

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
SCHOOL DISTRICT OF CLAYTON**

June 30, 2020

SCHOOL DISTRICT OF CLAYTON

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Independent Auditors' Report

Board of Education
School District of Clayton

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District of Clayton, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of Clayton's basic financial statements. The annual financial information and operating data and supplemental budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The annual financial information and operating data has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020, on our consideration of the School District of Clayton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District of Clayton'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 of Clayton's internal control over financial reporting and compliance.

Keiser, Eck & Braeckel LLP

St. Louis, Missouri
December 9, 2020

SCHOOL DISTRICT OF CLAYTON

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

Year ended June 30, 2020

The Management's Discussion and Analysis (MD&A) of the School District of Clayton's (District) financial performance provides a narrative overview of the District's financial activities for the fiscal year ended June 30, 2020. The MD&A should not be taken as a replacement for the financial statements and other supplemental information but should be read in conjunction with them to enhance the reader's understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2020 are as follows:

- The total assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the end of the 2020 fiscal year by \$24.1 million (net position).
- Net position increased approximately \$8.8 million or 57.5% from the prior year.
- General revenues totaled \$70.2 million or 86.8% of all revenues. Program revenues in the form of charges for services and operating grants and contributions accounted for \$10.7 million or 13.2% of all revenues.
- Total expenses for the year were \$72.0 million of which \$61.3 million were funded by general revenues.
- The General Fund had \$22.6 million in revenues and \$18.0 million in expenditures. The General Fund's balance increased \$4.6 million before transfers.
- The Special Revenue Fund had \$39.1 million in revenues and \$32.7 million in expenditures. The Special Revenue Fund's balance increased \$6.5 million before transfers.
- The Debt Service Fund had \$9.3 million in revenues and \$8.3 million in expenditures. The District refunded bonds during the year which resulted in \$31.1 million in proceeds and \$32.5 million in payments. The Debt Service Fund's balance increased \$1.4 million.
- The Capital Projects Fund had \$2.8 million in revenues and \$9.1 million in expenditures. The Capital Projects Fund's balance decreased \$6.4 million before transfers primarily due to spending the proceeds of the prior year's capital lease.

SCHOOL DISTRICT OF CLAYTON

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

Year ended June 30, 2020

Using this Annual Report

The District's annual report consists of a series of financial statements that show information about the District as a whole, including its significant funds. The Statement of Net Position and the Statement of Activities (pages 21 and 22) provide information about the activities of the District as a whole and present a longer-term view of the District's 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. Fund statements may also provide insight into the District's overall financial health. Fund financial statements report the District's operations in more detail than the government-wide financial statements by providing information about the District's most significant funds. The notes to the basic financial statements provide further explanation of some of the information in the statements and provide additional disclosures and more detailed data. This will allow statement readers to have a more complete description and understanding of the District's financial activities and position.

The District prepares its annual budget on the cash basis of accounting, meaning that revenues are recognized when the District receives the money and the expenditures are recognized when checks are issued. To meet Governmental Accounting Standards Board (GASB) Statement No. 34, the District's annual report uses both the modified accrual and accrual methods of accounting. Because of this difference, budget schedules will differ from the basic financial statements.

The District's auditor has provided assurance in the Independent Auditors' Report, located immediately preceding this MD&A, that the basic financial statements are presented fairly. Varying degrees of assurance are provided by the auditor regarding supplemental information. A user of this report should read the Independent Auditors' Report carefully to ascertain the level of assurance being provided for each of the other parts in the financial section.

SCHOOL DISTRICT OF CLAYTON

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

Year ended June 30, 2020

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The analysis of the District as a whole begins on page 21. This analysis provides answers to whether the District is financially stronger or weaker as a result of the year's activities. The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District as a whole and its activities in a way that helps answer this question. These statements include all assets and liabilities, 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 year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position – the difference between assets and deferred outflows compared to liabilities and deferred inflows, as reported in the Statement of Net Position. It is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position – as reported in the Statement of Activities – is one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results. However, the District's mission is to provide services to students, not to generate profits as commercial entities strive to do each year. Non-financial factors, such as the quality of the education provided, safety of the schools, facility conditions, the District's property tax base and current state laws restricting revenue growth must also be considered to assess the overall health of the District.

The Statement of Net Position and the Statement of Activities report the following activity for the District's programs and services:

Governmental Activities – Most of the District's services, which includes instruction, support and plant services, are reported here. Property taxes, voluntary student transfer aid, state foundation and categorical grants, and state and federal grants finance most of these activities.

Business-type Activities – The District's business-type activities include services provided to constituents of the District where all or most of the costs involved are recovered through services charged to the users of such services or from transfers from other funds.

SCHOOL DISTRICT OF CLAYTON

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

Year ended June 30, 2020

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 23. Fund financial statements provide detailed information about the District's major funds, not the District as a whole. The District utilizes several funds to account for a wide range of financial transactions. However, the fund financial statements focus on the District's most significant funds, which are the General Fund, Special Revenue Fund, Debt Service Fund, and Capital Projects Fund. The District's funds use the following accounting approach:

Governmental Funds - Most of the District's services are reported in governmental funds which focus on how money flows into and out of the funds, and the balances remaining at year-end which are available for spending for future years. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources available in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled on pages 24 and 26.

Proprietary Funds – Proprietary funds account for activities that involve business-like interactions using the accrual basis of accounting. The District has two types of proprietary funds which are the enterprise fund and the internal service fund. The enterprise fund is used to account for any activity for which external users are charged a fee for goods and services. The internal service fund is used to account for activities that benefit government activities. No reconciling items exist between the governmental-wide statements and the proprietary funds statements.

The District as a Whole

The District's net position was \$24.1 million at June 30, 2020. Of this amount, \$31.8 million was net investment in capital assets and \$20.5 million was restricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the District's ability to use those assets for day-to-day operations. The unrestricted net position shows a negative balance of \$28.1 million after the District recognized the proportionate share of the total net pension liability of the Missouri retirement program for public school districts (PSRS/PEERS) in accordance with GASB Statement No. 68, as amended by GASB Statement No. 71, and the postemployment benefits other than pensions liability in accordance with GASB Statement No. 75. Note G contains additional information on GASB Statement No. 68 and Note I contains additional information on GASB Statement No. 75. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's activities.

SCHOOL DISTRICT OF CLAYTON

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

Year ended June 30, 2020

The District as a Whole - Continued

Table 1
Condensed Statements of Net Position
June 30,

| | 2020 | | | 2019 | | |
|----------------------------------|-------------------------|--------------------------|----------------------|-------------------------|--------------------------|----------------------|
| | Governmental activities | Business-type activities | Total | Governmental activities | Business-type activities | Total |
| Current and other assets | \$ 95,626,121 | \$ 19,296 | \$ 95,645,417 | \$ 88,541,937 | \$ 30,302 | \$ 88,572,239 |
| Capital assets | 102,430,983 | 87,767 | 102,518,750 | 102,588,080 | 44,125 | 102,632,205 |
| Total assets | 198,057,104 | 107,063 | 198,164,167 | 191,130,017 | 74,427 | 191,204,444 |
| Deferred pension and OPEB | 12,466,140 | - | 12,466,140 | 15,470,256 | - | 15,470,256 |
| Current and other liabilities | 10,154,645 | 19,296 | 10,173,941 | 8,031,900 | 30,302 | 8,062,202 |
| Noncurrent liabilities | 114,414,415 | - | 114,414,415 | 122,758,180 | - | 122,758,180 |
| Total liabilities | 124,569,060 | 19,296 | 124,588,356 | 130,790,080 | 30,302 | 130,820,382 |
| Deferred property taxes | 57,375,794 | - | 57,375,794 | 58,149,096 | - | 58,149,096 |
| Pension and OPEB deferrals | 4,550,953 | - | 4,550,953 | 2,396,317 | - | 2,396,317 |
| Total deferred inflows | 61,926,747 | - | 61,926,747 | 60,545,413 | - | 60,545,413 |
| Net position | | | | | | |
| Net investment in capital assets | 31,674,483 | 87,767 | 31,762,250 | 30,674,271 | 44,125 | 30,718,396 |
| Restricted | 20,490,736 | - | 20,490,736 | 15,344,822 | - | 15,344,822 |
| Unrestricted | (28,137,782) | - | (28,137,782) | (30,754,313) | - | (30,754,313) |
| Total net position | \$ 24,027,437 | \$ 87,767 | \$ 24,115,204 | \$ 15,264,780 | \$ 44,125 | \$ 15,308,905 |

The negative \$28.1 million in unrestricted net position represents the accumulated results of all past years' operations for unrestricted activities. Total net position increased \$8.8 million.

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 22. This information is summarized in Table 2 on the following page.

SCHOOL DISTRICT OF CLAYTON

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

Year ended June 30, 2020

The District as a Whole - Continued

Table 2
Changes in Net Position from Operating Results
Year Ended June 30,

| | 2020 | | | 2019 | | |
|--|-------------------------|--------------------------|----------------------|-------------------------|--------------------------|----------------------|
| | Governmental activities | Business-type activities | Total | Governmental activities | Business-type activities | Total |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 7,898,300 | \$ 522,090 | \$ 8,420,390 | \$ 8,834,939 | \$ 1,099,031 | \$ 9,933,970 |
| Operating grants and contributions | 2,254,982 | - | 2,254,982 | 1,499,399 | - | 1,499,399 |
| General revenues | | | | | | |
| Property taxes | 59,764,410 | - | 59,764,410 | 42,443,840 | - | 42,443,840 |
| Federal and State aid not restricted to specific purposes | 1,987,417 | - | 1,987,417 | 2,352,559 | - | 2,352,559 |
| Voluntary student transfer aid | 1,367,251 | - | 1,367,251 | 1,568,157 | - | 1,568,157 |
| Other | 7,048,608 | - | 7,048,608 | 6,120,786 | - | 6,120,786 |
| Total revenues | 80,320,968 | 522,090 | 80,843,058 | 62,819,680 | 1,099,031 | 63,918,711 |
| Expenses | | | | | | |
| Instruction | 32,333,373 | - | 32,333,373 | 30,370,087 | - | 30,370,087 |
| Student services | 2,918,501 | - | 2,918,501 | 2,636,099 | - | 2,636,099 |
| Support services | 2,219,105 | - | 2,219,105 | 1,972,618 | - | 1,972,618 |
| Building administration | 3,049,902 | - | 3,049,902 | 2,726,093 | - | 2,726,093 |
| Executive administration | 3,281,145 | - | 3,281,145 | 3,044,210 | - | 3,044,210 |
| Business services | 928,638 | - | 928,638 | 931,787 | - | 931,787 |
| Central office support services | 4,772,627 | - | 4,772,627 | 5,335,592 | - | 5,335,592 |
| Operation of plant | 11,754,267 | - | 11,754,267 | 10,895,241 | - | 10,895,241 |
| Security services | 171,267 | - | 171,267 | 203,982 | - | 203,982 |
| Nonallowable transportation | 192,241 | - | 192,241 | 185,278 | - | 185,278 |
| Food services | 966,005 | - | 966,005 | 1,184,498 | - | 1,184,498 |
| Adult/community programs | 1,134,749 | - | 1,134,749 | 1,201,406 | - | 1,201,406 |
| Facilities acquisition and construction | 4,572,239 | - | 4,572,239 | - | - | - |
| Interest and other charges | 3,154,927 | - | 3,154,927 | 3,907,058 | - | 3,907,058 |
| Local district services | - | 587,773 | 587,773 | - | 883,805 | 883,805 |
| Total expenses | 71,448,986 | 587,773 | 72,036,759 | 64,593,949 | 883,805 | 65,477,754 |
| Excess (deficiency) before other income and transfers | 8,871,982 | (65,683) | 8,806,299 | (1,774,269) | 215,226 | (1,559,043) |
| Other income | | | | | | |
| Transfers | (109,325) | 109,325 | - | 223,267 | (223,267) | - |
| Total other income | (109,325) | 109,325 | - | 223,267 | (223,267) | - |
| Change in net position | 8,762,657 | 43,642 | 8,806,299 | (1,551,002) | (8,041) | (1,559,043) |
| Beginning net position | 15,264,780 | 44,125 | 15,308,905 | 16,815,782 | 52,166 | 16,867,948 |
| Ending net position | <u>\$ 24,027,437</u> | <u>\$ 87,767</u> | <u>\$ 24,115,204</u> | <u>\$ 15,264,780</u> | <u>\$ 44,125</u> | <u>\$ 15,308,905</u> |

SCHOOL DISTRICT OF CLAYTON

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED Year ended June 30, 2020

Governmental and Business-Type Activities

As reported in the Statement of Activities, the cost of all governmental and business-type activities totaled \$72.0 million in fiscal year 2020. However, the District's local taxpayers ultimately funded \$59.8 million or 83.1% of these costs because some of the costs were paid by those who benefited from the programs (\$8.4 million), by other governments and organizations who subsidized certain programs (\$3.6 million), and by miscellaneous sources (\$9.0 million).

Table 3 shows the cost of each of the District's largest functions, as well as each function's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the District's taxpayers by each of the functions. Providing this information allows citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3
Net Cost of Governmental Activities
Year ended June 30,

| | 2020 | | 2019 | |
|---|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | Total cost of services | Net cost of services | Total cost of services | Net cost of services |
| Governmental activities | | | | |
| Instruction | \$ 32,333,373 | \$ 30,672,612 | \$ 30,370,087 | \$ 28,058,231 |
| Student services | 2,918,501 | 2,918,501 | 2,636,099 | 2,636,099 |
| Support services | 2,219,105 | 2,135,607 | 1,972,618 | 1,866,773 |
| Administration | 7,259,685 | 7,247,733 | 6,702,090 | 6,694,023 |
| Operation of plant | 11,925,534 | 9,970,013 | 11,099,223 | 10,014,300 |
| Facilities acquisition and construction | 4,572,239 | 4,572,239 | - | - |
| Other | 7,065,622 | 624,072 | 7,906,774 | 1,083,127 |
| Interest and other charges | 3,154,927 | 3,154,927 | 3,907,058 | 3,907,058 |
| | 71,448,986 | 61,295,704 | 64,593,949 | 54,259,611 |
| Business-type activities | | | | |
| Local district services | 587,773 | 65,683 | 883,805 | (215,226) |
| Total | \$ 72,036,759 | \$ 61,361,387 | \$ 65,477,754 | \$ 54,044,385 |

Instruction expenses include activities directly involved in the teaching of pupils, and the interaction between teacher and pupil.

Student services are those services which provide administrative, technical (such as guidance and health), and logistical support to facilitate and enhance instruction, and to a lesser degree, community services.

Support services include the activities involved with assisting staff with the content and process of teaching to pupils as well as library services.

Administration includes expenses associated with administrative and financial supervision of the District.

Operation of plant activities involves maintaining school grounds, buildings, and equipment in an effective working condition.

SCHOOL DISTRICT OF CLAYTON

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

Year ended June 30, 2020

Governmental and Business-Type Activities - Continued

Other includes services for transportation, food, communications, human resources, and expenses for the District self funding its health insurance plan.

Interest and other charges are transactions associated with the payment on debt of the District.

Business-type activities are services provided to constituents of the District where all or most of the costs involved are recovered through services charged to the users of such services or from transfers from other funds.

The dependence upon tax revenues is apparent. Over 94.9% of instruction activities are supported through taxes and other general revenues; for all governmental activities, general revenue support is 85.8%.

The District's Funds

The District uses funds to control and manage money for particular purposes. A review of the funds provides some insight as to whether the District is being accountable for the resources taxpayers and others provide to it, and also provides insight into the District's overall financial health. In total, governmental funds had a fund balance of \$34.1 million at June 30, 2020. This represents an overall increase of \$6.0 million from the prior year. The increase was primarily a result of the planned increase in fund balances for the General, Special and Capital funds due to the passing of a tax levy designed to provide resources to the District for future years. Additionally, the General Fund had reduced expenditures as less funds were spent on travel, supplies and overtime as a result of COVID-19 (see Note J).

Expenditures for the Special Revenue Fund were slightly less than budgeted as fewer extra pay stipends were awarded due to COVID-19. The Capital Projects Fund had a planned increase in expenditures as proceeds from the prior year's capital lease were expended in the current year. The Debt Service shows proceeds and payments for a bond refunding that occurred in this fiscal year. The overall position of the District's funds remains financially strong and the District is able to meet all of its ongoing operational expenditures without having to resort to short-term financing activities.

Operating Funds (General and Special Revenue Funds Combined) - Budgeting Highlights

In accordance with Chapter 67, RSMo, the District adopts a budget for each fund. While the District uses its funding judiciously, there are a number of factors that affect the budget over which the District has little or no control. The District uses site-based budgeting which is designed to tightly control site budgets but provide flexibility for site management. During the year the District revises the budget to deal with unexpected changes in revenues and expenditures as additional information becomes available. Schedules showing the District's original and final budget amounts compared with actual amounts paid and received for the General and Special Revenue Funds are provided later in this report as required supplementary information.

SCHOOL DISTRICT OF CLAYTON

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

Year ended June 30, 2020

Operating Funds (General and Special Revenue Funds Combined) - Budgeting Highlights - Continued

The District's financial strength is derived primarily from its strong local property values as over 76.7% of the District's operating revenues are generated through local property taxes. Under Missouri Statutes, property tax rates fluctuate with changes in assessed values preventing windfall revenue increases during periods of growing property values. This mechanism also protects taxing entities during periods of falling property values and has minimized the impacts of recent property value declines. The 2019-2020 property tax revenues for all funds increased by approximately \$16 million or 37.7% more than the 2018-2019 totals primarily from the successful passing of a tax levy in April of 2019 and a \$1.2 million increase in delinquent property taxes. The District revised the original current property tax budget after assessed valuation information was obtained from St. Louis County. Property tax revenues finished the year approximately \$3.7 million above the original budget and approximately \$1.8 million above the revised budget for all funds.

For the year ended June 30, 2020, the General Fund budgetary basis actual expenditures were approximately \$2.2 million less than final budgeted amounts. COVID-19 caused expenditures to be less for student activities by approximately \$260 thousand, for food services by approximately \$320 thousand, for utilities by approximately \$253 thousand, for training and professional travel by approximately \$313 thousand and for supplies by approximately \$373 thousand.

The Special Revenue Fund budgetary basis actual expenditures reflect an overall positive variance of approximately \$1.1 million from the final budget primarily in the function of Instruction. Expenditures were lower than budget in salaries and benefits primarily due to COVID-19 reducing the amount of extra pay stipends for student activities, summer programs, and athletics as well as reducing the cost of substitute teacher expenditures. For the year ended June 30, 2020, the combined General and Special Revenue change in fund balances was approximately \$4.6 million greater than the 2019-2020 final budget. Missouri law prohibits a district from overspending the expenditure budget per fund.

SCHOOL DISTRICT OF CLAYTON

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED Year ended June 30, 2020

Capital Assets and Debt Administration

Capital Assets

At June 30, 2020, the District had capital assets with a net book value of \$102.5 million, which includes \$50.9 million in accumulated depreciation. Table 4 shows a breakdown of capital assets, net of accumulated depreciation, at year end.

Table 4
Capital Assets - Net
June 30,

| | 2020 | | | 2019 | | |
|----------------------------|-------------------------|--------------------------|-----------------------|-------------------------|--------------------------|-----------------------|
| | Governmental activities | Business-type activities | Total | Governmental activities | Business-type activities | Total |
| Land | \$ 714,536 | \$ - | \$ 714,536 | \$ 714,536 | \$ - | \$ 714,536 |
| Construction in progress | 2,362,709 | - | 2,362,709 | - | - | - |
| Buildings and improvements | 96,015,678 | - | 96,015,678 | 98,535,256 | - | 98,535,256 |
| Furniture and equipment | 3,338,060 | 87,767 | 3,425,827 | 3,338,288 | 44,125 | 3,382,413 |
| Total | \$ 102,430,983 | \$ 87,767 | \$ 102,518,750 | \$ 102,588,080 | \$ 44,125 | \$ 102,632,205 |

The total additions for the year were \$4.0 million which consisted of approximately \$2.4 million construction in progress, \$675,000 of building and improvements and \$939,000 in furniture and equipment purchases.

In June 2019, the District entered into an approximately \$5.1 million capital lease for the purpose of renovation and improvements to Meramec Elementary and to fund capital contributions to the joint venture Clayton Recreation, Sports and Wellness Commission which is undergoing a \$10 million renovation project. The majority of the lease proceeds were spent in the current year.

Debt Administration

At June 30, 2020, the District had \$62.7 million in general obligation bonds outstanding. Missouri statute allows school districts to incur debt up to an amount equal to 15% of the most current assessed valuation. The District's allowable debt level was approximately \$140.1 million at June 30, 2020, far above the District's current level of debt. The District's Debt Service levy for 2019-2020 was \$0.623 on each \$100 of assessed valuation. The Debt Service Fund balance at June 30, 2020 was \$6.4 million and equal to nearly 83.5% of the fiscal year 2021 annual debt service expense. The District's bond rating is AAA with Standard and Poor's.

Other long-term liabilities of the District include compensated absences and capital leases for renovation and improvement projects.

Additional information about debt is provided in Note E.

SCHOOL DISTRICT OF CLAYTON

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

Year ended June 30, 2020

Economic Factors and Fiscal Year 2020-2021 Budget

As a community, the students, staff, parents and patrons of the School District of Clayton are united in our commitment to student learning. Our mission, vision and core values embody why we are here, what we want our students to become, and the principles that guide our work. The District's mission to inspire each student to love learning and embrace challenge within a rich and rigorous academic culture, and the vision to develop leaders who shape the world through independence, creativity and critical thinking set the standard for the education we provide.

During the 2018-2019 school year, the District began developing a new strategic plan with the end in mind: our students. We developed a Profile of a Clayton Graduate that includes competencies we want for every Clayton graduate.

During the 2019-2020 school year, we engaged the community to establish the direction of the District's new strategic plan, using the Profile as the foundation of our work. We envision a plan that will influence our approach to learning and challenge the mental models of what our schools look like for our students. We have established goal statements to guide our work:

- We will ensure each learner feels safe and valued.
- We will commit to the educational growth of our learners through an equitable, personalized and individualized learning experience.
- We will be dedicated to the personal growth of our learners in their social, emotional and physical well-being.

While our District's new strategic plan will serve as a guide for where we are going over the next three to five years, we will also be purposeful about being reflective and make adjustments along the way. We are taking an evergreen approach to our strategic plan. This means we will evaluate it more often and make changes as needed based on evidence we gather. We will have action steps that are aspirational, attainable, and aligned to our resources.

On April 2, 2019, the Board of Education (Board) asked the community to vote on Proposition E, an operating levy increase of 56 cents per \$100 of assessed valuation and an eight-cent waiver of Proposition C sales tax revenues. The voters approved the ballot measure with 64.2% of the votes. The net effect of both measures provided the District with an additional 64 cents of operating revenue, or approximately \$7.3 million. The additional revenue will maintain and strengthen the District's academic excellence and fiscal stability by eliminating the gap between revenues and expenses, addressing facility and maintenance needs and rebuilding reserves. The community's support of Proposition E will have a lasting impact on our schools and our students.

SCHOOL DISTRICT OF CLAYTON

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

Year ended June 30, 2020

Proposition E was placed on the ballot because the District was prudently spending down operating reserves over several years. During this time, the District made reductions in expenditures with the goal of continuing to align District resources with our priorities but also protect what matters most: our instructional core. While we reduced our expenditures and made permanent changes to staffing and programs, we did it in a way that protected our instructional core and prioritized organizational and operational impacts in order to minimize the direct impact on our students and their learning. Due to the successful passing of Proposition E, the District projects approximately a \$2.8 million operating surplus, growing the fund balance by approximately 40%, which exceeds the 18% fund balance goal.

The District's instructional and departmental operating budgets were prepared through a Zero-Based Budgeting (ZBB) approach. This approach helps ensure that the budget is developed to align with priorities for instructional practices and organizational needs. The ZBB approach is built on needs and priorities rather than on historical spending trends. The ZBB process is about creating accountability for what the District spends and transparency of the decisions for where the District spends.

Proposed 2020-2021 total expenditures, including normal debt service payments and business-type activities, total \$67.2 million. Projected total revenues, inclusive of business-type and debt service, of \$69.5 million will result in a surplus of \$2.3 million, which will increase the overall fund balance to \$33.3 million. Because many of the revenues and expenditures included in the total budget are restricted for specific purposes, the operating budget more clearly reflects the District's expected results of operations.

The operating revenue budget is projected to decrease by \$2.7 million or 4.25% to a total of \$60.0 million, primarily due to fluctuations in protested and financial institution taxes. Protested assessed values continue to remain a challenge for all of St. Louis County taxing authorities. Numerous protested tax appeals crowd the State Tax Commissions dockets resulting in continuous fluctuations in assessed valuation data and tax payments that cause significant fluctuations in revenue trends. Further, other revenue categories such as non-resident tuition, tuition from other local education agencies (LEA's), and VICC are projected to decrease due to an increase in resident enrollment, resulting in less available space. Projected revenues are based upon the best information available at this time, as well as historical trends.

The operating expenditure budget is projected to increase by \$1.5 million or 2.64% to a total of \$57.3 million. The 2020-2021 school year is the second year of a two-year salary agreement. A 1.1% budgetary increase for certified teaching staff has been included in the current projections per the salary agreement. The average salary increase for a teacher is 2.41% due to staff turnover. Administrative salaries, classified salaries, part-time temporary employment and substitute budgets will be increased by 2%. In addition, the operating budget supports the maintenance of our facilities and grounds, recommended technology improvements, textbook, musical instrument and athletic uniform replacement, and curriculum implementation plans. Due to the successful passing of Proposition E, additional funding for facility and maintenance needs will be budgeted. Total proposed maintenance Capital Improvement Plan (CIP) expenditures for 2020-2021 will have an additional \$200,000 in funding for a total allocation of \$922,790. An additional \$595,000 of funding from Proposition E will also be used to pay the annual financing payments for improvements at the Center of Clayton.

SCHOOL DISTRICT OF CLAYTON

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

Year ended June 30, 2020

In addition, funding for deferred capital requests will be discussed during the 2020-2021 school year. The proceeds from the sale of the Maryland building could be used to fund deferred capital requests. These funds are not part of operating funds and are not reflected in the operating budget. The Board has committed these funds for capital projects and must approve each expenditure from these funds. Capital requests in excess of this funding source could be financed over a period of 10 years.

The District will continue to work to control costs and align resources with priorities while also looking at other strategies to maintain financial balance with minimal impact on students and classrooms.

Operating revenues will exceed operating expenses, which will increase the operating fund balance by \$2.8 million. The 2020-2021 year-end operating fund balances inclusive of business-type activities are projected at \$27.5 million or 47%. However, \$4.5 million has been formally committed by the Board for future capital expenditures. This leaves a net operating fund balance of \$23.0 million, or 40% of budgeted operating expenditures, which exceeds the Board's fund balance goal of 18%.

As part of the normal budgeting process, long-range projections are developed and continually updated. This process allows the District to determine how much of available resources can be used for ongoing projects, such as new programs or initiatives, versus one-time projects, such as facility repairs. Current long-range projections include new revenue from four developments where construction plans have been approved.

- Centene II – Phase I – 7600, 7606, 7620 Forsyth Boulevard; 14 South Hanley Road, Clayton – 40% tax abated property
- Centene University/Early Childhood Development Center – 7501 Maryland Avenue, Clayton
- Clarendale of Clayton – 7651 & 7601 Clayton Road, Clayton
- Forsyth Point – 8001, 8015, 8019, 8023, 8025, 802, and 8049 Forsyth Boulevard and 15 North Meramec, Clayton

There are several other potential new developments that are currently in the conceptual phase and have either not been submitted to the City for review or are waiting on approval. Estimated revenue from these developments will be included in projections when approved. This conservative and prudent approach to planning by Boards of Education has been a historical trademark of the District. Long-range financial planning will continue to be relied upon with administration prepared to react to unanticipated changes to planned revenue and expenses.

In December 2019, a novel strain of coronavirus (COVID-19), was reported in Wuhan, China. The World Health Organization has declared the COVID-19 outbreak to constitute a "Public Health Emergency of International Concern." The extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our students, employees and vendors all of which are uncertain and cannot be determined at this time.

SCHOOL DISTRICT OF CLAYTON

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

Year ended June 30, 2020

Preparation of the 2020-2021 budget began in December 2019. It is our deep commitment to all students' education that drives our thoughtful conversations and guides our budgetary decisions. Input was sought from staff, administrators and instructional leaders throughout the District. Specific information on developing the budget was discussed with the Board as study items on January 22 and May 13, 2020.

Contacting the School District's Financial Management

This MD&A is intended to provide taxpayers and other constituents with an overview of the financial condition of the District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mary Jo Gruber, Chief Financial Officer (CFO), at School District of Clayton, #2 Mark Twain Circle, Clayton, Missouri 63105.

SCHOOL DISTRICT OF CLAYTON

STATEMENT OF NET POSITION June 30, 2020

| | Governmental activities | Business-type activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and investments | \$ 35,121,101 | \$ - | \$ 35,121,101 |
| Restricted cash and investments | 772,412 | - | 772,412 |
| Receivables: | | | |
| Property taxes, net of allowance for uncollectibles of \$896,791 | 58,579,233 | - | 58,579,233 |
| Sales taxes | 384,601 | - | 384,601 |
| Grants | 96,753 | - | 96,753 |
| Other | 199,132 | 19,296 | 218,428 |
| Inventories | 126,608 | - | 126,608 |
| Prepaid expenses | 346,281 | - | 346,281 |
| Capital assets not being depreciated: | | | |
| Land | 714,536 | - | 714,536 |
| Construction in progress | 2,362,709 | - | 2,362,709 |
| Capital assets, net of accumulated depreciation: | | | |
| Buildings and improvements | 96,015,678 | - | 96,015,678 |
| Furniture and equipment | 3,338,060 | 87,767 | 3,425,827 |
| Total assets | 198,057,104 | 107,063 | 198,164,167 |
| DEFERRED OUTFLOWS | | | |
| Deferred pension contributions | 11,741,169 | - | 11,741,169 |
| Deferred OPEB | 724,971 | - | 724,971 |
| Total deferred outflows | 12,466,140 | - | 12,466,140 |
| LIABILITIES | | | |
| Accounts payable | 1,851,168 | 24,239 | 1,875,407 |
| Accrued payroll and payroll taxes | 36,391 | 62 | 36,453 |
| Unearned revenue | 147,113 | 23,285 | 170,398 |
| Interfund loans | 28,290 | (28,290) | - |
| Non-current liabilities: | | | |
| Due within one year | 8,091,683 | - | 8,091,683 |
| Due in more than one year | 64,694,944 | - | 64,694,944 |
| Net pension liability | 44,610,018 | - | 44,610,018 |
| OPEB liability | 5,109,453 | - | 5,109,453 |
| Total liabilities | 124,569,060 | 19,296 | 124,588,356 |
| DEFERRED INFLOWS | | | |
| Deferred property taxes | 57,375,794 | - | 57,375,794 |
| Pension deferrals | 3,129,670 | - | 3,129,670 |
| OPEB deferrals | 1,421,283 | - | 1,421,283 |
| Total deferred inflows of resources | 61,926,747 | - | 61,926,747 |
| NET POSITION | | | |
| Net investment in capital assets | 31,674,483 | 87,767 | 31,762,250 |
| Restricted for: | | | |
| Debt service | 5,821,469 | - | 5,821,469 |
| Capital projects | 3,670,073 | - | 3,670,073 |
| Teachers' salaries and benefits | 10,158,166 | - | 10,158,166 |
| Medical claims | 841,028 | - | 841,028 |
| Unrestricted | (28,137,782) | - | (28,137,782) |
| Total net position | \$ 24,027,437 | \$ 87,767 | \$ 24,115,204 |

The accompanying notes are an integral part of this statement.

SCHOOL DISTRICT OF CLAYTON

STATEMENT OF ACTIVITIES

Year ended June 30, 2020

| Function/Program | Expenses | Program revenues | | Net (expense) revenue and changes in net position | | |
|--|----------------------|----------------------|------------------------------------|---|--------------------------|----------------------|
| | | Charges for services | Operating grants and contributions | Governmental activities | Business-type activities | Total |
| Governmental activities | | | | | | |
| Instruction | \$ 32,333,373 | \$ 1,024,896 | \$ 635,865 | \$ (30,672,612) | \$ - | \$ (30,672,612) |
| Attendance and guidance | 2,278,752 | - | - | (2,278,752) | - | (2,278,752) |
| Health services | 639,749 | - | - | (639,749) | - | (639,749) |
| Improvement of instruction and professional development | 1,273,140 | - | 83,498 | (1,189,642) | - | (1,189,642) |
| Media services | 945,965 | - | - | (945,965) | - | (945,965) |
| Board of Education services | 221,524 | - | - | (221,524) | - | (221,524) |
| Executive administration | 3,059,621 | - | - | (3,059,621) | - | (3,059,621) |
| Building level administration | 3,049,902 | - | - | (3,049,902) | - | (3,049,902) |
| Operation of plant | 11,754,267 | 806,018 | 1,149,503 | (9,798,746) | - | (9,798,746) |
| Security services | 171,267 | - | - | (171,267) | - | (171,267) |
| Nonallowable transportation | 192,241 | 17,290 | - | (174,951) | - | (174,951) |
| Food services | 966,005 | 654,580 | 214,349 | (97,076) | - | (97,076) |
| Business services | 928,638 | - | 11,952 | (916,686) | - | (916,686) |
| Central office support services | 4,772,627 | 4,832,360 | - | 59,733 | - | 59,733 |
| Adult/community programs | 1,134,749 | 563,156 | 159,815 | (411,778) | - | (411,778) |
| Facility acquisition and construction | 4,572,239 | - | - | (4,572,239) | - | (4,572,239) |
| Interest and other charges | 3,154,927 | - | - | (3,154,927) | - | (3,154,927) |
| Total governmental activities | 71,448,986 | 7,898,300 | 2,254,982 | (61,295,704) | - | (61,295,704) |
| Business-type activities | | | | | | |
| Other | 587,773 | 522,090 | - | - | (65,683) | (65,683) |
| Total business-type activities | 587,773 | 522,090 | - | - | (65,683) | (65,683) |
| Total school district | \$ 72,036,759 | \$ 8,420,390 | \$ 2,254,982 | (61,295,704) | (65,683) | (61,361,387) |
| General revenues | | | | | | |
| Taxes | | | | | | |
| Property taxes, levied for general purposes | | | | 16,912,144 | - | 16,912,144 |
| Property taxes, levied for debt services | | | | 8,275,562 | - | 8,275,562 |
| Property taxes, levied for capital projects | | | | 1,328,554 | - | 1,328,554 |
| Property taxes, levied for teachers' salaries and benefits | | | | 33,248,150 | - | 33,248,150 |
| Other taxes | | | | 5,656,324 | - | 5,656,324 |
| Voluntary student transfer aid | | | | 1,367,251 | - | 1,367,251 |
| Federal and State aid not restricted to specific purposes | | | | | | |
| General | | | | 1,987,417 | - | 1,987,417 |
| Interest and investment earnings | | | | 1,236,444 | - | 1,236,444 |
| Miscellaneous | | | | 155,840 | - | 155,840 |
| Total general revenues | | | | 70,167,686 | - | 70,167,686 |
| Revenues over (under) expenses before transfers | | | | 8,871,982 | (65,683) | 8,806,299 |
| Transfers | | | | (109,325) | 109,325 | - |
| Change in net position | | | | 8,762,657 | 43,642 | 8,806,299 |
| Net position at July 1, 2019 | | | | 15,264,780 | 44,125 | 15,308,905 |
| Net position at June 30, 2020 | | | | <u>\$ 24,027,437</u> | <u>\$ 87,767</u> | <u>\$ 24,115,204</u> |

The accompanying notes are an integral part of this statement.

SCHOOL DISTRICT OF CLAYTON

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2020

| | General Fund | Special Revenue Fund | Debt Service Fund | Capital Projects Fund | Total Governmental Funds |
|---|----------------------|----------------------|----------------------|-----------------------|--------------------------|
| ASSETS | | | | | |
| Cash and equivalents | \$ 9,375,584 | \$ 13,697,302 | \$ 6,345,792 | \$ 4,661,800 | \$ 34,080,478 |
| Restricted cash and equivalents | - | - | - | 772,412 | 772,412 |
| Receivables | | | | | |
| Property taxes - net of allowance for uncollectibles of \$896,791 | 16,589,696 | 31,260,372 | 8,265,745 | 2,463,420 | 58,579,233 |
| Sales taxes | 240,376 | 144,225 | - | - | 384,601 |
| Grants | 39,391 | 57,362 | - | - | 96,753 |
| Other receivables | 184,741 | 14,336 | - | 55 | 199,132 |
| Due from other funds | - | 1,593 | - | 5,090 | 6,683 |
| Inventories | 126,608 | - | - | - | 126,608 |
| Prepaid expenditures | 346,281 | - | - | - | 346,281 |
| Total assets | \$ 26,902,677 | \$ 45,175,190 | \$ 14,611,537 | \$ 7,902,777 | \$ 94,592,181 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 626,567 | \$ - | \$ 403 | \$ 1,024,603 | \$ 1,651,573 |
| Due to other funds | 34,973 | - | - | - | 34,973 |
| Accrued payroll and payroll taxes | 12,741 | 23,650 | - | - | 36,391 |
| Unearned revenue | 141,613 | 5,500 | - | - | 147,113 |
| Total liabilities | 815,894 | 29,150 | 403 | 1,024,603 | 1,870,050 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred property taxes | 16,565,675 | 31,213,150 | 8,253,991 | 2,461,533 | 58,494,349 |
| Deferred grants | 93,709 | 57,362 | - | - | 151,071 |
| Deferred other | 497 | - | - | - | 497 |
| Total deferred inflows of resources | 16,659,881 | 31,270,512 | 8,253,991 | 2,461,533 | 58,645,917 |
| FUND BALANCES | | | | | |
| Nonspendable | | | | | |
| Inventories | 126,608 | - | - | - | 126,608 |
| Prepaid expenditures | 346,281 | - | - | - | 346,281 |
| Restricted | | | | | |
| Grants | 39,391 | 57,362 | - | - | 96,753 |
| Teachers salaries and benefits | - | 13,818,166 | - | - | 13,818,166 |
| Debt service | - | - | 6,357,143 | - | 6,357,143 |
| Committed | | | | | |
| Capital reserve | - | - | - | 3,461,784 | 3,461,784 |
| Assigned | | | | | |
| Other capital projects | - | - | - | 954,857 | 954,857 |
| Student activities | 536,771 | - | - | - | 536,771 |
| Unassigned | 8,377,851 | - | - | - | 8,377,851 |
| Total fund balances | 9,426,902 | 13,875,528 | 6,357,143 | 4,416,641 | 34,076,214 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 26,902,677 | \$ 45,175,190 | \$ 14,611,537 | \$ 7,902,777 | \$ 94,592,181 |

The accompanying notes are an integral part of this statement.

SCHOOL DISTRICT OF CLAYTON

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET WITH THE DISTRICT-WIDE STATEMENT OF NET POSITION June 30, 2020

Amounts reported for governmental activities in the Statement of Net Position are different because:

| | | |
|---|---------------------|----------------------|
| Total fund balance - governmental funds | | \$ 34,076,214 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. | | |
| The cost of capital assets is | 153,216,349 | |
| Accumulated depreciation is | <u>(50,785,366)</u> | 102,430,983 |
| Certain property taxes, grants, and other receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. | | 1,270,123 |
| An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statements of net position. | | 841,028 |
| Deferred outflows of resources are not due and payable in the current period and therefore are not reported in the funds | | |
| Deferred pension contributions | 11,741,169 | |
| Deferred OPEB | <u>724,971</u> | 12,466,140 |
| Deferred inflows of resources related to pension deferrals are not reported in governmental funds. | | (3,129,670) |
| Deferred inflows of resources related to OPEB deferrals are not reported in governmental funds. | | (1,421,283) |
| Long-term liabilities, including bonds payable, are not due and not payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of: | | |
| Bonds payable, net | 66,783,912 | |
| Capital lease | 4,745,000 | |
| Accrued interest on the bonds | 696,683 | |
| Compensated absences | 561,032 | |
| Net pension liability | 44,610,018 | |
| OPEB liability | <u>5,109,453</u> | (122,506,098) |
| Net position of governmental activities | | \$ 24,027,437 |

The accompanying notes are an integral part of this statement.

SCHOOL DISTRICT OF CLAYTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended June 30, 2020

| | General Fund | Special Revenue Fund | Debt Service Fund | Capital Projects Fund | Total Governmental Funds |
|--|---------------------|----------------------------|-------------------------|-----------------------------|--------------------------------|
| Revenues | | | | | |
| Local | \$ 21,799,840 | \$ 37,182,930 | \$ 8,349,892 | \$ 2,725,680 | \$ 70,058,342 |
| County | 123,380 | 281,775 | 182,266 | 23,577 | 610,998 |
| State | 308,641 | 1,407,650 | - | - | 1,716,291 |
| Federal | 329,360 | 122,782 | 785,436 | - | 1,237,578 |
| Other | 13,854 | 132,514 | - | 5,425 | 151,793 |
| Total revenues | 22,575,075 | 39,127,651 | 9,317,594 | 2,754,682 | 73,775,002 |
| Expenditures | | | | | |
| Instruction | 2,194,594 | 26,956,239 | - | 616,870 | 29,767,703 |
| Attendance and guidance | 721,359 | 1,346,623 | - | - | 2,067,982 |
| Health services | 479,307 | 158,637 | - | - | 637,944 |
| Improvement of instruction and professional development | 303,007 | 970,133 | - | - | 1,273,140 |
| Media services | 357,872 | 588,093 | - | 1,309 | 947,274 |
| Board of Education services | 215,141 | - | - | 4,528 | 219,669 |
| Executive administration | 1,537,873 | 1,050,968 | - | 25,257 | 2,614,098 |
| Building level administration | 1,082,408 | 1,594,989 | - | 10,470 | 2,687,867 |
| Operation of plant | 7,296,625 | - | - | 1,018,075 | 8,314,700 |
| Security services | 171,267 | - | - | 80,511 | 251,778 |
| Nonallowable transportation | 190,403 | - | - | - | 190,403 |
| Food services | 966,005 | - | - | - | 966,005 |
| Business services | 913,553 | - | - | - | 913,553 |
| Central office support services | 410,932 | - | - | 1,574 | 412,506 |
| Adult/community programs | 1,127,901 | 3,600 | - | 11,299 | 1,142,800 |
| Facilities acquisition and construction | - | - | - | 6,947,251 | 6,947,251 |
| Debt service | | | | | |
| Principal retirements | - | - | 4,935,000 | 320,000 | 5,255,000 |
| Interest and other charges | - | - | 3,353,792 | 83,043 | 3,436,835 |
| Total expenditures | 17,968,247 | 32,669,282 | 8,288,792 | 9,120,187 | 68,046,508 |
| Revenues over (under) expenditures | 4,606,828 | 6,458,369 | 1,028,802 | (6,365,505) | 5,728,494 |
| Other financing sources (uses) | | | | | |
| Proceeds from refunded debt | - | - | 31,075,000 | - | 31,075,000 |
| Premium on refunded bonds | - | - | 1,741,862 | - | 1,741,862 |
| Payments to refunded bond escrow agent | - | - | (32,475,000) | - | (32,475,000) |
| Transfers | (90,443) | 2,530 | - | (21,412) | (109,325) |
| | (90,443) | 2,530 | 341,862 | (21,412) | 232,537 |
| Net Change in Fund Balances | 4,516,385 | 6,460,899 | 1,370,664 | (6,386,917) | 5,961,031 |
| Fund balances at July 1, 2019 | 4,910,517 | 7,414,629 | 4,986,479 | 10,803,558 | 28,115,183 |
| Fund balances at June 30, 2020 | <u>\$ 9,426,902</u> | <u>\$ 13,875,528</u> | <u>\$ 6,357,143</u> | <u>\$ 4,416,641</u> | <u>\$ 34,076,214</u> |

The accompanying notes are an integral part of this statement.

SCHOOL DISTRICT OF CLAYTON

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES

Year ended June 30, 2020

| | |
|--|----------------------------|
| Total net change in fund balance - governmental funds | \$ 5,961,031 |
| Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlay exceeds depreciation expense for the period. | |
| Depreciation expense | 4,079,608 |
| Capital outlay | <u>(3,924,779)</u> |
| | (154,829) |
| Because some property taxes, grants, and other inflows of resources will not be collected for several months after the District's fiscal year end, they are not considered as "available" revenues in the governmental funds, and are instead reported as deferred inflows of resources. They are, however, reported as revenues in the Statement of Activities. | |
| | 1,150,100 |
| In the Statement of Activities, the loss or gain on the sale or disposal of capital assets is recognized. The fund financial statements recognize only the proceeds from the assets. | |
| Loss on disposal of capital assets | (2,268) |
| In the Statement of Activities, certain operating expenses such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). | |
| | (188,976) |
| The governmental funds report debt (e.g. bond) proceeds as another financial source, while repayment of debt principal is reported as an expenditure. Also governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The net effect of these differences in the treatment of debt and related items are as follows: | |
| Proceeds of refunded debt | (31,075,000) |
| Bond issuance premium | (1,741,862) |
| Repayment of bond principal | 37,410,000 |
| Amortization of bond premium | 565,774 |
| Capital lease principal | <u>320,000</u> |
| | 5,478,912 |
| Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. | |
| | 281,909 |
| The internal services fund used by management to charge the costs of the insurance to individual funds is not reported in the Statement of Activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is included in the governmental activities. | |
| | 481,701 |
| The fund financial statements do not recognize the liability related to postemployment benefits other than pensions. The increase in this liability is recognized in the Statement of Activities. | |
| | (105,818) |
| The fund financial statements do not recognize the pension liability. The increase is recognized in the Statement of Activities. | |
| | <u>(4,139,105)</u> |
| Change in net position of governmental activities | <u>\$ 8,762,657</u> |

The accompanying notes are an integral part of this statement.

SCHOOL DISTRICT OF CLAYTON

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2020

| | Business-type activities - Enterprise fund | Governmental activities - Internal service fund | Total |
|-----------------------------------|---|--|-------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash | \$ - | \$ 1,040,623 | \$ 1,040,623 |
| Other receivables | 19,296 | - | 19,296 |
| Noncurrent assets | | | |
| Due from other funds | 28,290 | - | 28,290 |
| Capital assets | 87,767 | - | 87,767 |
| Total assets | 135,353 | 1,040,623 | 1,175,976 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable | 24,239 | 199,595 | 223,834 |
| Accrued payroll and payroll taxes | 62 | - | 62 |
| Unearned revenue | 23,285 | - | 23,285 |
| Total current liabilities | 47,586 | 199,595 | 247,181 |
| NET POSITION | | | |
| Net investment in capital assets | 87,767 | - | 87,767 |
| Unrestricted | - | 841,028 | 841,028 |
| Total net position | \$ 87,767 | \$ 841,028 | \$ 928,795 |

The accompanying notes are an integral part of this statement.

SCHOOL DISTRICT OF CLAYTON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS Year ended June 30, 2020

| | Business-type activities - Enterprise fund | Governmental activities - Internal service fund | Total |
|--------------------------------------|---|--|--------------------------|
| Operating revenues | | | |
| Contributions | \$ - | \$ 4,825,785 | \$ 4,825,785 |
| Rents | 63,684 | - | 63,684 |
| Tuition and fees | 458,406 | - | 458,406 |
| Other | - | 6,575 | 6,575 |
| Total operating revenues | 522,090 | 4,832,360 | 5,354,450 |
| Operating expenses | | | |
| Salaries | 388,954 | - | 388,954 |
| Benefits | 85,184 | - | 85,184 |
| Purchased services | 79,100 | - | 79,100 |
| Supplies | 25,816 | - | 25,816 |
| Claims expenses & fees | - | 4,350,659 | 4,350,659 |
| Depreciation | 8,719 | - | 8,719 |
| Total operating expenses | 587,773 | 4,350,659 | 4,938,432 |
| Operating income (loss) | (65,683) | 481,701 | 416,018 |
| Other | | | |
| Transfers to governmental activities | 109,325 | - | 109,325 |
| CHANGES IN NET POSITION | 43,642 | 481,701 | 525,343 |
| Net position at July 1, 2019 | 44,125 | 359,327 | 403,452 |
| Net position at June 30, 2020 | <u><u>\$ 87,767</u></u> | <u><u>\$ 841,028</u></u> | <u><u>\$ 928,795</u></u> |

The accompanying notes are an integral part of this statement.

SCHOOL DISTRICT OF CLAYTON

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS Year ended June 30, 2020

| | Business Type Activities - Enterprise fund | Governmental activities - Internal service fund | Total |
|---|---|--|---------------------|
| Cash flows from operating activities: | | | |
| Cash received from employee/employer contributions | \$ - | \$ 4,832,360 | \$ 4,832,360 |
| Cash received from user charges | 430,987 | - | 430,987 |
| Cash payments to employees for services | (571,647) | - | (571,647) |
| Cash payments for supplies and services | (120,185) | (4,495,782) | (4,615,967) |
| Net cash provided (used) by operating activities | <u>(260,845)</u> | <u>336,578</u> | <u>75,733</u> |
| Cash flows from noncapital financing activities: | | | |
| Operating subsidies and transfers to other funds | 260,845 | - | 260,845 |
| Net increase in cash | - | 336,578 | 336,578 |
| Cash at July 1, 2019 | - | 704,045 | 704,045 |
| Cash at June 30, 2020 | <u>\$ -</u> | <u>\$ 1,040,623</u> | <u>\$ 1,040,623</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | | |
| Operating income (loss) | \$ (65,683) | \$ 481,701 | \$ 416,018 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation | 8,719 | - | 8,719 |
| Decrease in accounts receivable | 11,006 | - | 11,006 |
| Decrease in accounts payable | (15,269) | (145,123) | (160,392) |
| Decrease in accrued payroll and payroll taxes | (97,509) | - | (97,509) |
| Decrease in deferred revenues | (102,109) | - | (102,109) |
| Net cash provided by (used in) operating activities: | <u>\$ (260,845)</u> | <u>\$ 336,578</u> | <u>\$ 75,733</u> |

The accompanying notes are an integral part of this statement.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School District of Clayton (the District), established under the Statutes of the State of Missouri, is governed by an elected seven-member board as described in RSMo Chapter 162. The Board of Education (Board) is the basic level of government that has financial accountability and control over all activities related to public school education in the District.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies used by the District are as follows.

1. Principles Determining the Scope of Reporting Entity

GAAP requires the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in the applicable GASB statements have been considered and there are no other agencies or entities, which should be presented with the District.

2. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities presents a comparison between direct expenses and program revenues for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. The District does not allocate indirect costs. Program revenues include charges paid by the recipients of goods and services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation - Continued

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. The emphasis is placed on major funds. Each major fund is presented in a separate column while non-major funds are aggregated and presented in a single column.

The major funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund

The Special Revenue Fund is used to account for specific revenue sources that are restricted, committed, or assigned for the payment of salaries and certain employee benefits for certified personnel.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the periodic payment of principal, interest, and fiscal charges on general long-term debt.

Capital Projects Fund

The Capital Projects Fund is used to account for resources that are restricted, committed, or assigned for the acquisition or construction of major capital assets.

Proprietary Funds

Enterprise Fund

Enterprise funds are used to account for business-like activities financed primarily by user charges. The measurement of financial activity focuses on net income similar to the private sector.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation - Continued

Proprietary Funds - Continued

Internal Service Fund

The internal service fund accounts for the activities of the District's medical self-insurance fund. This includes the collection of premiums from employees and the payment of claims, direct insurance payments, and administrative fees. A liability for estimated claims incurred is recorded in this fund.

3. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The District-wide financial statements are prepared using the economic resources measurement focus, as are the proprietary fund financial statements. The accounting objectives of this measurement focus are the determination of changes in net position, net position, and cash flows. All assets and liabilities, whether current or noncurrent, are reported.

The governmental fund financial statements are prepared using the current financial resources measurement focus. Only current financial assets and liabilities are generally included in the balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The District-wide financial statements are prepared using the economic resources measurement focus and accrual basis of accounting, as are the proprietary fund financial statements. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred or economic assets used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus and Basis of Accounting - Continued

Basis of Accounting - Continued

The governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Property and sales taxes, interest, and certain grants are susceptible to accrual. Miscellaneous revenue items, which are not susceptible to accrual, are recognized as revenues only as they are received in cash. Expenditures, including capital outlay, are recorded when the related fund liability is incurred, except for principal and interest on general obligation long-term debt which are reported when due.

4. Cash and Investments

Cash resources from all funds, except the Debt Service Fund, are combined to form a pool of cash and short term investments. Earnings from investments are allocated to each fund on the basis of the applicable cash balance participation by each fund. A separate account is maintained for the Debt Service Fund. Earnings are deposited directly into this account.

5. Restricted Cash and Investments

Restricted cash and investments represent amounts whose use is limited by legal requirements and consist of amounts escrowed for future capital improvements.

6. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and service type transactions are classified as “due to and from other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

7. Receivables

Major receivables for the governmental activities include property and sales taxes, and state and federal grants. Business-type activities and proprietary funds report user charges as their major receivables. Allowances for uncollectible property taxes are based upon historical trends.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Inventories

Inventory of supplies is stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures when issued to requisitioning departments. Reported inventories at year end are offset by a nonspendable fund balance account since they do not represent expendable financial resources.

9. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items using the consumption method. Reported prepaid items at year end are offset by a nonspendable fund balance account since they do not represent expendable financial resources.

10. Capital Assets and Depreciation

In the district-wide financial statements, capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost if actual cost is unavailable. Contributed assets are reported at their fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on assets is provided on the straight-line basis over the following estimated useful lives:

| | |
|----------------------------|---------------|
| Buildings and improvements | 20 - 50 years |
| Furniture and equipment | 5 - 20 years |

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the district-wide financial statements.

11. Deferred Outflows of Resources

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its Balance Sheet - Governmental Funds and the Statement of Net Position - Proprietary Funds. Deferred outflows of resources reported in this year's financial statements are deferred outflows of resources related to the District's defined benefit pension plans as further disclosed in Note G and deferred outflows of resources related to other post-employment benefits (OPEB) as further discussed in Note I. No deferred outflows of resources affect the governmental funds financial statements in the current year.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

12. Compensated Absences

The District's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded in the District-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

13. Long-Term Liabilities

All long-term liabilities to be paid from governmental and business-type activities are reported as liabilities in the District-wide financial statements. Long-term liabilities primarily consist of bonds, pension liabilities, accrued compensated absences, and other post-employment benefit obligations.

Long-term liabilities are not due and are not payable in the current period and, therefore, are not reported as liabilities in the governmental fund financial statements.

14. Deferred Inflows of Resources

The District's Statements of Net Position and its Balance Sheet - Governmental Funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period(s). Deferred inflows of resources are reported in the District's Statement of Net Position for actual pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflow of resources is attributed to pension expense over multiple years, including the current year. The District also reports deferred inflows in the Statement of Net Position for property taxes that there is an enforceable legal claim attached for which there has not yet been a tax levy set. Lastly, the District reports a deferred inflow related to OPEB for changes in assumptions to the pension plan.

In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The District will not recognize the related revenues until they are available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes, grants, and other are reported in the Balance Sheet - Governmental Funds.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

15. Equity Classifications

In the District-wide financial statements, equity is classified as net position and displayed in three components. Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those net assets. Net position is reported as restricted when there are constraints imposed on their use either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments. The remaining net position that does not meet the definition of restricted or net investment in capital assets is reported as unrestricted. The District first utilizes restricted resources to finance qualifying activities.

In the fund financial statements, governmental fund equity is classified as fund balance. Governmental funds report the following classifications of fund balance:

Nonspendable – funds that cannot be spent due to their form (e.g., inventories and prepaid expenditures), or funds that legally or contractually must be maintained intact;

Restricted – funds that are mandated for a specific purpose by external parties, constitutional provisions, or enabling legislation;

Committed – funds that are set aside for a specific purpose by the District's highest level of decision making authority, the Board. The fund balance policy requires formal resolution to be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds;

Assigned – consists of funds that are set aside with the intent to be used for a specific purpose. Under the District's adopted policy, amounts may be assigned by the Chief Financial Officer; and,

Unassigned – amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, a negative unassigned fund balance may be reported.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first unless legal requirements disallow it. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds as needed, unless the Board has provided otherwise in its commitment or assignment actions.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

15. Equity Classifications - Continued

The details of the fund balances are included in the Balance Sheet - Governmental Funds.

Proprietary funds equity is classified the same as in the District-wide financial statements.

16. Revenue

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied annually by November 1 and are due by December 31. In the District-wide financial statements, property tax revenues are recognized in the fiscal year levied. In the fund financial statements, property tax revenues are recognized in the fiscal year levied when they become measurable and available. Available property tax revenue includes those property tax receivables expected to be collected within 60 days of year end. Revenues not collected within 60 days of year end are reported as deferred inflows of resources.

Sales tax is collected by the State of Missouri and remitted to districts within the state based on eligible pupils. The State receives the sales tax approximately one month after collection by vendors. Sales taxes collected by the State in June and July, which represent sales for May and June, and received by the District in July and August have been accrued and reported as sales tax receivable.

Entitlements and grants are recognized as revenue in the fiscal year in which all eligibility requirements have been satisfied. Grant and entitlements received before eligibility requirements are met are reported as unearned revenue. In the fund financial statements, entitlement and grant revenues not collected within 60 days of year end are reported as deferred inflows of resources.

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, and investing activities.

17. Post-Employment Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides healthcare benefits to eligible former employees and eligible dependents that elect to participate. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the 15th day of the month for the actual month covered. This program is offered for a duration of eighteen months after the termination date. The District prepares the initial COBRA enrollment forms and the former employee makes the premium payments directly to the District. There is no associated cost to the District under this program.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

17. Post-Employment Benefits - Continued

In accordance with Chapter 169, RSMo, the District offers continued healthcare benefits to employees who are eligible for normal or early retirement under PSRS or PEERS. The retiree or eligible dependent pays the premium directly to the District. The District currently pays for the implicit rate subsidy associated with these postemployment health care benefits on a pay-as-you-go basis.

18. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

19. Accounting Changes

For the year ended June 30, 2020, the District changed the accounting estimate for the useful life of building improvements from 50 years to 20 years due to the life over which these improvements generally last. The change is being applied prospectively, beginning July 1, 2019. With this change, certain assets which have been in service in excess of 20 years, but fewer than 50 years are being fully depreciated during the year ended June 30 2020.

The effect of this change in the current period is an increase of \$345,384 in governmental activities expenses and a corresponding decrease in changes in net position for governmental activities.

NOTE B – CASH AND INVESTMENTS

The District maintains a cash and temporary cash investment pool that is available for use by all funds except the Debt Service Fund (Missouri law requires that all deposits of the Debt Service Fund be kept separate and apart from all other funds of the District). Each fund's portion of this pool is displayed on the balance sheet as "cash and investments" under each fund's caption.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE B – CASH AND INVESTMENTS - CONTINUED

Deposits

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At June 30, 2020, the carrying amount of the deposits under District control was \$17,219,800 and the bank balance was \$17,674,446. Of the bank balance, \$250,000 was covered by Federal Deposit Insurance Corporation (FDIC), and the remaining amount was collateralized by securities held by the District's safekeeping agent, pledged in the name of the District.

Investments

The District may purchase any investments allowed by the Missouri State Treasurer. These include but are not limited to (1) obligations of the United States Government, or any agency or instrumentality thereof, maturing and becoming payable not more than three years from the date of purchase, (2) repurchase agreements maturing and becoming payable within 90 days secured by U.S. Treasury obligations or obligations of U.S. Government agencies or instrumentalities of any maturity, as provided by law, or (3) other short-term obligations of the United States and deposit accounts with insured financial institutions, provided the accounts are entirely insured by the FDIC or collateralized with government securities that have a fair value exceeding the deposit amount. As of June 30, 2020, the District had the following investments and maturities:

| Type | Value | Investment Maturity 0 to 1 Year |
|---|----------------------|------------------------------------|
| External investment pools | \$ 17,901,301 | \$ 17,901,301 |
| Morgan Stanley Inst. Liquidity Funds Government Portfolio | 772,412 | 772,412 |
| | <u>\$ 18,673,713</u> | <u>\$ 18,673,713</u> |

The District has investments managed by the Missouri Securities Investment Program. All funds in this program are invested in accordance with Section 165.061 RSMo. Each school district owns a pro rata share of each investment, which is held in the name of the program. The investments are stated at amortized cost, which approximates fair value.

In June 2019, the District entered into a lease purchase agreement with Commerce Trust Company. The funds were subsequently transferred to UMB in April 2020. The funds received are invested with UMB in the Morgan Stanley Institutional Liquidity Funds Government Portfolio, which primarily consists of U.S. Treasury obligations, U.S. government agency debt, and related repurchase agreements. The investments are stated at amortized cost, which approximates fair value.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE B – CASH AND INVESTMENTS - CONTINUED

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, one of the ways the District manages its exposure to interest rate risk is by purchasing a combination of short term and long term investments and by timing cash flows from maturities so a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. State law limits investments that can be held by government agencies to safe, high-quality securities. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The District's regular investments in Missouri Securities Investment Program are rated AAAm by Standard and Poor's. The District's investments held in escrow by UMB are rated AAAmmf by Fitch Ratings.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond what is provided by law. The District did not have any investments (excluding investments issued or explicitly guaranteed by the U.S. Government, external investment pools, or investments in mutual funds) in any one issuer representing 5% or more of total investments.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover its deposits, the value of its investments, or be able to recover collateral securities that are in the possession of an outside party. The District does not have a formal policy regarding the custody of its investments. All investment activities are conducted through the depository bank and the District's financial advisor. As of June 30, 2020, the District's investments were held by the investment's counterparty.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE B – CASH AND INVESTMENTS - CONTINUED

Summary

The cash deposits and investments are summarized and presented in the financial statements as follows as of June 30, 2020:

| | |
|-----------------------------|----------------------|
| Carrying amount of deposits | \$ 17,219,800 |
| Investments | <u>18,673,713</u> |
| | <u>\$ 35,893,513</u> |

NOTE C – TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied by November 1 and payable by December 31. All unpaid taxes become delinquent January 1 of the following year. St. Louis County collects the property taxes and remits them to the District.

The District also receives sales tax collected by the state and remitted based on eligible pupils. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year. The District's taxpayers have voted to permanently waive this property tax rollback.

The assessed valuation of the tangible taxable property for the calendar year 2019 for purposes of local taxation was:

| | |
|------------------------------|-------------------------|
| Real estate: | |
| Residential | \$ 702,710,640 |
| Commercial | 518,529,180 |
| Personal property | <u>98,711,760</u> |
| | 1,319,951,580 |
| Less tax increment financing | <u>10,057,820</u> |
| | <u>\$ 1,309,893,760</u> |

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE C – TAXES - CONTINUED

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2019 for purposes of local taxation was as follows:

| | Adjusted |
|-----------------------|------------------|
| General Fund | \$ 1.2732 |
| Special Revenue Fund | 2.5030 |
| Debt Service Fund | 0.6230 |
| Capital Projects Fund | 0.1000 |
| | <u>\$ 4.4992</u> |

Due to the high increase in assessed valuation, the District voluntarily rolled back the tax rate 15 cents for the calendar year 2019. The receipts of current property taxes during the fiscal year ended June 30, 2020 aggregated approximately 99.3% of the 2019 assessment computed on the basis of the levy as shown above.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE D – CAPITAL ASSETS

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

| | Balance at July 1, 2019 | Additions | Disposals | Balance at June 30, 2020 |
|---|------------------------------|----------------------------|--------------------------|------------------------------|
| Governmental activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 714,536 | \$ - | \$ - | \$ 714,536 |
| Construction in progress | - | 2,362,709 | - | 2,362,709 |
| Capital assets that are depreciated | | | | |
| Buildings and improvements | 129,798,504 | 675,408 | - | 130,473,912 |
| Furniture and equipment | 18,805,821 | 886,662 | (27,291) | 19,665,192 |
| Totals at historical cost | 149,318,861 | 3,924,779 | (27,291) | 153,216,349 |
| Less: accumulated depreciation | | | | |
| Buildings and improvements | (31,263,249) | (3,194,985) | - | (34,458,234) |
| Furniture and equipment | (15,467,532) | (884,623) | 25,023 | (16,327,132) |
| Total accumulated depreciation | (46,730,781) | (4,079,608) | 25,023 | (50,785,366) |
| | <u><u>\$ 102,588,080</u></u> | <u><u>\$ (154,829)</u></u> | <u><u>\$ (2,268)</u></u> | <u><u>\$ 102,430,983</u></u> |
| Business-type activities | | | | |
| Capital assets that are depreciated | | | | |
| Furniture and equipment | \$ 113,578 | \$ 52,361 | \$ - | \$ 165,939 |
| Less accumulated depreciation | | | | |
| Furniture and equipment | (69,453) | (8,719) | - | (78,172) |
| | <u><u>\$ 44,125</u></u> | <u><u>\$ 43,642</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 87,767</u></u> |

Depreciation expense for governmental activities is reported in the Statement of Activities and was allocated to operation of plant.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE E – LONG-TERM LIABILITIES

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2020:

| | Balance as of July 1, 2019 | Additions | Reductions | Balance, as of June 30, 2020 | Amount due within one year |
|--|----------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| General obligation bonds | \$ 69,052,000 | \$ 31,075,000 | \$ 37,410,000 | \$ 62,717,000 | \$ 6,915,000 |
| Deferred amounts for issuance premium | 2,890,824 | 1,741,862 | 565,774 | 4,066,912 | - |
| Total bonds payable, net | 71,942,824 | 32,816,862 | 37,975,774 | 66,783,912 | 6,915,000 |
| Interest | 978,592 | 696,683 | 978,592 | 696,683 | 696,683 |
| Capital lease | 5,065,000 | - | 320,000 | 4,745,000 | 480,000 |
| Compensated absences | 372,056 | 188,976 | - | 561,032 | - |
| | \$ 78,358,472 | \$ 33,702,521 | \$ 39,274,366 | \$ 72,786,627 | \$ 8,091,683 |

Principal and interest on general obligation bonds are paid through the Debt Service Fund. Principal and interest on capital leases are paid through the Capital Projects Fund. Compensated absences are paid through the General Fund and Special Revenue Fund.

Bonds Payable

General obligation bonds outstanding at June 30, 2020 were as follows:

| Date issued | Maturity date | Rate of interest | Original issue amount | Balance at June 30, 2020 |
|-------------|---------------|------------------|-----------------------------|--------------------------------|
| 10/14/09 | 03/01/24 | 1.37% | \$ 9,185,000 | \$ 9,185,000 |
| 11/03/09 | 03/01/21 | 4.60%-4.75% | 10,720,000 | 1,675,000 |
| 09/08/10 | 03/01/27 | 4.70% | 3,987,000 | 3,987,000 |
| 12/27/17 | 03/01/29 | 4.00%-5.00% | 23,465,000 | 16,795,000 |
| 12/05/19 | 03/01/29 | 2.00%-3.00% | 31,075,000 | 31,075,000 |
| | | | | \$ 62,717,000 |

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE E – LONG-TERM LIABILITIES - CONTINUED

On December 5, 2019, the District issued general obligation refunding bonds in the amount of \$31,075,000. The proceeds of the bond issue were used to refund the outstanding principal and interest of the District's Series 2010B and 2010C general obligation bonds on March 1, 2020 (the crossover date). The refunding resulted in an economic gain of \$2,329,590.

The annual requirements to amortize the general obligation bonds as of June 30, 2020, including interest payments, are as follows:

| Year ending June 30, | Principal | Interest | Total |
|----------------------|----------------------|----------------------|----------------------|
| 2021 | \$ 6,915,000 | \$ 2,055,786 | \$ 8,970,786 |
| 2022 | 6,720,000 | 1,819,024 | 8,539,024 |
| 2023 | 4,920,000 | 1,593,023 | 6,513,023 |
| 2024 | 9,410,000 | 1,409,924 | 10,819,924 |
| 2025 | 6,110,000 | 1,277,339 | 7,387,339 |
| 2026-2030 | 28,642,000 | 2,548,628 | 31,190,628 |
| | <u>\$ 62,717,000</u> | <u>\$ 10,703,724</u> | <u>\$ 73,420,724</u> |

Legal Debt Margin

Article VI, Section 26(b) of the Constitution of Missouri limits the amount of General Obligation Bonds which can be authorized and outstanding by a school district to 15% of the assessed valuation of taxable tangible property within the District. The legal debt margin of the District at June 30, 2020 was:

| | |
|----------------------------------|-----------------------|
| Constitutional debt limit | \$ 196,484,064 |
| General obligation bonds payable | (62,717,000) |
| Amount available in | |
| Debt Service Fund | <u>6,357,143</u> |
| Legal debt margin | <u>\$ 140,124,207</u> |

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE E – LONG-TERM LIABILITIES - CONTINUED

Capital Lease Payable

On June 1, 2019, the District entered into a \$5,065,000 capital lease purchase agreement. The proceeds of the lease are being used for \$550,867 of capital improvements to Meramec Elementary and \$4,514,133 of capital contributions to the joint venture, Clayton Recreation, Sports and Wellness Commission. See Note K for more information on the joint venture.

As of June 30, 2020, there was \$772,412 in unused lease proceeds available in the escrow project fund. The District is only obligated to pay such payments under the lease as may lawfully be made from funds budgeted and appropriated for that purpose. Should the District fail to budget, appropriate or otherwise make available funds sufficient to pay the payments, the lease would be deemed terminated at the end of the current term and the collateral would transfer to the possession of the lessor. Meramec Elementary School is pledged as collateral.

The District has the option to purchase the lessor's interest in the project through prepayment. If the prepayment is paid with internally generated funds (i.e. not in connection with refinancing or grant), there would be no prepayment premium. Otherwise, the prepayment premium would be 3% of the remaining principal portion if on or before the first anniversary of the commencement date; 2% of the remaining principal portion if after the first anniversary but on or before the second anniversary of the commencement date; 1% of the remaining principal portion if after the second anniversary of the commencement date.

The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of June 30, 2020:

| | |
|---|----------------------------|
| Year ended June 30, | |
| 2021 | \$ 594,500 |
| 2022 | 592,917 |
| 2023 | 591,093 |
| 2024 | 594,244 |
| 2025-2029 | <u>2,963,134</u> |
| Total minimum lease payments | 5,335,888 |
| Less amount representing interest | <u>(590,888)</u> |
| Present value of minimum lease payments | <u><u>\$ 4,745,000</u></u> |

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE F – TAX ABATEMENTS

The District is subject to tax abatement agreements granted by St. Louis County, the City of Clayton, and the City of Richmond Heights. Abatements under Chapter 100 and Chapter 353 of RSMo exist within the District. During the term of the agreements, a certain percentage of the property tax amount for the assessed value of the eligible property is abated. For fiscal year 2020, the total amount of tax abated was approximately \$1.2 million in real estate tax.

NOTE G – RETIREMENT PLANS

The District contributes to the Public School Retirement System of Missouri (PSRS) and the Public Education Retirement System of Missouri (PEERS) (together Systems), a cost-sharing multiple-employer defined benefit pension plan.

Plan Description

PSRS is a mandatory cost-sharing multiple-employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of the Systems, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989.

The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the "two-third's statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

PEERS is a mandatory cost-sharing multiple employer retirement system for all non-certificated public school district employees (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who are not contributing members of PSRS must contribute to PEERS. Employees of the Systems who do not hold Missouri educator certificates also contribute to PEERS. PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the Systems are found in Sections 169.600 - 169.715 and Sections 169.560-169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of PSRS.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE G – RETIREMENT PLANS - CONTINUED

Benefits Provided

PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

PEERS is a defined benefit plan providing retirement, disability, and death benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary benefit until reaching minimum Social Security age (currently age 62), which is calculated using a 0.8% benefit factor. Actuarially age-reduced retirement benefits are available with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a PLSO payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

Summary Plan Descriptions detailing the provisions of the plans can be found on the Systems' website at www.psrs-peers.org.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE G – RETIREMENT PLANS - CONTINUED

Cost-of-Living Adjustments (“COLA”)

The Board of Trustees of the Systems established a policy of providing COLAs to both PSRS and PEERS as follows:

If the June to June change in the Consumer Price Index for All Urban Consumers (CPI-U) is less than 2% for consecutive one-year periods, a COLA increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% COLA increase is granted.

If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a COLA increase of 2% will be granted.

If the June to June change in the CPI-U is greater than or equal to 5%, a COLA increase of 5% will be granted.

If the CPI decreases, no COLA is provided.

For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS members, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

Contributions

PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2018, 2019 and 2020. Employers were required to match the contributions made by employees. The contribution rate is set each year by the Board of Trustees of the Systems upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2018, 2019 and 2020. Employers were required to match the contributions made by employees. The contribution rate is set each year by the Board of Trustees of the Systems upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE G – RETIREMENT PLANS - CONTINUED

Contributions - Continued

The District's contributions to PSRS and PEERS were \$3,997,277 and \$592,417, respectively, for the year ended June 30, 2020.

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

At June 30, 2020, the District recorded a liability of \$40,701,088 for its proportionate share of PSRS net pension liability and \$3,908,930 for its proportionate share of PEERS net pension liability. In total the District recorded net pension liabilities of \$44,610,018. The net pension liability for the plans in total was measured as of June 30, 2019, and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of \$3,925,649 and \$588,545, respectively, for the year ended June 30, 2019 relative to the total contributions of \$711,760,160 for PSRS and \$119,080,046 for PEERS from all participating employers. At June 30, 2019, the District's proportionate share was 0.5515% for PSRS and 0.4942% for PEERS.

For the year ended June 30, 2020, the District recognized a pension expense of \$7,708,008 for PSRS and \$1,028,366 for PEERS, its proportionate share of the total pension expense.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE G – RETIREMENT PLANS - CONTINUED

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

At June 30, 2020, the District reported deferred outflows of resources from the following sources related to PSRS and PEERS pension benefits:

| | Deferred outflows of resources | | |
|---|--------------------------------|--------------------------|-----------------------------|
| | PSRS | PEERS | District Total |
| Balance of deferred outflows due to: | | | |
| Differences between expected and actual experience | \$ 1,318,343 | \$ - | \$ 1,318,343 |
| Changes in assumptions | 5,768,551 | 247,007 | 6,015,558 |
| Net difference between projected and actual earnings on pension plan investments | (779,975) | (87,769) | (867,744) |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 685,318 | - | 685,318 |
| Employer contributions subsequent to the measurement date | <u>3,997,277</u> | <u>592,417</u> | <u>4,589,694</u> |
| Total | <u>\$ 10,989,514</u> | <u>\$ 751,655</u> | <u>\$ 11,741,169</u> |

At June 30, 2020 the District reported deferred inflows of resources from the following sources related to PSRS and PEERS pension benefits:

| | Deferred inflows of resources | | |
|---|-------------------------------|--------------------------|----------------------------|
| | PSRS | PEERS | District Total |
| Balance of deferred inflows due to: | | | |
| Differences between expected and actual experience | \$ 2,945,781 | \$ 82,851 | \$ 3,028,632 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | <u>54,538</u> | <u>46,500</u> | <u>101,038</u> |
| Total | <u>\$ 3,000,319</u> | <u>\$ 129,351</u> | <u>\$ 3,129,670</u> |

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE G – RETIREMENT PLANS - CONTINUED

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

Amounts reported as deferred outflows of resources resulting from contributions subsequent to the measurement date of June 30, 2019, will be recognized as a reduction to the net pension liability in the year ended June 30, 2021.

Other amounts reported as collective deferred (inflows)/outflows of resources are to be recognized in pension expense as follows:

| Year ending June 30, | PSRS | PEERS | District Total |
|----------------------|----------------------------|-------------------------|----------------------------|
| 2021 | \$ 2,431,127 | \$ 201,050 | \$ 2,632,177 |
| 2022 | (282,740) | (182,543) | (465,283) |
| 2023 | 1,342,488 | (23,824) | 1,318,664 |
| 2024 | 769,799 | 35,204 | 805,003 |
| 2025 | (268,756) | - | (268,756) |
| | <u><u>\$ 3,991,918</u></u> | <u><u>\$ 29,887</u></u> | <u><u>\$ 4,021,805</u></u> |

Actuarial Assumptions

Actuarial valuations of the Systems involve assumptions about probability of occurrence of events far into the future in order to estimate the reported amounts. Examples include assumptions about future employment, salary increases, and mortality. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Board of Trustees of the Systems adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience for the Systems, derived from experience studies conducted every fifth year and from the Systems' policies concerning investments and COLAs. The most recent comprehensive experience studies were completed in June 2016. All economic and demographic assumptions were reviewed and updated, where appropriate, based on the results of the studies and effective with the June 30, 2016 valuation. For the June 30, 2017 valuations, the investment rate of return was reduced from 7.75% to 7.60% and the assumption for the annual COLA was updated in accordance with the funding policies amended by the Board of Trustees of the Systems at their November 2017 meeting. For the June 30, 2018 valuation, the investment rate of return assumption was further reduced from 7.60% to 7.50%. No additional assumption changes have occurred. Significant actuarial assumption and methods are detailed below. For additional information please refer to the Systems' Comprehensive Annual Financial Report (CAFR). The next experience studies are scheduled for 2021.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE G – RETIREMENT PLANS - CONTINUED

Actuarial Assumptions - Continued

Significant actuarial assumptions and other inputs used to measure the total pension liability:

Measurement Date: June 30, 2019

Valuation Date: June 30, 2019

Expected Return on Investments: 7.50%, net of investment expenses and including 2.25% inflation

Inflation: 2.25%

Total Payroll Growth PSRS: 2.75% per annum, consisting of 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.

Total Payroll Growth PEERS: 3.25% per annum, consisting of 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.

Future Salary Increases PSRS: 3.00% - 9.50%, depending on service and including 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.

Future Salary Increases PEERS: 4.00% - 11.00%, depending on service and including 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.

Cost of Living Increases PSRS & PEERS: The annual COLA assumed in the valuation increases from 1.30% to 1.65% over seven years, beginning January 1, 2021. The COLA reflected for January 1, 2020 is 0.00%, in accordance with the actual COLA approved by the Board of Trustees of the Systems. This COLA assumption reflects an assumption that general inflation will increase from 1.90% to a normative inflation assumption of 2.25% over seven years. It is also based on the current policy of the Board of Trustees of the Systems to grant a COLA on each January 1 as follows:

If the June to June change in the CPI-U is less than 2% for consecutive one-year periods, a COLA increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE G – RETIREMENT PLANS - CONTINUED

Actuarial Assumptions - Continued

If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a COLA increase of 2% will be granted.

If the June to June change in the CPI-U is greater than or equal to 5%, a COLA increase of 5% will be granted.

If the CPI decreases, no COLA is provided.

The COLA applies to service retirements and beneficiary annuities. The COLA does not apply to the benefits for in-service death payable to spouses (where the spouse is over age 60), and does not apply to the spouse with children pre-retirement death benefit, the dependent children pre-retirement death benefit, or the dependent parent death benefit. The total lifetime COLA cannot exceed 80% of the original benefit. PSRS members receive a COLA on the second January after retirement, while PEERS members receive a COLA on the fourth January after retirement.

Mortality Assumptions

- Actives PSRS: RP 2006 White Collar Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.
- Actives PEERS: RP 2006 Total Dataset Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.
- Non-Disabled Retirees, Beneficiaries, and Survivors PSRS: RP 2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
- Non-Disabled Retirees, Beneficiaries, and Survivors PEERS: RP 2006 Total Dataset Mortality Table with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
- Disabled Retirees PSRS & PEERS: RP 2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

Changes in Actuarial Assumptions and Methods

There have been no assumption changes since the June 30, 2018 valuations.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE G –RETIREMENT PLANS - CONTINUED

Actuarial Assumptions - Continued

Fiduciary Net Position: The Systems issue a publicly available financial report (CAFR) that can be obtained at www.psrs-peers.org.

Expected Rate of Return

The long-term expected rate of return on investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on the Systems' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target allocation as of June 30, 2019 are summarized below along with the long term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cash flows.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE G – RETIREMENT PLANS - CONTINUED

Actuarial Assumptions - Continued

| Asset class | Target asset allocation | Long-term expected real return arithmetic basis | Weighted long-term expected real return arithmetic basis |
|------------------------|---------------------------------------|---|--|
| U.S. Public Equity | 27.00 % | 5.16 % | 1.39 % |
| Public Credit | 7.00 | 2.17 | 0.15 |
| Hedged Assets | 6.00 | 4.42 | 0.27 |
| Non-U.S. Public Equity | 15.00 | 6.01 | 0.90 |
| U.S. Treasuries | 16.00 | 0.96 | 0.15 |
| U.S. TIPS | 4.00 | 0.80 | 0.03 |
| Private Credit | 4.00 | 5.60 | 0.22 |
| Private Equity | 12.00 | 9.86 | 1.18 |
| Private Real Estate | 9.00 | 3.56 | 0.32 |
| Total | <u>100.00 %</u> | | <u>4.61</u> |
| | Inflation | | <u>2.25</u> |
| | Long-term arithmetical nominal return | | 6.86 |
| | Effect of covariance matrix | | <u>0.64</u> |
| | Long-term expected geometric return | | <u>7.50 %</u> |

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE G – RETIREMENT PLANS - CONTINUED

Actuarial Assumptions - Continued

Discount Rate

The long-term expected rate of return used to measure the total pension liability was 7.50% as of June 30, 2019, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.00% from 1980 through fiscal year 2016. The Board of Trustees of the Systems adopted a new actuarial rate of return of 7.75% effective with the June 30, 2016 valuation based on the actuarial experience studies and asset-liability study conducted during the 2016 fiscal year. As previously discussed, the Board of Trustees of the Systems further reduced the assumed rate of return to 7.6% effective with the June 30, 2017 valuation, and to 7.60% effective with the June 30, 2018 valuation. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarial calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees of the Systems, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Discount Rate Sensitivity

The sensitivity of the District's net pension liabilities to changes in the discount rate is presented below. The District's net pension liabilities calculated using the discount rate of 7.50% is presented as well as the net pension liabilities using a discount rate that is 1.0% lower (6.50%) or 1.0% higher (8.50%) than the current rate.

| | | 1% decrease (6.50%) | Current rate (7.50%) | 1% increase (8.50%) |
|-------|--------------------------------|------------------------|-------------------------|------------------------|
| | Proportionate share of the net | | | |
| PSRS | pension liability / (asset) \$ | 74,042,400 | \$ 40,701,088 | \$ 12,987,653 |
| | Proportionate share of the net | | | |
| PEERS | pension liability / (asset) | 7,422,931 | 3,908,930 | 961,555 |

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE H – DEFERRED COMPENSATION PLANS

The District offers its employees a choice of deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) or 457. These plans, available to all District employees, permit them to defer a portion of their salary until future years. The District makes these plans available to its employees as an accommodation only. The District's role in connection with the plans is generally limited to processing the paperwork necessary to remit the participant's salary withholdings (deferrals) to the unrelated financial institution.

NOTE I – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits Provided

In addition to providing the pension benefits described above, the District provides continuation of medical, dental, and vision insurance coverage, including prescription drugs, to employees who are eligible for normal or early retirement under PSRS or PEERS. Retirees and their dependents that elect to participate must pay the premium in effect for the current plan year or any subsequent year at the premium rates in effect at that time. Since retirees pay the premium for each year, the District's share of any premium cost is determined on the basis of a blended rate or implicit rate subsidy calculation. The plan is not accounted for as a trust fund since an irrevocable trust has not been established. A stand-alone financial report is not available for the plan. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

Actuarial analysis completed on employees covered by benefit terms at June 30, 2020:

| | Number | Average Age |
|---------------------------|------------|-------------|
| Actives | 451 | 46.4 |
| Retired and beneficiaries | 190 | 71.2 |
| Total | <u>641</u> | |

Contributions

The District currently pays for the implicit rate subsidy associated with these postemployment health care benefits on a pay-as-you-go basis. The District determines contribution requirements and they may be amended by the District.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE I – OTHER POSTEMPLOYMENT BENEFITS (OPEB) - CONTINUED

Total OPEB Liability

The District's total OPEB liability of \$5,109,453 was measured as of June 30, 2020, and the total liability used to calculate the total OPEB was determined by an actuarial valuation as of June 30, 2020.

Actuarial Cost Method: Entry age normal

Inflation: 2.30%

Salary Increases: 3.00%

Discount Rate: 2.21% based on the 20 year Bond GO Index at June 30, 2020. The rate for the prior year was 3.50%.

Healthcare Cost Trend Rates: 6.00% for 2020, gradually decreasing to an ultimate rate of 3.70% for 2073 and beyond.

Participation: It is assumed that 40% of employees who retire prior to age 65 will elect medical and dental coverage upon retirement.

Mortality: Pub-2010 Teachers Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP-2019.

Changes in Total OPEB Liability

The components of the total OPEB liability of the District at June 30, 2020 are as follows:

| | Total OPEB Liability |
|-------------------------------------|----------------------------|
| Balances as of June 30, 2019 | \$ 5,765,488 |
| Service cost | 216,081 |
| Interest on total OPEB liability | 205,795 |
| Economic/demographic gains/losses | (1,530,458) |
| Changes in assumptions | 657,732 |
| Benefit payments | (205,185) |
| Balances as of June 30, 2020 | <u>\$ 5,109,453</u> |

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE I – OTHER POSTEMPLOYMENT BENEFITS (OPEB) - CONTINUED

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower and 1 percentage point higher than the current discount rate.

| | 1% decrease (1.21%) | Discount rate (2.21%) | 1% increase (3.21%) |
|----------------------|------------------------|--------------------------|------------------------|
| Total OPEB liability | \$ 5,724,719 | \$ 5,109,453 | \$ 4,588,111 |

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trends

The following presents the total OPEB liability of the District, calculated using the current healthcare cost trend rates as well as what the District's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

| | 1% decrease | Current Trend Rate | 1% increase |
|----------------------|--------------|-----------------------|--------------|
| Total OPEB liability | \$ 4,478,016 | \$ 5,109,453 | \$ 5,881,327 |

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE I – OTHER POSTEMPLOYMENT BENEFITS (OPEB) - CONTINUED

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of \$311,003 and deferred inflows of \$1,421,283 related to the changes in assumptions, and deferred outflows of \$724,971 related to changes in assumptions.

Amounts currently reported as deferred outflows and inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

| <u>Year ending June 30</u> | <u>Net Outflow of Resources</u> |
|----------------------------|-------------------------------------|
| 2021 | \$ (110,873) |
| 2022 | (110,873) |
| 2023 | (110,873) |
| 2024 | (110,873) |
| 2025 | (101,504) |
| Thereafter * | <u>(151,316)</u> |
| Total | <u><u>\$ (696,312)</u></u> |

* Note that additional future deferred inflows and outflows of resources may impact these numbers.

NOTE J – COMMITMENTS AND CONTINGENCIES

Grant Audits

The District receives federal grants and state funding for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or to withholding of future funding for expenditures disallowed under, or other noncompliance with, the terms of the grants and funding. The District is not aware of any noncompliance with federal or state provisions that might require the District to provide reimbursement.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE J – COMMITMENTS AND CONTINGENCIES - CONTINUED

Protested Taxes

Each year St. Louis County remits certain unresolved protested tax payments to the District. When St. Louis County refunds tax payments to those who are successful in their protests, it withholds the refunded amount from future distributions to taxing districts. Normal withholdings by St. Louis County are not material in relation to the District's financial position and results of operations.

COVID-19

In December 2019, a novel strain of coronavirus (COVID-19), was reported in Wuhan, China. The World Health Organization has declared the COVID-19 outbreak to constitute a "Public Health Emergency of International Concern." The extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our students, employees and vendors all of which are uncertain and cannot be determined at this time.

NOTE K – JOINT VENTURE

The Clayton Recreation, Sports and Wellness Commission, Inc. (the Commission) is a not-for-profit organization which provides a shared use facility to address the athletic and educational needs of the community. The Commission is comprised of two trustees appointed by the District, two trustees appointed by the City of Clayton, and two at-large representatives. The construction of the project was funded by \$5,500,000 of general obligation bonds issued by the District and \$11,500,000 of bonds issued by the City of Clayton

The District and the City of Clayton are each responsible for funding one-half of any operational short-fall of the Commission. The Commission is closely monitoring the status of COVID-19 and is regularly reassessing plans and procedures for the future. The extent to which COVID-19 will impact future revenues and the Commission remains highly uncertain and cannot be predicted at this time. The Board must approve the Commission's budget.

In June 2019 the Commission began a \$10.0 million renovation and improvement project which will be funded equally by the District and the City of Clayton. The District entered into a capital lease on June 1, 2019 to fund approximately \$4.5 million of the project. The remaining \$500,000 of the District's portion of the project will be funded from the capital project fund.

As of June 30, 2020 the Commission owed the District \$114,280 for miscellaneous purchases, shared utilities, and maintenance salaries. Complete financial statements for the Commission can be obtained from the Commission's administrative office.

SCHOOL DISTRICT OF CLAYTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE L – RISK MANAGEMENT

1. District's Health Insurance Plan

The District utilizes an internal service fund to account for the risks associated with the employees' health insurance plan. A premium is charged to each fund that accounts for employees' salaries based upon past trends in claims experience. Provisions are also made for unexpected and unusual claims.

Liabilities of the fund are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported.

The District incurred claims of \$3,465,382 of which \$3,265,787 was paid and \$199,595 was unpaid.

The District purchases reinsurance to limit exposure to catastrophic claims. Specific stop loss limit insurance is purchased which limits the District's calendar year exposure to \$125,000 per member.

2. District's Other Risk

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. To mitigate these risks, the District is a participant in the Missouri United School Insurance Council (MUSIC) which is a Protected Self-Insurance Program of Missouri Public School Districts with approximately 400 members. The District pays an assessment to MUSIC to cover estimated claims payable and reserves for claims for each entity. Part of the assessment then goes to purchase excess insurance contracts for the group as a whole. Should the contributions received by MUSIC not be sufficient, special assessments can be made to the member districts. There have been no significant changes in insurance coverage from the prior year.

REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT OF CLAYTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS - GENERAL FUND - UNAUDITED

Year ended June 30, 2020

| | Budgeted amounts | | Actual (budgetary basis) | Variances - positive (negative) | |
|---|-------------------------|---------------------|---|--|----------------------------|
| | Original | Final | | Original to final | Final to actual |
| Revenues | | | | | |
| Local | \$ 19,194,740 | \$ 21,272,760 | \$ 21,830,042 | \$ 2,078,020 | \$ 557,282 |
| County | 115,000 | 123,380 | 123,380 | 8,380 | - |
| State | 228,090 | 246,610 | 298,576 | 18,520 | 51,966 |
| Federal | 320,120 | 436,820 | 318,606 | 116,700 | (118,214) |
| Other | 4,000 | 4,000 | 11,173 | - | 7,173 |
| Total revenues | 19,861,950 | 22,083,570 | 22,581,777 | 2,221,620 | 498,207 |
| Expenditures | | | | | |
| Instruction | 2,999,270 | 2,922,890 | 2,267,824 | 76,380 | 655,066 |
| Attendance and guidance | 789,590 | 796,570 | 721,902 | (6,980) | 74,668 |
| Health services | 461,550 | 593,100 | 479,137 | (131,550) | 113,963 |
| Improvement of instruction and professional development | 541,720 | 520,150 | 293,758 | 21,570 | 226,392 |
| Media services | 398,500 | 399,720 | 353,846 | (1,220) | 45,874 |
| Board of Education services | 209,370 | 222,820 | 224,451 | (13,450) | (1,631) |
| Executive administration | 1,572,960 | 1,571,560 | 1,498,528 | 1,400 | 73,032 |
| Building level administration | 1,108,750 | 1,106,020 | 1,083,147 | 2,730 | 22,873 |
| Operation of plant | 7,697,330 | 7,875,260 | 7,407,529 | (177,930) | 467,731 |
| Security services | 238,770 | 238,770 | 171,295 | - | 67,475 |
| Nonallowable transportation | 223,250 | 217,390 | 195,273 | 5,860 | 22,117 |
| Food services | 1,203,280 | 1,203,280 | 883,025 | - | 320,255 |
| Business services | 1,036,160 | 1,008,580 | 933,871 | 27,580 | 74,709 |
| Central office support services | 452,670 | 469,800 | 401,644 | (17,130) | 68,156 |
| Adult/community programs | 1,063,920 | 1,078,730 | 1,137,983 | (14,810) | (59,253) |
| Total expenditures | 19,997,090 | 20,224,640 | 18,053,213 | (227,550) | 2,171,427 |
| Revenues over (under) expenditures | \$ (135,140) | \$ 1,858,930 | \$ 4,528,564 | \$ 1,994,070 | \$ 2,669,634 |

The accompanying notes are an integral part of this statement.

SCHOOL DISTRICT OF CLAYTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS - SPECIAL REVENUE FUND - UNAUDITED Year ended June 30, 2020

| | <u>Budgeted amounts</u> | | <u>Actual (budgetary basis)</u> | <u>Variances - positive (negative)</u> | |
|--|-------------------------|---------------------|---|--|----------------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Original to final</u> | <u>Final to actual</u> |
| Revenues | | | | | |
| Local | \$34,210,270 | \$36,004,380 | \$37,159,405 | \$ 1,794,110 | \$ 1,155,025 |
| County | 247,000 | 281,770 | 281,774 | 34,770 | 4 |
| State | 1,405,960 | 1,429,440 | 1,417,715 | 23,480 | (11,725) |
| Federal | 142,090 | 123,980 | 122,782 | (18,110) | (1,198) |
| Other | 165,620 | 140,140 | 120,485 | (25,480) | (19,655) |
| Total revenues | 36,170,940 | 37,979,710 | 39,102,161 | 1,808,770 | 1,122,451 |
| Expenditures | | | | | |
| Instruction | 28,233,790 | 27,871,190 | 27,041,280 | 362,600 | 829,910 |
| Attendance and guidance | 1,324,410 | 1,324,410 | 1,346,623 | - | (22,213) |
| Health services | 124,680 | 124,680 | 158,637 | - | (33,957) |
| Improvement of instruction and professional development | 627,200 | 1,002,140 | 970,505 | (374,940) | 31,635 |
| Media services | 587,790 | 587,790 | 588,093 | - | (303) |
| Executive administration | 1,048,950 | 1,048,950 | 1,050,968 | - | (2,018) |
| Building level administration | 1,569,410 | 1,569,410 | 1,594,989 | - | (25,579) |
| Business services | 90,000 | 80,540 | - | 9,460 | 80,540 |
| Central office support services | 5,800 | 5,800 | - | - | 5,800 |
| Adult/community programs | 3,480 | 3,480 | 3,600 | - | (120) |
| Total expenditures | 33,615,510 | 33,618,390 | 32,754,695 | (2,880) | 863,695 |
| Revenues over expenditures | \$ 2,555,430 | \$ 4,361,320 | \$ 6,347,466 | \$ 1,805,890 | \$ 1,986,146 |

The accompanying notes are an integral part of this statement.

SCHOOL DISTRICT OF CLAYTON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

NOTE A – BUDGETS AND BUDGETARY ACCOUNTING

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
- Prior to July, the Superintendent, who serves as the budget officer, submits to the Board a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
- A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board, the budget document is available for public inspection.
- Prior to July 1, the budget is legally enacted by a vote of the Board.
- Subsequent to its formal approval of the budget, the Board has the authority to make necessary adjustments to the budget by formal vote of the Board. For each fund, total fund expenditures may not legally exceed final amended budgeted expenditures. Expenditure appropriations lapse at the end of the fiscal year.
- Budgeted amounts are as originally adopted on June 5, 2019, or as amended by the Board at various times during the year.
- Budgets are adopted on the cash basis of accounting for all governmental funds. The cash basis is used to enable the District to more accurately budget revenue and expenses as the resources are expended or received.

SCHOOL DISTRICT OF CLAYTON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2020

NOTE A – BUDGETS AND BUDGETARY ACCOUNTING - CONTINUED

The following schedule reconciles the revenue and expenditures on the budgetary basis of accounting (cash basis) with the amounts presented under the modified accrual basis of accounting:

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|--|-----------------------------|-------------------------------------|
| Revenues | | |
| Revenues - cash basis | \$ 22,581,777 | \$ 39,102,161 |
| Current year revenue accruals | 319,356 | 200,282 |
| Prior year revenue accruals | (326,058) | (174,792) |
| Revenues - modified accrual basis | <u>\$ 22,575,075</u> | <u>\$ 39,127,651</u> |
| Expenditures | | |
| Expenditures - cash basis | \$ 18,053,213 | \$ 32,754,695 |
| Current year expenditure accruals | 44,292 | 23,650 |
| Prior year expenditure accruals | (129,258) | (109,063) |
| Expenditures - modified accrual basis | <u>\$ 17,968,247</u> | <u>\$ 32,669,282</u> |

SCHOOL DISTRICT OF CLAYTON

NET PENSION LIABILITY - UNAUDITED Year ended June 30, 2020

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios – PSRS

| Year ended* | Proportion of the Net Pension Liability (Asset) | Proportionate share of the Net Pension Liability (Asset) | Actual member payroll | Net Pension Liability (Asset) as a percentage of covered payroll | Fiduciary Net Position as a percentage of total pension liability |
|-------------|---|---|-----------------------------|--|---|
| 6/30/2014 | 0.5208% | \$ 21,366,213 | \$ 23,616,628 | 90.47% | 89.34% |
| 6/30/2015 | 0.5256% | 30,342,153 | 24,305,850 | 124.83% | 85.78% |
| 6/30/2016 | 0.5421% | 40,335,757 | 25,587,013 | 157.64% | 82.18% |
| 6/30/2017 | 0.5510% | 39,790,604 | 26,583,036 | 149.68% | 83.77% |
| 6/30/2018 | 0.5512% | 41,022,820 | 27,049,379 | 151.00% | 84.06% |
| 6/30/2019 | 0.5515% | 40,701,088 | 27,606,008 | 147.44% | 84.62% |

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios – PEERS

| Year ended* | Proportion of the Net Pension Liability (Asset) | Proportionate share of the Net Pension Liability (Asset) | Actual member payroll | Net Pension Liability (Asset) as a percentage of covered payroll | Fiduciary Net Position as a percentage of total pension liability |
|-------------|---|---|-----------------------------|--|---|
| 6/30/2014 | 0.5233% | \$ 1,910,913 | \$ 7,630,413 | 25.04% | 91.33% |
| 6/30/2015 | 0.5044% | 2,667,803 | 7,563,393 | 35.27% | 88.28% |
| 6/30/2016 | 0.5122% | 4,109,561 | 7,908,987 | 51.96% | 83.32% |
| 6/30/2017 | 0.5064% | 3,863,583 | 8,137,380 | 47.48% | 85.35% |
| 6/30/2018 | 0.4976% | 3,844,992 | 8,279,018 | 46.44% | 86.06% |
| 6/30/2019 | 0.4942% | 3,908,930 | 8,571,837 | 45.60% | 86.38% |

SCHOOL DISTRICT OF CLAYTON

NET PENSION LIABILITY - UNAUDITED Year ended June 30, 2020

Schedule of Employer Contributions - PSRS

| Year ended | Contractually required contribution | Actual employer contributions | Contributions excess / (deficiency) | Covered payroll | Contributions as a percentage of covered payroll |
|------------|---|-------------------------------------|---|--------------------|--|
| 6/30/2013 | \$ 3,360,070 | \$ 3,360,070 | \$ - | \$ 23,695,943 | 14.18% |
| 6/30/2014 | 3,353,834 | 3,353,834 | - | 23,616,628 | 14.20% |
| 6/30/2015 | 3,450,675 | 3,450,675 | - | 24,305,850 | 14.21% |
| 6/30/2016 | 3,631,138 | 3,631,138 | - | 25,587,013 | 14.19% |
| 6/30/2017 | 3,768,984 | 3,768,984 | - | 26,583,036 | 14.18% |
| 6/30/2018 | 3,843,008 | 3,843,008 | - | 27,049,379 | 14.21% |
| 6/30/2019 | 3,925,649 | 3,925,649 | - | 27,606,008 | 14.22% |
| 6/30/2020 | 3,997,277 | 3,997,277 | - | 28,149,838 | 14.20% |

Schedule of Employer Contributions - PEERS

| Year ended | Contractually required contribution | Actual employer contributions | Contributions excess / (deficiency) | Covered payroll | Contributions as a percentage of covered payroll |
|------------|---|-------------------------------------|---|--------------------|--|
| 6/30/2013 | \$ 535,396 | \$ 535,396 | \$ - | \$ 7,805,015 | 6.86% |
| 6/30/2014 | 523,447 | 523,447 | - | 7,630,413 | 6.86% |
| 6/30/2015 | 518,849 | 518,849 | - | 7,563,393 | 6.86% |
| 6/30/2016 | 542,557 | 542,557 | - | 7,908,987 | 6.86% |
| 6/30/2017 | 558,224 | 558,224 | - | 8,137,380 | 6.86% |
| 6/30/2018 | 567,941 | 567,941 | - | 8,279,018 | 6.86% |
| 6/30/2019 | 588,545 | 588,545 | - | 8,571,837 | 6.87% |
| 6/30/2020 | 592,417 | 592,417 | - | 8,635,816 | 6.86% |

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

*The data provided in the schedules is based as of the measurement date of the System's net pension liability, which is as of the beginning of the District's fiscal year.

SCHOOL DISTRICT OF CLAYTON

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS - UNAUDITED Year ended June 30, 2020

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|----------------------------|----------------------------|----------------------------|
| Total OPEB liability | | | |
| Service Cost | \$ 216,081 | \$ 264,514 | \$ 270,318 |
| Interest on total OPEB liability | 205,795 | 213,641 | 199,304 |
| Effect of liability gains or losses | (1,530,458) | - | - |
| Changes in assumptions | 657,732 | 211,954 | (160,959) |
| Benefit payments | (205,185) | (357,661) | (341,928) |
| Net change in total OPEB liability | (656,035) | 332,448 | (33,265) |
| Total OPEB liability at beginning of year | <u>5,765,488</u> | <u>5,433,040</u> | <u>5,466,305</u> |
| Total OPEB liability at end of year | <u>\$ 5,109,453</u> | <u>\$ 5,765,488</u> | <u>\$ 5,433,040</u> |
| Covered Payroll | \$ 32,481,736 | \$ 32,341,024 | \$ 31,688,037 |
| Total OPEB liability as a percentage of covered payroll | 15.73% | 17.83% | 17.15% |

Note: This schedule is to present information for 10 years. Additional years will be presented as they become available.

Plan Assets

No assets are accumulated in a trust that meets all of the following criteria of GASB Statement No. 75, paragraph 4, to pay benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the plan administrator, and plan members.

SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT OF CLAYTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS - DEBT SERVICE FUND - UNAUDITED Year ended June 30, 2020

| | Budgeted amounts | | Actual (budgetary basis) | Variances - positive (negative) | |
|---|---------------------|---------------------|--------------------------------|------------------------------------|--------------------|
| | Original | Final | | Original to final | Final to actual |
| Revenues | | | | | |
| Local | \$ 8,421,360 | \$ 8,272,180 | \$ 8,345,460 | \$ 149,180 | \$ 73,280 |
| County | 150,000 | 182,270 | 182,266 | (32,270) | (4) |
| Federal | 784,180 | 784,180 | 785,436 | - | 1,256 |
| Total revenues | 9,355,540 | 9,238,630 | 9,313,162 | 116,910 | 74,532 |
| Expenditures | | | | | |
| Debt service: | | | | | |
| Principal retirements | 4,935,000 | 4,935,000 | 4,935,000 | - | - |
| Interest and other charges | 2,894,650 | 3,356,510 | 3,353,389 | 461,860 | 3,121 |
| Total expenditures | 7,829,650 | 8,291,510 | 8,288,389 | 461,860 | 3,121 |
| Other financing sources (uses) | | | | | |
| Proceeds from refunded debt | - | 31,075,000 | 31,075,000 | (31,075,000) | - |
| Premium on refunded bonds | - | 1,741,860 | 1,741,862 | (1,741,860) | 2 |
| Payments to refunded bond escrow agent | - | (32,475,000) | (32,475,000) | (32,475,000) | - |
| Total other financing sources (uses) | - | 341,860 | 341,862 | (341,860) | 2 |
| Revenues over (under) expenditures | \$ 1,525,890 | \$ 1,288,980 | \$ 1,366,635 | \$ (686,810) | \$ 77,655 |
| Reconciliation of budgetary (cash) basis of accounting to modified accrual basis of accounting | | | | | |
| Revenues per above - cash basis | | | \$ 9,313,162 | | |
| Current year revenue accruals | | | 11,754 | | |
| Prior year revenue accruals | | | (7,322) | | |
| Revenues - modified accrual basis | | | \$ 9,317,594 | | |
| Expenditures per above - cash basis | | | \$ 8,288,389 | | |
| Current year expenditure accruals | | | 403 | | |
| Prior year expenditure accruals | | | - | | |
| Expenditures - modified accrual basis | | | \$ 8,288,792 | | |

SCHOOL DISTRICT OF CLAYTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS - CAPITAL PROJECTS FUND - UNAUDITED Year ended June 30, 2020

| | Budgeted amounts | | Actual (budgetary basis) | Variances - positive (negative) | |
|---|-------------------|-----------------------|--------------------------------|------------------------------------|---------------------|
| | Original | Final | | Original to final | Final to actual |
| Revenues | | | | | |
| Local | \$ 2,567,120 | \$ 2,590,030 | \$ 3,251,726 | \$ (22,910) | \$ 661,696 |
| County | 20,000 | 23,580 | 23,577 | (3,580) | (3) |
| Other | 25,000 | 25,000 | 5,378 | - | (19,622) |
| Total revenues | 2,612,120 | 2,638,610 | 3,280,681 | (26,490) | 642,071 |
| Expenditures | | | | | |
| Instruction | 270,050 | 649,550 | 478,517 | 379,500 | 171,033 |
| Attendance and guidance | 750 | - | - | (750) | - |
| Health services | - | 1,250 | - | 1,250 | 1,250 |
| Media services | - | 1,310 | 1,309 | 1,310 | 1 |
| Board of Education services | - | 4,500 | 4,528 | 4,500 | (28) |
| Executive administration | 486,240 | 548,040 | 40,964 | 61,800 | 507,076 |
| Building level administration | - | 7,580 | - | 7,580 | 7,580 |
| Operation of plant | 765,280 | 1,719,720 | 699,934 | 954,440 | 1,019,786 |
| Security services | 3,000 | 82,000 | 76,900 | 79,000 | 5,100 |
| Food services | 14,000 | 14,000 | - | - | 14,000 |
| Business services | 32,500 | 16,350 | - | (16,150) | 16,350 |
| Central office support services | 500 | 1,530 | 1,574 | 1,030 | (44) |
| Adult/community programs | 6,000 | 6,000 | 1,968 | - | 4,032 |
| Facilities acquisition and construction | 575,000 | 2,836,280 | 2,404,926 | 2,261,280 | 431,354 |
| Debt service: | | | | | |
| Principal retirements | - | 285,200 | 285,197 | 285,200 | 3 |
| Interest and other charges | - | 83,060 | 83,043 | 83,060 | 17 |
| Total expenditures | 2,153,320 | 6,256,370 | 4,078,860 | 4,103,050 | 2,177,510 |
| Revenues over (under) expenditures | \$ 458,800 | \$ (3,617,760) | \$ (798,179) | \$ 4,076,560 | \$ 2,819,581 |
| Reconciliation of budgetary (cash) basis to modified accrual basis of accounting | | | | | |
| Revenues per above - cash basis | | | \$ 3,280,681 | | |
| Current year revenue accruals | | | (524,698) | | |
| Prior year revenue accruals | | | (1,301) | | |
| Revenues - modified accrual basis | | | \$ 2,754,682 | | |
| Expenditures per above - cash basis | | | \$ 4,078,860 | | |
| Current year expenditure accruals | | | 4,698,397 | | |
| Prior year expenditure accruals | | | 342,930 | | |
| Expenditures - modified accrual basis | | | \$ 9,120,187 | | |

ANNUAL FINANCIAL INFORMATION AND OPERATING DATA – Unaudited

SCHOOL DISTRICT OF CLAYTON

ANNUAL FINANCIAL INFORMATION AND OPERATING DATA - UNAUDITED Year ended June 30, 2020

The following information is included to meet certain disclosure compliance requirements related to bonds issued by the District.

Bond Issuance Information

Name of Issuer: School District of Clayton, St. Louis County, Missouri

Dates of Issuance: Oct. 14, 2009; Nov. 3, 2009; Sept. 08, 2010; Sept. 28, 2010; Dec. 27, 2017; Dec. 5, 2019

Relating to CUSIP Nos.:

| Series 2009A | | | Series 2009B | Series 2009C | Series 2010A | Series 2010B | Series 2010C | Series 2017 | Series 2019 |
|--------------|-----|-----|--------------|--------------|--------------|--------------|--------------|-------------|-------------|
| FG6 | GC4 | GY6 | 184270 HY5 | 184270 HZ2 | 184270 JM9 | 184270 JN7 | 184270 JV9 | 184270 KP0 | 184270 KY1 |
| FH4 | GD2 | GZ3 | 184270 HU3 | 184270 JB3 | | 184270 JP2 | 184270 JR8 | 184270 KQ8 | 184270 KZ8 |
| FJ0 | GE0 | HA7 | 184270 HV1 | 184270 JC1 | | 184270 JQ0 | 184270 JS6 | 184270 KR6 | 184270 LA2 |
| FK7 | GF7 | HB5 | 184270 HW9 | 184270 JD9 | | | 184270 JT4 | 184270 KS4 | 184270 LB0 |
| FL5 | GG5 | HC3 | 184270 HX7 | 184270 JE7 | | | 184270 JU1 | 184270 KT2 | 184270 LC8 |
| FM3 | GH3 | HD1 | | 184270 JF4 | | | 184270 JW7 | 184270 KU9 | 184270 LD6 |
| FN1 | GJ9 | HE9 | | 184270 JG2 | | | | 184270 KV7 | 184270 LE4 |
| FP6 | GK6 | HF6 | | 184270 JH0 | | | | 184270 KW5 | 184270 LF1 |
| FQ4 | GL4 | HG4 | | 184270 JJ6 | | | | 184270 KX3 | 184270 LG9 |
| FR2 | GM2 | HH2 | | 184270 JK3 | | | | | |
| FS0 | GN0 | HJ8 | | 184270 JL1 | | | | | |
| FT8 | GP5 | HK5 | | | | | | | |
| FU5 | GQ3 | HL3 | | | | | | | |
| FV3 | GR1 | HM1 | | | | | | | |
| FW1 | GS9 | HN9 | | | | | | | |
| FX9 | GT7 | HP4 | | | | | | | |
| FY7 | GU4 | HQ2 | | | | | | | |
| FZ4 | GV2 | HR0 | | | | | | | |
| GA8 | GW0 | HS8 | | | | | | | |
| GB6 | GX8 | HT6 | | | | | | | |

SCHOOL DISTRICT OF CLAYTON

ANNUAL FINANCIAL INFORMATION AND OPERATING DATA - UNAUDITED Year ended June 30, 2020

History of Enrollment

Listed below are the District's Fall enrollment figures for the last four and current school years:

| Grade | 15-16 | 16-17 | 17-18 | 18-19 | 19-20 |
|--------------|--------------|--------------|--------------|--------------|--------------|
| K | 162 | 178 | 168 | 153 | 139 |
| 1st | 169 | 169 | 198 | 164 | 160 |
| 2nd | 177 | 183 | 187 | 190 | 167 |
| 3rd | 180 | 180 | 196 | 192 | 201 |
| 4th | 193 | 198 | 188 | 188 | 177 |
| 5th | 191 | 206 | 210 | 194 | 192 |
| 6th | 216 | 205 | 221 | 219 | 200 |
| 7th | 221 | 229 | 201 | 242 | 226 |
| 8th | 211 | 219 | 235 | 210 | 251 |
| 9th | 211 | 222 | 232 | 226 | 214 |
| 10th | 221 | 210 | 222 | 237 | 223 |
| 11th | 216 | 224 | 206 | 227 | 240 |
| 12th | 222 | 214 | 217 | 210 | 229 |
| Total | <u>2,590</u> | <u>2,637</u> | <u>2,681</u> | <u>2,652</u> | <u>2,619</u> |

Sources of Revenue

The following table shows the allocation of the District's revenue from the various sources for the fiscal year ended June 30, 2020:

| Revenue Source | % of Total |
|-----------------------|-------------------|
| Local Revenue | 94.96% |
| County Revenue | 0.83 |
| State Revenue | 2.33 |
| Federal Revenue | 1.68 |
| Other Revenue | <u>0.20</u> |
| Total | <u>100.00%</u> |

SCHOOL DISTRICT OF CLAYTON

ANNUAL FINANCIAL INFORMATION AND OPERATING DATA - UNAUDITED Year ended June 30, 2020

Sources of Revenue by Fiscal Year

The following table shows the District's sources of revenues for the fiscal years shown

| Fiscal Year Ended June 30 | below: | | | | | | Total Revenue |
|---------------------------------|------------------|-------------------|------------------|--------------------|------------------|---|------------------|
| | Local Revenue | County Revenue | State Revenue | Federal Revenue | Other Revenue | | |
| 2016 | \$ 51,592,838 | \$ 549,601 | \$ 1,689,504 | \$ 1,699,830 | \$ 6,394 | | \$ 55,538,167 |
| 2017 | 51,425,428 | 536,786 | 1,741,020 | 1,738,923 | 30,729 | | 55,472,886 |
| 2018 | 54,455,608 | 559,302 | 1,729,439 | 1,673,247 | 31,264,065 | a | 89,681,661 |
| 2019 | 53,169,996 | 525,825 | 1,742,804 | 1,635,582 | 357,047 | b | 57,431,254 |
| 2020 | 70,058,342 | 610,998 | 1,716,291 | 1,237,578 | 32,968,655 | c | 106,591,869 |

a Includes proceeds from the sale of refunded bonds and from sale of land

b Includes statutory tuition revenue

c Includes proceeds from the sale of refunded bonds and statutory tuition revenue

Property Tax Information

The following table provides the history of total assessed valuation of all taxable tangible property situated in the District, according to the assessments of January 1, in the calendar years shown below:

| Calendar Year | Assessed Valuation | % Change |
|------------------|--------------------|-------------|
| 2015 | 1,037,313,560 | N/A |
| 2016 | 1,036,106,710 | -0.12% |
| 2017 | 1,152,388,120 | 11.22% |
| 2018 | 1,136,240,380 | -1.40% |
| 2019 | 1,309,893,760 | 15.28% |

SCHOOL DISTRICT OF CLAYTON

ANNUAL FINANCIAL INFORMATION AND OPERATING DATA - UNAUDITED Year ended June 30, 2020

Tax Rates

The following table shows the adjusted tax rates (per \$100 of assessed valuation) levied against each subclass of property for the current fiscal year and the last three fiscal years for the District:

| Fiscal Year Ended June 30 | Real Estate Residential | Real Estate Commercial | Real Estate Agricultural | Personal Property |
|--|------------------------------------|-----------------------------------|-------------------------------------|------------------------------|
| 2017 | \$ 3.8423 | \$ 4.3583 | \$ - | \$ 3.9946 |
| 2018 | 3.6494 | 4.1682 | - | 3.9845 |
| 2019 | 3.6921 | 4.0670 | - | 3.9792 |
| 2020 | 4.1553 | 4.9562 | - | 4.5567 |

Tax Rates – Allocation by Fund

The following table shows the District's adjusted tax levies (per \$100 of assessed valuation) for each of the following fiscal years:

| Fiscal Year Ended June 30 | General (Incidental) Fund | Special Revenue (Teachers') Fund | Capital Projects (Building) Fund | Debt Service Fund | Total Levy - Blended Rate |
|--|--|---|---|----------------------------------|--|
| 2016 | \$ 1.2242 | \$ 2.1186 | \$ 0.1800 | \$ 0.6230 | \$ 4.1458 |
| 2017 | 0.9291 | 2.3057 | 0.2065 | 0.6230 | 4.0643 |
| 2018 | 0.9350 | 2.2278 | 0.1050 | 0.6230 | 3.8908 |
| 2019 | 1.0555 | 2.0770 | 0.1100 | 0.6230 | 3.8655 |
| 2020 | 1.2732 | 2.5030 | 0.1000 | 0.6230 | 4.4992 |

SCHOOL DISTRICT OF CLAYTON

ANNUAL FINANCIAL INFORMATION AND OPERATING DATA - UNAUDITED Year ended June 30, 2020

Tax Collection Record

The following table sets forth tax collection information for the District for the last five fiscal years:

| Fiscal Year | Total Levy (per \$100 of Assessed Value) | Assessed Valuation | Total Taxes Levied | Current Taxes Collected | | Current and Delinquent Taxes Collected | |
|-------------|--|-----------------------|-----------------------|-------------------------|---------|---|---------|
| | | | | Amount | % | Amount | % |
| 2015-16 | 4.1458 | \$ 1,037,313,560 | \$ 43,004,946 | \$ 42,039,622 | - | \$ 39,737,985 | - |
| 2016-17 | 4.0643 | 1,036,106,710 | 42,110,485 | 41,028,612 | 97.43% | 40,202,268 | 95.47% |
| 2017-18 | 3.8908 | 1,036,106,710 | 40,312,840 | 43,801,052 | 108.65% | 43,078,099 | 106.86% |
| 2018-19 | 3.8655 | 1,036,106,710 | 40,050,705 | 43,046,572 | 107.48% | 42,500,328 | 106.12% |
| 2019-20 | 4.4992 | 1,309,893,760 | 58,934,740 | 57,882,064 | 98.21% | 58,517,417 | 99.29% |

Major Property Taxpayers

The ten largest real property taxpayers in the District according to their 2019 assessed valuations are listed below:

| Taxpayer | Assessed Valuation | % of District's 2019 Total Assessed Valuation |
|---|-----------------------|---|
| | | |
| 1. City of Clayton | \$ 37,048,770 | 2.83% |
| 2. LCP Forsyth Blvd Property Owner LLC | 27,253,990 | 2.08% |
| 3. Clayton Franklin Clayton Plaza LLC | 23,569,310 | 1.80% |
| 4. Prime US 101 South Hanley LLC | 20,943,810 | 1.60% |
| 5. BLR Properties LLC | 20,148,250 | 1.54% |
| 6. Clayton Corporate Park Management Co | 19,460,580 | 1.49% |
| 7. Saint Louis Galleria LLC | 17,408,510 | 1.33% |
| 8. Clayton Central Owner LLC | 16,571,200 | 1.27% |
| 9. Chapter 100 City of Clayton | 16,380,780 | 1.25% |
| 10. Mept Shaw Park Plaza LLC | 14,510,910 | 1.11% |
| | 213,296,110 | 16.30% |