551	36,176	31,900	4,276
Other	178,264	237,185	209,149	28,036
Support Services:				
Pupils	366,788	377,714	333,067	44,647
Instructional Staff	407,369	467,463	396,593	70,870
Board of Education	39,590	37,376	32,958	4,418
Administration	978,411	1,186,979	1,046,675	140,304
Fiscal	338,869	400,076	352,785	47,291
Operation and Maintenance of Plant	1,222,428	1,168,010	1,028,416	139,594
Pupil Transportation	577,026	609,055	537,061	71,994
Extracurricular Activities	120,743	138,820	122,411	16,409
Capital Outlay	0	12,928	12,928	0
<i>Total Expenditures</i>	<i>10,494,143</i>	<i>10,986,907</i>	<i>9,581,041</i>	<i>1,405,866</i>
<i>Excess of Revenues Under Expenditures</i>	<i>(2,287,248)</i>	<i>(3,237,518)</i>	<i>(353,017)</i>	<i>2,884,501</i>
Other Financing Sources (Uses):				
Transfers In	0	31,617	31,617	0
Advances In	0	425,889	425,889	0
Transfers Out	(240,000)	(135,844)	(135,844)	0
Advances Out	(430,000)	(41,394)	(41,394)	0
<i>Total Other Financing Sources (Uses)</i>	<i>(670,000)</i>	<i>280,268</i>	<i>280,268</i>	<i>0</i>
<i>Net Change in Fund Balance</i>	<i>(2,957,248)</i>	<i>(2,957,250)</i>	<i>(72,749)</i>	<i>2,884,501</i>
<i>Fund Balance at Beginning of Year</i>	<i>2,729,715</i>	<i>2,729,715</i>	<i>2,729,715</i>	<i>0</i>
<i>Prior Year Encumbrances Appropriated</i>	<i>267,521</i>	<i>267,521</i>	<i>267,521</i>	<i>0</i>
<i>Fund Balance at End of Year</i>	<i>\$39,988</i>	<i>\$39,986</i>	<i>\$2,924,487</i>	<i>\$2,884,501</i>

The notes to the basic financial statements are an integral part of this statement.

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Clay Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1909 through the consolidation of existing land areas and school districts. The School District serves an area of 19.93 square miles. It is located in Scioto County and includes Clay Township. It is staffed by 29 classified employees, 48 certificated teaching personnel and four administrative employees who provide services to 625 students and other community members. The School District currently operates two instructional buildings and one storage building.

Reporting Entity

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

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

The School District participates in six organizations, three of which are defined as jointly governed organizations, two as public entity shared risk pools, and one as an insurance purchasing pool. These organizations are presented in Note 14 to the basic financial statements.

Jointly Governed Organizations:

Coalition of Rural and Appalachian Schools
Metropolitan Educational Technology Association (META)
The Ohio Coalition of Equity and Adequacy of School Funding

Public Entity Shared Risk Pools:

Optimal Health Initiatives Consortium
Schools of Ohio Risk Sharing Authority (SORSA)

Insurance Purchasing Pool:

Ohio SchoolComp Workers' Compensation Group Rating Plan

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Clay Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Basis of Presentation

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

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the School District, except for fiduciary funds. The government-wide statements normally distinguish between those activities that are governmental and those that are considered business-type activities; however, the School District has no business-type activities.

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

Fund Financial Statements

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

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 only has governmental funds.

Governmental Funds

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

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

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

Clay Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Clay Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide Statement of Net Position for deferred charges on refunding and pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 9 and 10.

In addition to liabilities, the Statement of Net Position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2025, but which were levied to finance fiscal year 2026 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, interest, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 9 and 10).

Expenses/Expenditures

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

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

Cash and Cash Equivalents

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

The School District also maintains a separate account for athletics. This account is reported as "Cash and Cash Equivalents in Segregated Accounts" on the accompanying financial statements.

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

STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For fiscal year 2025, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Clay Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

For the fiscal year 2025, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. Twenty-four hours advanced noticed is appreciated for deposits and redemptions of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund, Bond Retirement, and Nonmajor Governmental Funds during fiscal year 2025 amounted to \$154,111, \$43,431, and \$8,178, respectively. The School District also recognized a decrease in the fair value of investments of \$2,838 in the General fund.

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

Interfund Balances

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2025, 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 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. The School District did not have significant inventory to report at June 30, 2025.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by back-trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The capitalization threshold is \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Clay Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

Compensated Absences

The School District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave.

A liability for compensated absences is recorded as incurred in the government-wide statement of net position using the first-in, first-out flow assumption, where the oldest accumulated leave is the leave used first. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary related benefits, where applicable.

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 more likely than not that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits considered more likely than not to be used or settled at termination are recognized as a liability in the financial statements. The amount is based on accumulated sick leave and employee wage rates at fiscal year-end taking into consideration any limits specified in the School District's termination policy.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure 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 employee who has accumulated unpaid leave is paid. The School District did not have any matured compensated absences to report as of June 30, 2025.

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

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense (gain), 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

Clay Local School District
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For the Fiscal Year Ended June 30, 2025

terms. The pension/OPEB plans report investments at fair value.

Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education or a School District official delegated that authority by resolution or by State Statute. The Principal’s amount assigned in the General Fund represents amounts to be assigned by principals for extracurricular activities. State Statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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 assets, liabilities and deferred inflows/outflows of resources. Net investment in capital assets, consist of capital assets, net of accumulated depreciation/amortization, 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 either through constitutional provisions, or enabling legislation adopted or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Other purposes restricted net position includes various grants and other resources restricted for various purposes. Restricted net position for net OPEB assets represents the corresponding restricted amounts held in trust by the OPEB plans for future benefits, net of related deferred outflows and inflows of resources. The School District’s policy is to first apply restricted resources when an expense is incurred for

Clay Local School District
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purposes for which both restricted and unrestricted net position are available. Of the School District's restricted net position, none are restricted by enabling legislation.

Internal Activity

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

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

Budgetary Process

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

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

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 reflect the amounts in the final appropriation measure passed by the board at fiscal year-end.

Bond Premiums and Compounded Interest on Capital Appreciation Bonds

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

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

Estimates

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

Clay Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

Net Change in Fund Balance	
	General
GAAP Basis	(\$339,596)
Adjustments:	
Revenue Accruals	582,092
Expenditure Accruals	90,378
Encumbrances	(397,696)
Perspective Difference:	
Activity of Funds Reclassed for	
GAAP Reporting Purposes	(7,927)
Budget Basis	(\$72,749)

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies 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.

Clay Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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;
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.

Clay Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

As of June 30, 2025, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	S&P Rating	% of Total Investments
Money Market Fund	\$2,978	< 1 Year	AAAm	0.12%
Negotiable Certificates of Deposit	897,810	< 1 Year	N/A	35.89%
Negotiable Certificates of Deposit	350,058	1-3 Years	N/A	13.99%
Federal Home Loan Mortgage	134,672	3-5 Years	AA+	5.38%
STAR Ohio	1,116,256	< 1 Year	AAAm	44.62%
Total	<u>\$2,501,774</u>			<u>100.00%</u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2025. As discussed further in note 2, STAR Ohio is reported at its share price. The money market fund is measured at fair value using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

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

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

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

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility located in the School District. Real property tax revenue received in calendar year 2025 represents collections of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value listed as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2025 represents collections of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien December 31, 2023, were levied after April 1, 2024, and are collected in calendar year 2025 with real property taxes. Public utility

Clay Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Scioto County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2025, are available to finance fiscal year 2025 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property and public utility property taxes that are measurable as of June 30, 2025, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal-year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows – property taxes.

The amounts available as an advance at June 30, 2025, were \$50,188 in the General Fund, \$12,520 in the Bond Retirement Debt Service Fund and \$939 in Nonmajor Governmental Funds.

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

The assessed values upon which fiscal year 2025 taxes were collected are:

	2024 Second-Half Collections		2025 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$70,149,380	82.77%	\$70,351,200	83.30%
Public Utility Personal	14,605,940	17.23%	14,102,240	16.70%
Total Assessed Value	<u>\$84,755,320</u>	<u>100.00%</u>	<u>\$84,453,440</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$30.72		\$30.72	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2025, consisted of property taxes, intergovernmental grants, accrued interest, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds with the exception of property taxes. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
<u>Governmental Activities:</u>	
Title I School Improvements	\$48,114
Drug Free	4,122
Miscellaneous Federal Grants	19,785
Total Intergovernmental Receivables	<u>\$72,021</u>

Clay Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 7 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2025, was as follows:

	Balance at 6/30/24	Additions	Deductions	Balance at 6/30/25
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$38,512	\$0	\$0	\$38,512
Capital Assets Being Depreciated:				
Land Improvements	692,673	0	0	692,673
Buildings and Improvements	24,174,964	27,928	0	24,202,892
Furniture, Fixtures and Equipment	1,174,888	23,974	0	1,198,862
Vehicles	754,697	0	0	754,697
Total Capital Assets Being Depreciated	26,797,222	51,902	0	26,849,124
Less Accumulated Depreciation:				
Land Improvements	(417,031)	(31,869)	0	(448,900)
Building and Improvements	(7,957,025)	(639,873)	0	(8,596,898)
Furniture, Fixtures and Equipment	(877,803)	(53,253)	0	(931,056)
Vehicles	(435,410)	(43,228)	0	(478,638)
Total Accumulated Depreciation	(9,687,269)	(768,223)	0	(10,455,492)
Total Capital Assets Being Depreciated, Net	17,109,953	(716,321)	0	16,393,632
Governmental Activities Capital Assets, Net	<u>\$17,148,465</u>	<u>(\$716,321)</u>	<u>\$0</u>	<u>\$16,432,144</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$669,262
Special	1,063
Support Services:	
Instructional Staff	4,026
Administration	4,674
Operation and Maintenance of Plant	26,854
Pupil Transportation	41,931
Operation of Non-Instructional Services	16,482
Extracurricular Activities	3,931
Total Depreciation Expense	<u>\$768,223</u>

NOTE 8 - RISK MANAGEMENT

For fiscal year 2025, the School District participated in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool. Each participant enters into an individual agreement with SORSA for insurance coverage and pays annual premiums to SORSA based on the types and limits of coverage and deductibles selected by the participant.

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

The School District participates in the Optimal Health Initiatives Consortium (the Consortium), a public entity shared risk pool (Note 14), consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf.

For fiscal year 2025, the School District participated in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 14). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applies to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. Sedgwick provides administrative, cost control and actuarial services to the GRP. Each year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

Net Pension/OPEB Liability (Asset)

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from

Clay Local School District
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For the Fiscal Year Ended June 30, 2025

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 remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

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 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 2024.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and 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,

Clay Local School District
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2025, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$149,394 for fiscal year 2025. Of this amount, \$80,445 is reported as an intergovernmental payable in the accompanying financial statements.

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.

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. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

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. Effective July 1, 2023, a permanent 1 percent COLA of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective August 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after August 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

The DC Plan allows members to place all their member contributions and 11.09 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 2.91 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

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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.

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 to 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 2025 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2025, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$516,648 for fiscal year 2025. Of this amount, \$96,098 is reported as an intergovernmental payable in the accompanying financial statements.

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

The net pension liability (asset) was measured as of June 30, 2024, 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	0.03224070%	0.026622740%	
Proportion of the Net Pension Liability			
Prior Measurement Date	0.03099290%	0.026196420%	
Change in Proportionate Share	0.00124780%	0.000426320%	
Proportionate Share of the Net			
Pension Liability	\$1,649,304	\$5,122,645	\$6,771,949
Pension Expense	\$261,505	\$298,455	\$559,960

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	SERS	STRS	Total
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$62,969	\$322,593	\$385,562
Changes of assumptions	14,754	236,080	250,834
Changes in proportion and differences between School District contributions and proportionate share of contributions	102,663	183,749	286,412
School District contributions subsequent to the measurement date	149,394	516,648	666,042
Total Deferred Outflows of Resources	<u>\$329,780</u>	<u>\$1,259,070</u>	<u>\$1,588,850</u>
<i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$0	\$2,805	\$2,805
Changes of assumptions	0	177,700	177,700
Net difference between projected and actual earnings on pension plan investments	103,164	440,443	543,607
Changes in proportion and differences between School District contributions and proportionate share of contributions	0	36,160	36,160
Total Deferred Inflows of Resources	<u>\$103,164</u>	<u>\$657,108</u>	<u>\$760,272</u>

\$666,042 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (gain) as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$33,141)	(\$258,780)	(\$291,921)
2027	140,599	517,799	658,398
2028	102	(82,408)	(82,306)
2029	(30,338)	(91,297)	(121,635)
Total	<u>\$77,222</u>	<u>\$85,314</u>	<u>\$162,536</u>

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of

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benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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, 2024, below:

Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	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. ORC 3309.15 and the SERS Board-adopted Investment Policy govern investment activity. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2024:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	<u>100.00 %</u>	

Discount Rate The total pension liability for 2024 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2024 was 14 percent. 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. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2024 was 9.31 percent.

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	\$2,523,207	\$1,649,304	\$913,525

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation are presented below:

Inflation	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on service
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

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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.

Actuarial assumptions used in the June 30, 2024, 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%	6.90%
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	<u>1.00</u>	2.40
Total	<u><u>100.00%</u></u>	

* Final target weights reflected at October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.4 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocation 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, 2024. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. 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, 2024.

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:

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	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$8,263,725	\$5,122,645	\$2,465,832

NOTE 10 – DEFINED BENEFIT OPEB PLANS

See note 9 for a description of the net OPEB liability (asset).

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 under Employers/Audit Resources.

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

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.

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 2025, 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 2025, this amount was \$30,000. 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 2025, the School District's surcharge obligation was \$24,400.

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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 \$24,400 for fiscal year 2025, which was recorded as an intergovernmental payable in the accompanying financial statements.

State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage.

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, 2025, STRS did not allocate any employer contributions to post-employment health care.

Net 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, 2024, 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 gain:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.03258040%	0.02662274%	
Prior Measurement Date	0.03161440%	0.02619642%	
Change in Proportionate Share	<u>0.00096600%</u>	<u>0.00042632%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$331,830	\$0	\$331,830
Net OPEB (Asset)	\$0	(\$504,983)	(\$504,983)
Net OPEB Gain	(\$29,443)	(\$109,772)	(\$139,215)

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	SERS	STRS	Total
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$0	\$21,951	\$21,951
Changes of assumptions	142,421	62,156	204,577
Net difference between projected and actual earnings on pension plan investments	1,620	0	1,620
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	122,452	978	123,430
School District contributions subsequent to the measurement date	24,400	0	24,400
Total Deferred Outflows of Resources	<u>\$290,893</u>	<u>\$85,085</u>	<u>\$375,978</u>
<i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$357,797	\$54,418	\$412,215
Changes of assumptions	152,430	227,742	380,172
Net difference between projected and actual earnings on OPEB plan investments	0	21,683	21,683
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	23,113	7,672	30,785
Total Deferred Inflows of Resources	<u>\$533,340</u>	<u>\$311,515</u>	<u>\$844,855</u>

\$24,400 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 or increase in the net OPEB asset in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (gain) as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2026	(\$85,128)	(\$77,537)	(\$162,665)
2027	(57,310)	(35,337)	(92,647)
2028	(35,658)	(44,770)	(80,428)
2029	(23,160)	(41,665)	(64,825)
2030	(22,673)	(33,962)	(56,635)
Thereafter	(42,918)	6,841	(36,077)
Total	<u>(\$266,847)</u>	<u>(\$226,430)</u>	<u>(\$493,277)</u>

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.

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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, 2024, are presented below:

	<u>June 30, 2024</u>
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2059
Municipal Bond Index Rate:	
Measurement Date	3.93 percent
Prior Measurement Date	3.86 percent
Single Equivalent Interest Rate,	
Measurement Date	4.88 percent
Prior Measurement Date	4.27 percent
Health Care Cost Trend Rate	
Medical Trend Assumption	
Measurement Date	7.00 to 4.40 percent
Prior Measurement Date	6.75 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. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

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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 on April 15, 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 (expected return, net of investment expense and inflation) 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 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 long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2024:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (geometric)</u>
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88 percent. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27 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 assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023, and the June 30, 2024, 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 was 3.93 percent at June 30, 2024, and 3.86 percent at June 30, 2023.

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 (3.88%) and higher (5.88%) than the current discount rate (4.88%). 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.

Clay Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
School District's proportionate share of the net OPEB liability	\$442,483	\$331,830	\$243,901
	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	\$224,305	\$331,830	\$473,163

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation compared to the prior year are presented below:

	June 30, 2024	June 30, 2023
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 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
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	7.50 percent initial 4.14 percent ultimate
Medicare	-112.22 percent initial 3.94 percent ultimate	-10.94 percent initial 4.14 percent ultimate
Prescription Drug		
Pre-Medicare	8.00 percent initial 3.94 percent ultimate	-11.95 percent initial 4.14 percent ultimate
Medicare	-15.14 percent initial 3.94 percent ultimate	1.33 percent initial 4.14 percent ultimate

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

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.

Actuarial assumptions used in the June 30, 2024, 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.

Clay Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00%	6.90%
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	<u>100.00%</u>	

* Final target weights reflected at October 1, 2022.

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.4 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 actual rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2024. 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, 2024. 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, 2024.

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, 2024, 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	(\$410,584)	(\$504,983)	(\$587,130)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$592,679)	(\$504,983)	(\$399,517)

NOTE 11 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated contracts and State laws. Eligible classified employees and administrators earn 10 to 25 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 275 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum payment of 40 to 70 days, depending on years of service.

Insurance Benefits

The School District provides vision coverage through Vision Service Plan and life insurance through the Grady Enterprises, Inc. The School District also provides health care through Anthem Blue Cross Blue Shield and dental coverage for its employees with Delta Dental through the Optimal Health Initiatives Consortium (Note 14).

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.

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Clay Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 12 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2025 were as follows:

	Adjusted Amount Outstanding 6/30/24	Additions	Deductions	Amount Outstanding 6/30/25	Amounts Due in One Year
<u>Governmental Activities:</u>					
2016 Refunding General Obligation					
Bonds - 2% to 4%					
Serial Bonds	\$4,105,000	\$0	\$0	\$4,105,000	\$245,000
Capital Appreciation Bonds	20,000	0	20,000	0	0
Accretion on Capital Appreciation					
Bonds	192,435	27,565	220,000	0	0
Unamortized Premium	481,356	0	40,113	441,243	0
Total All Bonded Debt	4,798,791	27,565	280,113	4,546,243	245,000
Other Long Term Obligations:					
Net Pension Liability:					
STRS	5,641,383	0	518,738	5,122,645	0
SERS	1,712,517	0	63,213	1,649,304	0
Total Net Pension Liability	7,353,900	0	581,951	6,771,949	0
Net OPEB Liability:					
SERS	520,830	0	189,000	331,830	0
Compensated Absences	738,974	144,123	0	883,097	262,771
Total Other Long-Term Obligations	8,613,704	144,123	770,951	7,986,876	262,771
Total Governmental Activities					
Long-Term Obligations	\$13,412,495	\$171,688	\$1,051,064	\$12,533,119	\$507,771

The change presented for compensated absences above is a net change.

On December 8, 2015, the School District issued \$4,800,000 in Series 2016 refunding bonds in order to refund the 2008 School Improvement General Obligation Bonds in order to take advantage of lower interest rates. These bonds are paid from the Bond Retirement Fund and will mature on December 1, 2036. At June 30, 2025, \$4,190,000 of the refunded bonds were still outstanding. The School District also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$450,916 but incurred an accounting loss of \$358,321 (difference between reacquisition price and net carrying amount of the old debt).

The capital appreciation bonds, issued at \$35,000, are not subject to prior redemption. The fiscal year 2025 accretion amount was \$27,565. These capital appreciation bonds matured on December 1, 2024.

Clay Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Principal and interest requirements to retire the School District's outstanding debt at June 30, 2025, are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds	
	Serial Bonds	
	Principal	Interest
2026	\$245,000	\$147,162
2027	265,000	139,513
2028	280,000	131,337
2029	285,000	122,150
2030	315,000	111,650
2031-2035	1,815,000	367,431
2036-2037	900,000	36,400
Totals	<u>\$4,105,000</u>	<u>\$1,055,643</u>

The 2016 refunding general obligation bonds will be paid from the Bond Retirement Fund. Compensated absences will be paid from the General Fund. There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the General Fund. For additional information related to the net pension/OPEB liability see Note 9 and Note 10.

The School District's overall legal debt margin was \$4,681,636 with an unvoted debt margin of \$84,453 at June 30, 2025.

NOTE 13 - INTERFUND ACTIVITY

Interfund balances at June 30, 2025, consist of the following individual interfund receivable and payable:

	Receivables	Payables
<i>Major Fund:</i>		
General	\$41,394	\$0
<i>Nonmajor Funds:</i>		
Student Managed Activities	0	1,565
Miscellaneous State Grants	0	6,966
Title I School Improvement	0	11,963
Drug Free	0	1,115
Miscellaneous Federal Grants	0	19,785
Total Nonmajor Funds	<u>0</u>	<u>41,394</u>
Total	<u>\$41,394</u>	<u>\$41,394</u>

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

Clay Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Transfers made during the fiscal year ended June 30, 2025, were as follows:

	Transfers In	Transfers Out
<i>Major Fund:</i>		
General	\$6,617	\$85,844
<i>Nonmajor Funds:</i>		
Permanent Improvement	50,000	0
Latchkey	22,418	0
District Managed Activities	3,005	6,617
Athletics	10,421	0
Total Nonmajor Funds	85,844	6,617
Total All Funds	\$92,461	\$92,461

General Fund transfers were made to move unrestricted balances to support programs and projects accounted for in other funds. A transfer was made from the District Managed Activities Fund to the General Fund to close out old programs.

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS, PUBLIC ENTITY SHARED RISK POOLS, AND INSURANCE PURCHASING POOL

Jointly Governed Organizations

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (the Coalition) is a jointly governed organization of over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of 14 members. The Board members are composed of one superintendent from each county elected by the school districts within that county. The Coalition provides various services for School District administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for School District personnel. The Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District's membership fee was \$400 for fiscal year 2025.

The Ohio Coalition of Equity and Adequacy of School Funding

The Ohio Coalition of Equity and Adequacy of School Funding is organized as a council of governments pursuant to Chapter 167 of the Ohio Revised Code. The Coalition was organized in 1990 to challenge the constitutionality of the Ohio school funding system. The Coalition is governed by a Steering Committee of 90 school district representatives. Though most of the members are superintendents, some treasurers, board members, and administrators also serve. Several persons serve as ex officio members. The membership of the coalition includes over 500 school districts throughout the State of Ohio. The Committee exercises total control over budgeting, appropriating, contracting, and the designation of management. Member school districts and joint vocational schools pay dues of \$.05 per pupil. School districts and joint vocational schools may also pay supplemental dues in the amount of \$.50 per pupil for K-12 districts and educational service centers pay dues of \$.05 per pupil. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest or financial responsibility for the Coalition. During fiscal year 2025, the School District paid \$1,208 to the Coalition. To obtain financial information write to Ohio Coalition of Equity and Adequacy of School Funding at 100 South Third Street, Columbus, Ohio 43215.

Clay Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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 \$28,254 for services provided during the fiscal year. Financial information can be obtained from META Solutions, CFO, 100 Executive Drive, Marion Ohio 43302.

Public Entity Shared Risk Pools

Optimal Health Initiatives Consortium

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

Schools of Ohio Risk Sharing Authority (SORSA)

The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. SORSA is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. SORSA's business and affairs are conducted by a board consisting of nine superintendents and treasurers, as well as an attorney, accountant, and four representatives from the pool's administer, Willis Pooling. Willis Pooling is responsible for processing claims and established agreements between SORSA and its members. Financial information can be obtained from Willis Pooling, 775 Yard Street, Suite 200, Grandview Heights, Ohio 43212.

Insurance Purchasing Pool

Ohio SchoolComp Workers' Compensation Group Rating Plan

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

NOTE 15 - 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-

Clay Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

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

	Capital Acquisitions
Set-aside Balance as of June 30, 2024	\$0
Current Fiscal Year Set-aside Requirement	141,878
Current Fiscal Year Offsets	(45,260)
Prior Fiscal Year Offsets	(77,514)
Qualifying Disbursements	(19,104)
Totals	<u>\$0</u>
Set-aside Balance as of June 30, 2025	<u><u>\$0</u></u>

Amounts of offsets and qualifying expenditures presented in the table for the capital acquisition set-asides were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had additional offsets and qualifying expenditures for capital acquisitions, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore is not presented as being carried forward to the next fiscal year. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$3,637,226 at June 30, 2025.

NOTE 16 – 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	\$399,107
Nonmajor Governmental Funds	55,263
Total	<u><u>\$454,370</u></u>

NOTE 17 – ACCOUNTABILITY AND COMPLIANCE

Accountability

At June 30, 2025, the Miscellaneous State Grants, Title I School Improvement, Title IV-A, and Miscellaneous Federal Grants Nonmajor Special Revenue Funds had deficit fund balances of \$1,118, \$12,223, \$1,708, and \$19,117, respectively. The General Fund is liable for the deficits and provides transfers when cash is required, not when accruals occur.

Compliance

Contrary to Ohio Law(Ohio Rev. Code 5705.41(B)), the School District had budgetary expenditures in excess of appropriations in the amount of \$181,714 in the Debt Retirement Fund and \$14,151 in the Food Service Fund.

Clay Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 18 - FUND BALANCES

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

Fund Balances	General Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total
<i>Nonspendable:</i>				
Prepays	\$4,027	\$0	\$0	\$4,027
<i>Restricted for:</i>				
Debt Payments	0	1,185,826	0	1,185,826
Food Service	0	0	210,976	210,976
District Managed Activities	0	0	29,670	29,670
Student Activities	0	0	1,139	1,139
Local, State and Federal Grants	0	0	116,992	116,992
Classroom Facilities	0	0	19,243	19,243
<i>Total Restricted</i>	0	1,185,826	378,020	1,563,846
<i>Committed to</i>				
Severance Payments	26,894	0	0	26,894
<i>Assigned to:</i>				
Capital Improvements	0	0	169,533	169,533
Future Purchases	346,508	0	0	346,508
Principal's Fund	18,151	0	0	18,151
<i>Total Assigned</i>	364,659	0	169,533	534,192
<i>Unassigned (Deficit)</i>	2,063,169	0	(34,166)	2,029,003
<i>Total Fund Balances</i>	\$2,458,749	\$1,185,826	\$513,387	\$4,157,962

NOTE 19 – CONTINGENCIES

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are 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, 2025, if applicable, cannot be determined at this time.

Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year

Clay Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

end. Adjustments for fiscal year 2025 have been finalized. A payable of \$891 has been reported in the accompanying financial statements as a result of these adjustments.

Litigation

The School District is not party to any legal proceedings.

NOTE 20 – NEW ACCOUNTING PRONOUNCEMENTS

For fiscal year 2025, the School District implemented GASB Statement No. 101, "Compensated Absences" and GASB Statement No. 102, "Certain Risk Disclosures".

GASB Statement No. 101 provides updated guidance on accounting for and reporting compensated absences, which includes recognizing a liability for leave that is attributable to service already rendered and is more likely than not to be used or otherwise paid or settled. The implementation of GASB Statement No. 101 has the following impact on beginning net position:

	Governmental Activities
Net Position at June 30, 2024	\$10,410,333
Adjustments: GASB No. 101 Implementation	(314,278)
Restated Net Position at June 30, 2024	<u>\$10,096,055</u>

GASB Statement 102 requires school districts to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. A concentration, as defined by Statement 102, is a lack of diversity related to an aspect of a significant inflow or outflow of resources, for example, a small number of companies that represent a majority of employment in a school district's jurisdiction, or a school district that relies on one revenue source for most of its revenue. A constraint is a limitation imposed on a school district by an external party or by formal action of the school district's highest level of decision-making authority, such as a voter-approved property tax cap or a state-imposed debt limit. The School District had no disclosures related to concentrations or constraints. This GASB pronouncement relates to note disclosure only and had no effect on beginning net position/fund balance.

NOTE 21 – CHANGE IN REPORTING ENTITY

For fiscal year 2025, the ESSER fund presentation changed from major to nonmajor.

Clay Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<i>State Teachers Retirement System</i>										
School District's proportion of the net pension liability	0.02268176%	0.02363416%	0.02440341%	0.02450893%	0.02552472%	0.02519824%	0.024454285%	0.025118500%	0.026196420%	0.026622740%
School District's proportionate share of the net pension liability	\$6,268,575	\$7,911,066	\$5,797,083	\$5,388,963	\$5,644,638	\$6,097,078	\$3,126,700	\$5,583,874	\$5,641,383	\$5,122,645
School District's covered payroll	\$2,488,264	\$2,313,893	\$2,913,679	\$2,799,579	\$3,014,671	\$2,634,350	\$3,017,500	\$3,138,293	\$3,535,271	\$3,639,407
School District's proportionate share of the net pension liability as a percentage of its covered payroll	251.9%	341.9%	199.0%	192.5%	187.2%	231.4%	103.6%	177.9%	159.6%	140.8%
Plan fiduciary net position as a percentage of the total pension liability	72.1%	66.8%	75.3%	77.3%	77.4%	75.5%	87.8%	78.9%	80.0%	82.5%
<i>School Employees Retirement System</i>										
School District's proportion of the net pension liability	0.02491070%	0.02617510%	0.02572230%	0.02673850%	0.02708240%	0.02667820%	0.02512440%	0.02891740%	0.03099290%	0.03224070%
School District's proportionate share of the net pension liability	\$1,421,428	\$1,915,776	\$1,536,851	\$1,531,363	\$1,620,388	\$1,764,551	\$927,018	\$1,564,078	\$1,712,517	\$1,649,304
School District's covered payroll	\$749,939	\$743,486	\$888,400	\$905,096	\$919,652	\$844,507	\$896,850	\$1,023,857	\$1,204,329	\$1,394,179
School District's proportionate share of the net pension liability as a percentage of its covered payroll	189.5%	257.7%	173.0%	169.2%	176.2%	208.9%	103.4%	152.8%	142.2%	118.3%
Plan fiduciary net position as a percentage of the total pension liability	69.2%	63.0%	69.5%	71.4%	70.9%	68.6%	82.9%	75.8%	76.1%	78.5%

The amounts presented are as of the School District's measurement date, which is the prior fiscal year end.
See accompanying notes to the required supplementary information.

Clay Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Last Nine Fiscal Years

	2017	2018	2019	2020	2021	2022	2023	2024	2025
<i>State Teachers Retirement System</i>									
School District's proportion of the net OPEB liability (asset)	0.02363416%	0.02440341%	0.02450893%	0.02552472%	0.02519824%	0.024454285%	0.025118500%	0.026196420%	0.026622740%
School District's proportionate share of the net OPEB liability (asset)	\$1,263,961	\$952,130	(\$393,833)	(\$422,750)	(\$442,858)	(\$515,598)	(\$650,401)	(\$509,484)	(\$504,983)
School District's covered payroll	\$2,313,893	\$2,913,679	\$2,799,579	\$3,014,671	\$2,634,350	\$3,017,500	\$3,138,293	\$3,535,271	\$3,639,407
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	54.6%	32.7%	-14.1%	-14.0%	-16.8%	-17.1%	-20.7%	-14.4%	-13.9%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	37.3%	47.1%	176.0%	174.7%	182.1%	174.7%	230.7%	168.5%	158.0%
<i>School Employees Retirement System</i>									
School District's proportion of the net OPEB liability	0.02655010%	0.02613790%	0.02704720%	0.02772290%	0.02748790%	0.02579650%	0.02930580%	0.03161440%	0.03258040%
School District's proportionate share of the net OPEB liability	\$756,776	\$701,473	\$750,362	\$697,173	\$597,401	\$488,219	\$411,455	\$520,830	\$331,830
School District's covered payroll	\$743,486	\$888,400	\$905,096	\$919,652	\$844,507	\$896,850	\$1,023,857	\$1,204,329	\$1,394,179
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	101.8%	79.0%	82.9%	75.8%	70.7%	54.4%	40.2%	43.2%	23.8%
Plan fiduciary net position as a percentage of the total OPEB liability	11.5%	12.5%	13.6%	15.6%	18.2%	24.1%	30.3%	30.0%	44.5%

The amounts presented are as of the School District's measurement date, which is the prior fiscal year end.

Information not available prior to 2017.

See accompanying notes to the required supplementary information.

Clay Local School District
Required Supplementary Information
Schedule of School District Contributions
Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<i>State Teachers Retirement System</i>										
Contractually required contribution - pension	\$323,945	\$407,915	\$391,941	\$422,054	\$368,809	\$422,450	\$439,361	\$494,938	\$509,517	\$516,648
Contractually required contribution - OPEB	0	0	0	0	0	0	0	0	0	0
Contractually required contribution - total	323,945	407,915	391,941	422,054	368,809	422,450	439,361	494,938	509,517	516,648
Contributions in relation to the contractually required contribution	323,945	407,915	391,941	422,054	368,809	422,450	439,361	494,938	509,517	516,648
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District's covered payroll	\$2,313,893	\$2,913,679	\$2,799,579	\$3,014,671	\$2,634,350	\$3,017,500	\$3,138,293	\$3,535,271	\$3,639,407	\$3,690,343
Contributions as a percentage of covered payroll - pension	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered payroll - OPEB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
<i>School Employees Retirement System</i>										
Contractually required contribution - pension	\$104,088	\$124,376	\$122,188	\$124,153	\$118,231	\$125,559	\$143,340	\$168,606	\$195,185	\$149,394
Contractually required contribution - OPEB (1)	0	0	4,525	4,598	0	0	0	0	0	0
Contractually required contribution - total	104,088	124,376	126,713	128,751	118,231	125,559	143,340	168,606	195,185	149,394
Contributions in relation to the contractually required contribution	104,088	124,376	126,713	128,751	118,231	125,559	143,340	168,606	195,185	149,394
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District's covered payroll	\$743,486	\$888,400	\$905,096	\$919,652	\$844,507	\$896,850	\$1,023,857	\$1,204,329	\$1,394,179	\$1,067,100
Contributions as a percentage of covered payroll - pension	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered payroll - OPEB	0.00%	0.00%	0.50%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Excludes surcharge.

See accompanying notes to the required supplementary information.

Clay Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

State Teachers Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2016 through 2017. For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017. There were no changes to benefit terms for fiscal years 2019 through 2025.

Changes in assumptions

There were no changes in assumptions for fiscal years 2016 through 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Inflation assumptions were lowered from 2.75 percent to 2.5 percent.
- Investment return assumptions were lowered from 7.75 percent to 7.45 percent.
- Total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation.
- Payroll growth assumptions were lowered from 3.5 percent to 3.0 percent.
- Updated the health and disability mortality assumption to the RP-2014 mortality tables with generational improvement scale MP-2016.
- Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

There were no changes in assumptions for fiscal years 2019 through 2021.

For fiscal year 2022, the following was the most significant change of assumptions that affected the total pension liability since the prior measurement date:

- Investment rate of return and discount rate of return assumptions were lowered from 7.45 percent to 7.0 percent.

For fiscal year 2023, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Updated the health and disability mortality assumption to the PUB-2010 mortality tables with generational improvement scale MP-2020.
- The projected salary increases changed from 12.50 percent at age 20 to 2.50 percent at age 65 to varying by service from 2.50 percent to 8.50 percent.

There were no changes in assumptions for fiscal years 2024 or 2025.

OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal year 2017.

For fiscal year 2018, STRS has the following changes in benefit terms since the previous measurement date:

- The HealthSpan HMO plans were eliminated.

Clay Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

- The subsidy multiplier for non-Medicare benefit recipients was reduced to 1.9 percent per year of service from 2.1 percent.
- Medicare Part B premium reimbursements were discontinued for survivors and beneficiaries who were age 65 by 2008 and either receiving a benefit or named as a beneficiary as of January 1, 2008.
- The remaining Medicare Part B premium reimbursements will be phased out over a three-year period.

For fiscal year 2019, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The subsidy multiplier for non-Medicare benefit recipients increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020, though the STRS Board voted in June 2019 to extend the current Medicare Part B partial reimbursement for one year.

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

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, 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 calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

There were no changes to benefit terms for fiscal years 2023 through 2025.

Changes in assumptions

There were no changes in assumptions for fiscal year 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB 74.
- The long-term rate of return was reduced to 7.45 percent.
- Valuation-year per capita health costs were updated.
- The percentage of future retirees electing each option was updated based on current data.
- The assumed future trend rates were modified.
- Decrement rates including mortality, disability, retirement, and withdrawal were modified.
- The assumed percentage of future disabled retirees assumed to elect health coverage was decreased from 84 percent to 65 percent, and the assumed percentage of terminated vested participants assumed to elect health coverage at retirement was decreased from 47 percent to 30 percent.

Clay Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

- The assumed salary scale was modified.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from a 4.13 percent blended discount rate to 7.45 percent.
- The health care trend assumption rate changed from 6 to 11 percent initial, 4.5 percent ultimate to:
 - Medical Medicare – 5 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – 6 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – -5.23 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – 8 percent initial, 4 percent ultimate

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from 5 percent to 4.93 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – from 6 percent to 5.87 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from -5.23 percent to 9.62 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from 8 percent to 7.73 initial, 4 percent ultimate

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from 4.93 percent to -6.69 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – from 5.87 percent to 5 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 9.62 percent to 11.87 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from 7.73 percent to 6.5 initial, 4 percent ultimate

For fiscal year 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from 7.45 percent to 7.0 percent.
- The health care trend assumption rate changed as follows:
 - Medical Medicare – from -6.69 percent initial, 4 percent ultimate to -16.18 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 11.87 percent initial, 4 percent ultimate to 29.98 percent initial, 4 percent ultimate

For fiscal year 2023, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Pre-Medicare – from 5.00 percent initial, 4 percent ultimate to 7.50 percent initial, 3.94 percent ultimate
 - Medical Medicare – from -16.18 percent initial, 4 percent ultimate to -68.78 percent initial, 3.94 percent ultimate
 - Prescription Drug Pre-Medicare – from 6.50 percent initial, 4 percent ultimate to 9.00 percent initial, 3.94 percent ultimate
 - Prescription Drug Medicare – from 29.98 percent initial, 4 percent ultimate to -5.47 percent initial, 3.94 percent ultimate
- Updated the health and disability mortality assumption to the PUB-2010 mortality tables with generational improvement scale MP-2020.

Clay Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

- The projected salary increases changed from 12.50 percent at age 20 to 2.50 percent at age 65 to varying by service from 2.50 percent to 8.50 percent.

For fiscal year 2024, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Pre-Medicare – from 7.50 percent initial, 3.94 percent ultimate to 7.50 percent initial, 4.14 percent ultimate
 - Medical Medicare – from -68.78 percent initial, 3.94 percent ultimate to -10.94 percent initial, 4.14 percent ultimate
 - Prescription Drug Pre-Medicare – from 9.00 percent initial, 3.94 percent ultimate to -11.95 percent initial, 4.14 percent ultimate
 - Prescription Drug Medicare – from -5.47 percent initial, 3.94 percent ultimate to 1.33 percent initial, 4.14 percent ultimate

For fiscal year 2025, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Pre-Medicare – from 7.50 percent initial, 4.14 percent ultimate to 7.50 percent initial, 3.94 percent ultimate
 - Medical Medicare – from -10.94 percent initial, 4.14 percent ultimate to -112.22 percent initial, 3.94 percent ultimate
 - Prescription Drug Pre-Medicare – from -11.95 percent initial, 4.14 percent ultimate to 8.00 percent initial, 3.94 percent ultimate
 - Prescription Drug Medicare – from 1.33 percent initial, 4.14 percent ultimate to -15.14 percent initial, 3.94 percent ultimate

School Employees Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2016 through 2017.

For fiscal year 2018, the following were the most significant changes in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5 percent with a floor of 0 percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendars 2018, 2019, and 2020.

There were no changes to benefit terms for fiscal years 2019 through 2021.

For fiscal year 2022, the following was the most significant change in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from 2.5 percent to 2.0 percent.

Clay Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

For fiscal year 2023, the following was the most significant change in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from 2.0 percent to 2.5 percent.

There were no changes to benefit terms for fiscal years 2024 or 2025.

Changes in assumptions

There were no changes in assumptions for fiscal years 2016 through 2017.

For fiscal year 2018, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

- Assumed rate of inflation was reduced from 3.25 percent to 3.0 percent
- Payroll Growth Assumption was reduced from 4.0 percent to 3.5 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.5 percent
- Investment rate of return was reduced from 7.75 percent to 7.5 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled member was updated to the following:
 - RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

There were no changes in assumptions for fiscal years 2019 through 2021.

For fiscal year 2022, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

- Assumed rate of inflation was reduced from 3.0 percent to 2.4 percent
- Payroll Growth Assumption was reduced from 3.5 percent to 3.25 percent
- Investment rate of return was reduced from 7.5 percent to 7.0 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among members was updated to the following:
 - 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 was updated to the following:
 - 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.

There were no changes in assumptions for fiscal years 2023 through 2025.

OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2017 through 2025.

Clay Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

Changes in assumptions

For fiscal year 2017, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.25 percent to 3.0 percent
- Payroll growth assumption was reduced from 4.0 percent to 3.5 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.5 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disabled members was updated to the following:
 - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

For fiscal year 2018, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 2.98 percent to 3.63 percent.
- The municipal bond index rate increased from 2.92 percent to 3.56 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98 percent to 3.63 percent.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 3.63 percent to 3.70 percent.
- The municipal bond index rate increased from 3.56 percent to 3.62 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63 percent to 3.70 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2018 – 5.50 to 5.00 percent, 2019 – 5.375 to 4.75 percent
 - Pre-Medicare – 2018 – 7.50 to 5.00 percent, 2019 – 7.25 to 4.75

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.62 percent to 3.13 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70 percent to 3.22 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2019 – 5.375 to 4.75 percent, 2020 – 5.25 to 4.75 percent
 - Pre-Medicare – 2019 – 7.25 to 4.75, 2020 – 7 to 4.75 percent

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

Clay Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

- The municipal bond index rate decreased from 3.13 percent to 2.45 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22 percent to 2.63 percent.

For fiscal year 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The inflation rate decreased from 3.0 percent to 2.4 percent.
- Projected salary increases decreased from 3.5 percent to 3.25 percent.
- Investment rate of return decreased from 7.5 percent to 7.0 percent.
- The municipal bond index rate decreased from 2.45 percent to 1.92 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 2.63 percent to 2.27 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2020 – 5.25 to 4.75 percent, 2022 – 5.125 to 4.4 percent
 - Pre-Medicare – 2020 – 7 to 4.75 percent, 2022 – 6.75 to 4.4 percent
- Mortality among members was updated to the following:
 - 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 was updated to the following:
 - 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.

For fiscal year 2023, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate increased from 1.92 percent to 3.69 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.27 percent to 4.08 percent.

For fiscal year 2024, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate increased from 3.69 percent to 3.86 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 4.08 percent to 4.27 percent.
- The medical trend assumption decreased from 7.00 percent to 6.75 percent.

For fiscal year 2025, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate increased from 3.86 percent to 3.93 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 4.27 percent to 4.88 percent.
- The medical trend assumption increased from 6.75 percent to 7.00 percent.

**CLAY LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Award Identifier	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education and Workforce</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	N/A	\$ 0	\$ 14,365
Cash Assistance:				
National School Lunch Program	10.555	N/A	0	165,873
Total National School Lunch Program			0	180,238
School Breakfast Program	10.553	N/A	0	80,564
Total Child Nutrition Cluster			0	260,802
Total U.S. Department of Agriculture			0	260,802
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education and Workforce</i>				
Title I-A Improving Basic Programs	84.010	N/A	0	293,854
Title I School Improvement	84.010	N/A	0	11,468
Total Title I Grants to Local Educational Agencies				305,322
Special Education Cluster:				
Special Education Grants to States	84.027	N/A	0	149,117
Special Education - Preschool Grants	84.173	N/A	4,300	4,300
Total Special Education Cluster			4,300	153,417
Supporting Effective Instruction State Grants	84.367	N/A	0	24,494
Student Support and Academic Enrichment Program	84.424	N/A	0	20,200
<i>Direct from Federal Government:</i>				
Rural Education 2023	84.358A	S358A233003	0	24,922
Rural Education 2024	84.358A	S358A222950	0	8,289
Rural Education 2025	84.358A	S358A242935	0	27,475
Total Rural Education			0	60,686
Total U.S. Department of Education			4,300	564,119
Total Expenditures of Federal Awards			\$ 4,300	\$ 824,921

The accompanying notes are an integral part of this schedule.

**CLAY LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR § 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Clay Local School District (the School District) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented 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 School District, it is not intended to and does not present the financial position or changes in net position of the School District.

NOTE 2 – 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 the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

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

NOTE 4 - CHILD NUTRITION CLUSTER

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

NOTE 5 – FOOD DONATION PROGRAM

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

NOTE 6 – SUBRECIPIENTS

The School District passes certain federal awards received from Ohio Department of Education and Workforce (DEW) to other governments or not-for-profit agencies (subrecipients). As Note 2 describes, the School District reports expenditures of federal awards to subrecipients when paid in cash.

As a pass-through entity, the School District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.



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

Clay Local School District
Scioto County
44 Clay High Street
Portsmouth, Ohio 45662

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 Clay Local School District, Scioto County, Ohio (the School District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated May 20, 2026, wherein we noted the School District adopted new accounting guidance in Governmental Accounting Standards Board Statement 101, *Compensated Absences*.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2025-001 through 2025-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2025-003.

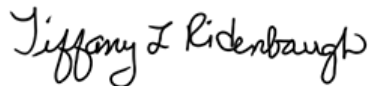
School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's responses to the findings identified in our audit and described in the accompanying schedule of findings and corrective action plan. The School District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

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

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

May 20, 2026



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Columbus, Ohio 43215
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Clay Local School District
Scioto County
44 Clay High Street
Portsmouth, Ohio 45662

To the Board of Education:

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Clay Local School District's, Scioto County, Ohio (the School 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 each of Clay Local School District's major federal programs for the year ended June 30, 2025. Clay Local School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, 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 Child Nutrition Cluster for the year ended June 30, 2025.

Unmodified Opinion on the Other Major Federal Program

In our opinion, 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 other major federal program identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the year ended June 30, 2025.

Basis for Qualified and Unmodified Opinions

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 School 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 School District's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Child Nutrition Cluster

As described in finding 2025-004 in the accompanying schedule of findings, the School District did not comply with requirements regarding Reporting applicable to its Assistance Listing Number 10.553/10.555 Child Nutrition Cluster major federal program.

Compliance with such requirements is necessary, in our opinion, for the School District to comply with requirements applicable to that program.

Responsibilities of Management for Compliance

The School 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 School 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 School 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 School District's compliance with the requirements of each 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 School 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 School 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 School 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.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and corrective action plan. The School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider a deficiency in internal control over compliance described in the accompanying schedule of findings as item 2025-004 to be a material weakness.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and corrective action plan. The School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

May 20, 2026

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**CLAY LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2025**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified – Child Nutrition Cluster Unmodified – Title I
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	AL # 10.553/10.555 – Child Nutrition Cluster AL # 84.010 – Title I
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2025-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

FINDING NUMBER 2025-001
(Continued)

Due to a lack of sufficient controls over financial accounting and reporting, the following items were noted for the reporting period ending June 30, 2025:

Governmental Activities

- Miscellaneous General Revenue was overstated by \$128,153, Regular Instruction expense was overstated by \$85,355, Instructional Staff expense was overstated \$15,615, Operation and Maintenance of Plant expense was overstated by \$27,183 and Unrestricted Net Position was understated and Restricted for Other Purposes was overstated by \$107,169 due to clerical error by School District when correcting over budget amount related to Education Stabilization Fund American Rescue Plan Elementary and Secondary School Emergency Relief funding.

General Fund

- Regular Instruction expenditures were overstated by \$91,554; Instructional Staff expenditures were overstated by \$15,615, Equity in Pooled Cash and Cash Equivalents was understated by \$107,169 and Unassigned Fund Balance was understated by \$107,169 due to clerical error by School District when correcting over budget amount related to Education Stabilization Fund American Rescue Plan Elementary and Secondary School Emergency Relief funding.
- The Budget versus Actual Statement, Actual Expenditures were misstated due to the error addressed above. Regular Instruction expense was overstated by \$91,554, Instructional Staff expense was overstated by \$15,615 and Fund Balance at End of Year was understated by \$107,169.
- The Budget versus Actual Statement, Original Budgeted Regular Instruction expenditures line was understated by \$1,001,346 and the following expenditure lines were overstated Special Instruction by \$224,277, Student Intervention Services by \$4,803, Other Instructional by \$26,530, Support Services-Pupils by \$55,007, Instructional Staff by \$86,106, Board of Education by \$10,068, Administration by \$145,829, Fiscal by \$60,386 in, Operation and Maintenance of Plant by \$259,702, Pupil Transportation by \$110,765, and the Extracurricular Activities by \$17,873, due to incorrect allocation method utilized when correcting variances as listed in Finding 2025-002.

Nonmajor Governmental Funds:

- Miscellaneous Revenue was overstated by \$128,153; Regular Instruction expenditures were understated by \$6,199, Operation and Maintenance of Plant expenditures were overstated by \$27,183 Equity in Pooled Cash and Cash Equivalents was overstated by \$107,169 and Unassigned Fund Balance was overstated by \$107,169 due to clerical error by School District when correcting over budget amount related to Education Stabilization Fund American Rescue Plan Elementary and Secondary School Emergency Relief funding.

Additional identified errors were not material and as such, are not listed above and were not adjusted on the financial statements. The amounts of these errors ranged from approximately \$3 to \$97,634. However, for those that were material, audit adjustments and reclassification to the financial statements were agreed to by management and made. The School District posted all adjustments impacting the accounting system accordingly.

To ensure the School Districts' financial statements and notes to the financial statements are complete and accurate, the School District should adopt policies and procedures, including a final review of the statements and notes by the School District Treasurer and Board of Education to identify and correct errors and omissions.

FINDING NUMBER 2025-001
(Continued)

Officials' Response :

See School District's Corrective Action Plan.

FINDING NUMBER 2025-002

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board of Education to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the School District and the appropriation ledger provides the process by which the School District controls spending, it is therefore necessary that the amounts appropriated by the Board of Education are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the School District and the receipts ledger provides the process by which the School District controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

Variances between estimated receipt amounts from the Amended Certificate of Estimated Resources and amounts recorded in the accounting system at June 30, 2025 were as follows:

Fund	Estimated Receipts Recorded in the Accounting System	Estimated Receipts from Amended Certificate of Estimated Resources	Variance
General Fund (001)	\$9,685,528	\$8,206,895	\$1,478,633
Debt Retirement Fund (002)	\$481,110	\$257,853	\$223,257
Food Service (006)	\$333,148	\$175,158	\$157,990

Variances between approved budgetary appropriation amounts and amounts recorded in the accounting system at June 30, 2025, were as follows:

Fund	Appropriations Recorded in the Accounting System	Approved Appropriation	Variance
General Fund (001)	\$10,896,622	\$9,597,917	\$1,298,705
Debt Retirement Fund (002)	\$218,010	\$399,724	(\$181,714)
Food Service Fund (006)	\$354,118	\$368,269	(\$14,151)

FINDING NUMBER 2025-002
(Continued)

The School District did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The final appropriations approved by Board were not properly posted to the accounting system. Additionally, the approved final Certificate of Estimated Resources was not posted to the accounting system.

These variances resulted in the budgetary statement errors identified in Finding 2025-001.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the School District should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Board. The School District should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Officials' Response :

See School District's Corrective Action Plan.

FINDING NUMBER 2025-003

Material Weakness and Noncompliance

Ohio Rev. Code § 5705.41(B)(1) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the School's Debt Retirement Fund had expenditures in excess of appropriations of \$181,713 and Food Service Fund had expenditures in excess of appropriations of \$14,150, as of June 30, 2025.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Board of Education should establish and implement policy and procedures to closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Treasurer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Officials' Response :

See School District's Corrective Action Plan.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. Site Claim Reimbursement Forms

Finding Number:	2025-004
Assistance Listing Number and Title:	AL # 10.553/10.555 Child Nutrition Cluster
Federal Award Identification Number / Year:	2025
Federal Agency:	United States Department of Agriculture
Compliance Requirement:	Reporting
Pass-Through Entity:	Ohio Department of Education and Workforce
Repeat Finding from Prior Audit?	No

Material Weakness and Noncompliance

2 CFR § 400.1 gives regulatory effect to the Department of Agriculture for **2 CFR § 200.302(b)(3)** which provides that the financial management system of each non-Federal entity must provide for records that sufficiently identify the amount, source and expenditure of funds for federally-funded activities. These records must contain information necessary to identify federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and must be supported by source documentation.

2 CFR § 200.303 requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish, document and maintain effective internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

7 CFR §§ 210.7(c), 210.8(c), and 225.9(d) provide that at a minimum, a claim must include the number of reimbursable meals/snacks served by category and type during the period (generally a month) covered by the claim. All meals/snacks claimed for reimbursement must (a) be of types authorized by the school food authority's, institution's, or sponsor's administering agency; (b) be served to eligible children; and (c) be supported by accurate meal/snack counts and records indicating the number of meals served by category and type.

100% percent of the site claim forms that were prepared by the Nutrition Group and provided to the Treasurer for submission during fiscal year 2025 were not reviewed for accuracy of information before submitting for reimbursement. During the first half of the fiscal year, the School District completed manual counts of snacks served. An over-reimbursement related to snacks in the amount of \$179 in 1 month of the 2 months (50%) tested for compliance.

This error occurred due to a weakness in internal controls which failed to ensure site claim forms for reimbursable meals and snacks served at each building and submitted to the Ohio Department of Education were entered correctly.

The School District should implement policies and procedures to help ensure that monthly site claim forms prepared and provided by the Nutrition Group are reviewed prior to submission to reflect actual counts for reimbursable meals and snacks served.

Officials' Response :

See School District's Corrective Action Plan.

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Clay Local School District



TODD WARNOCK, SUPERINTENDENT
BRANDI L. BLACKBURN, TREASURER

Board of Education

Donald E. Caseman, Jr., President
Alan Boyer, Vice President
Nathan Rider
Jason Bailey
Jeff Whitley

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

JUNE 30, 2025

Finding Number: **2025-001**

Planned Corrective Action: Ensure that both the Treasurer and the Board actively review these statements to detect and correct clerical errors, omissions, and misallocations. Verify that all audit adjustments and reclassifications agreed upon during the audit have been fully and accurately posted to the District's accounting system.

Anticipated Completion Date: The 26-27 school year

Responsible Contact Person: Brandi Blackburn, Treasurer

Finding Number: **2025-002**

Planned Corrective Action: Implement procedures to ensure that estimated resources (as certified by the County Budget Commission) and appropriations (as approved by the Board) are posted to the ledgers immediately upon approval. Establish a routine schedule for the Treasurer's office to monitor budget-versus-actual reports. This process should explicitly verify that any subsequent amended certificates or appropriation adjustments are accurately reflected in the system.

Anticipated Completion Date: The 26-27 school year

Responsible Contact Person: Brandi Blackburn, Treasurer

Finding Number: **2025-003**

Planned Corrective Action: **Expenditure Monitoring:** Establish procedures to track fund balances and expenditures in real-time against approved legal limits to prevent deficit spending. If expenditures are projected to outpace current appropriations, the Treasurer will present timely appropriation amendments to the Board of Education for legal approval before the money is spent.

Anticipated Completion Date: The 26-27 school year

Responsible Contact Person: Brandi Blackburn, Treasurer

Finding Number: **2025-004**

Planned Corrective Action: Utilize the snack count option within the Payschools program to obtain accurate counts. Cafeteria manager will go over the numbers before certifying for submission.

Anticipated Completion Date: August 27, 2026

Responsible Contact Person: Brandi Blackburn, Treasurer

OHIO AUDITOR OF STATE KEITH FABER



CLAY LOCAL SCHOOL DISTRICT

SCIOTO COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/9/2026

65 East State 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