



COMPREHENSIVE ANNUAL FINANCIAL REPORT



*Bombers
Fly
Together!*

FOR THE
FISCAL YEAR
ENDED
JUNE 30, 2020



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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Education
Kenston Local School District
17419 Snyder Road
Chagrin Falls, Ohio 44023

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

January 20, 2021

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COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

KENSTON LOCAL
SCHOOL DISTRICT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2020

PREPARED BY
TREASURER'S OFFICE
PAUL PESTELLO, TREASURER

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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Introductory Section



KENSTON
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KENSTON

S C H O O L S

Kenston Local Schools

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Paul J. Pestello
Treasurer

December 30, 2020

The Board of Education and residents of Kenston Local School District:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Kenston Local School District (the "School District") for the fiscal year ended June 30, 2020. This CAFR, which includes financial statements and other financial and statistical data, conforms to Generally Accepted Accounting Principles (GAAP) as applicable to governmental entities. The CAFR enables the School District to comply with the Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP basis, and Ohio Revised Code Section 117.38 which requires school districts reporting on a GAAP basis to file an unaudited annual report with the Auditor of State within 150 days of fiscal year end.

Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District. All disclosures necessary to enable the reader to gain an understanding of the School Districts' financial activities have been included.

This report provides the taxpayers of the School District, bond rating agencies and other interested parties with comprehensive financial information, enabling them to gain a clear understanding of the School District's finances. This report is intended to contribute to meeting the accountability requirements of the public. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

Management's discussion and analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Organizational Structure

Statutorily, the School District operates under standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code, to provide services mandated by state and/or federal agencies.

The Board of Education (the “Board”) of the School District is comprised of five (5) members elected at large by the citizens of the School District for overlapping four-year terms. The Board serves as the taxing authority, contracting body, and policy maker for the School District. The Board is a politic and corporate, as defined by Section 3313.03 of the Ohio Revised Code and has only those powers and authority conferred upon it by the Ohio Revised Code. The Kenston Board of Education is comprised of the following members:

<u>Member</u>	<u>Term of Office</u>	<u>Years on the Board</u>
Dr. Beth Krause – President	1/1/2018 – 12/31/2021	10.5
Mrs. Neysa Gaskins – Vice	1/1/2020 – 12/31/2023	4.5
Mrs. Beth Ward	1/1/2018 – 12/31/2021	6.5
Mr. Thomas Manning	1/1/2020 – 12/31/2023	4.5
Mr. William Timmons	1/1/2018 – 12/31/2021	26.5

The Board elects its President and Vice President annually at the Organizational Meeting held in January. The Board is also responsible for hiring the Superintendent and the Treasurer.

The Superintendent is the Chief Executive Officer (CEO) of the School District and is responsible directly to the Board for all operations within the School District. Mrs. Nancy R. Santilli was appointed Superintendent of the School District on August 1, 2014. She is currently employed under a five-year contract which ends on July 31, 2022.

The Treasurer is the Chief Financial Officer (CFO) of the School District and is responsible directly to the Board for all financial operations and serves as Secretary to the Board. Mr. Paul J. Pestello was appointed Treasurer of the School District on August 1, 2019. He is currently employed under a four-year contract which ends on July 31, 2023.

Profile of the School District

The Kenston Local School District is located in northeastern Ohio, east of Cleveland. The School District is primarily a residential suburban community located in the southwest corner of Geauga County adjacent to the Village of Chagrin Falls (Cuyahoga County) and the City of Aurora (Portage County). It is approximately 35 miles southeast of Cleveland, 25 miles west of Youngstown, and 20 miles north of Akron. The School District was created in 1953 when the former Bainbridge and Auburn Local School Districts were consolidated to form the present school district.

The Kenston Local School District is the largest of the five (5) school districts located Geauga County and serves both the Township of Auburn and the Township of Bainbridge. The School District provides education to 2,650 students in grades kindergarten through twelve. The School District operates one high school, one middle school, one intermediate school and one elementary school.

Students enrolled in the Kenston Local School District attend classes in the following School District owned buildings during the 2019-2020 school year:

- Kenston High School (grades 9 – 12), built in 2006
- Kenston Middle School (grades 7 & 8), built in 1956 and includes five additions
- Kenston Intermediate School (grades 4 – 6), built in 1967 and includes three additions
- Timmons Elementary School (Pre-K – 3rd grade), built in 1994 and includes one addition

The Kenston Local School District is proud of the broad spectrum of programs it offers. In addition to many academic choices, Kenston offers a wide array of co-curricular and extra-curricular opportunities for students. Kenston Schools has enjoyed an excellent reputation as one of the top school systems in Ohio. This is due, at least in part, to its excellent and committed staff, the majority whom hold advanced degrees.

Strategic Thinking, Mission, Beliefs and Goals

Strategic Thinking 2017

Late in 2016, a representative group of approximately fifty Kenston employees, community members, parents and students partnered with the Schlechty Center, a private, non-profit organization, in "Taking Stock" sessions to gather important feedback from our stakeholders. These key leaders in the district and community provided valuable insight into the strategic thinking process to transform our classrooms and schools into an engagement-focused organization and formulated the following goals:

Curriculum and Instruction Goal

Kenston Schools will provide students with the content and skills necessary to become global, independent, productive, and successful citizens.

Finance Goal

Continue to build the community trust that Kenston Local Schools are dedicated to educating all the students in the district and are good financial stewards of public funds.

Facilities and Technology Goal

Over the next ten years Kenston Schools will develop, implement, and maintain safe facilities, and improve technology to enhance quality instruction for all students based on the needs of the community today and tomorrow.

Community Partnerships Goal

To continually address the needs of all children in Kenston Local Schools through community partnerships to help them thrive as students and citizens.

In October 2019, again under the Schlechty Center's guidance, the district met with key leaders in the community to evaluate and map our vision for the future, updating the Strategic Thinking document. The conversations focused on student engagement and its impact on our district goals.

Strategic Thinking is the ability to recognize the relationships, complexities and implications of a situation and anticipate possibilities and plans.

The Kenston Local Schools are equipped and ready to handle global trends such as the increased demand for college, career and life readiness, and to keep pace with necessary access to technology and information, academically and socially. The school district must emphasize the importance of students knowing and understanding their role as global citizens; including the value of cultural knowledge and diversity recognition. This awareness positions them to contribute and successfully function in our worldwide community. Students need to learn how to connect and collaborate with others in a broader community.

Our Mission

The Mission of the Kenston Local School District is for each student to achieve individual academic excellence and to maximize personal growth in a community which demonstrates and develops mutual respect, responsibility, and life-long learning.

Our Beliefs

- We believe student engagement is an essential part of learning.
- We believe in developing students' ability to think critically, collaborate and communicate effectively.
- We believe in unique opportunities for all student learners.
- We believe that families and communities are vital to student success.
- We believe that creating a safe environment is critical to learning and building meaningful relationships.
- We believe that teachers should be life-long learners and recognize the importance of collaboration and professional development.
- We believe in the importance of strong financial stewardship.
- We believe in developing, implementing, maintaining and improving our facilities and technology.
- We believe that the Board of Education and our employees are advocates for all youth.

Our Goals

- **Inspiring Student Achievement** – Ensure a framework to provide our students with engaging content and skills necessary to become global, independent, productive and contributing citizens.
- **Inspiring Citizenship** – Emphasize key qualities that encourage positive and respectful actions toward oneself and others, and promote the development of the necessary life skills to live and prosper in the world with empathy, mindfulness, acceptance and respect.
- **Inspiring Health and Wellness** – Educate and foster healthy life choices to physical and mental well-being.
- **Inspiring Innovation** – Integrate creativity, collaboration and real-world problem solving skills into authentic learning experiences using technology and other tools and strategies.
- **Inspiring Connections/Communications** – Develop strong relationships with students, faculty, families and citizens to foster community awareness and active participation in the education process.

Academic Achievement

With a focus on engaged learning, we utilize project-based initiatives and real-world experience to enhance instruction and inspire students to achieve individual success.

PEAK

Our Peaceful Environment at Kenston platform is intended to maximize growth within our community which demonstrates and develops mutual respect, responsibility and life-long learning.

Play Blue

Promoting Learning through Active Youth is our platform for Health and Wellness education and initiatives which strive to enhance both mental and physical well-being.

Innovate

From real-world problem-solving techniques to collaborative working experiences and Renew Blue environmental initiatives, our focus on innovation is core to who we are.

Connections

Feeling a part of something bigger and developing skills for future success is vital to student growth. Through Kenston INC, career preparedness, business partnerships and service we strive to build relationships and connections between student, teacher and community.

Employee Relations

Certified licensed personnel including classroom teachers, tutors, librarians, guidance counselors, and specialists are represented by the Kenston Education Association (KEA). On March 10, 2019, the School District and the KEA announced ratification of a three-year collective bargaining agreement for the period of March 1, 2019 through February 28, 2022. The contract provided for a two percent (2%) cost of living adjustment (COLA) in each of the three (3) years. For the 2019-20 school year, the base salary is \$42,031 and the base salary for the 2020-21 school year is \$42,872 and the base salary for the 2021-22 school year is \$43,729.

Classified employees (education aides, cafeteria staff, secretarial-clerical, custodial, maintenance and grounds staff, transportation staff, mechanics, health aides and proctors) of the School District are represented by the Ohio Association of Public School Employees (OAPSE) Chapter 501. On August 5, 2019, the School District and OAPSE Chapter 501 announced ratification of a three-year collective bargaining agreement for the period of July 1, 2019 through June 30, 2022. This contract provides for a two percent (2%) wage increase in each year of the agreement.

The School District's certified administrators, supervisors and other exempt employees are not members of any bargaining unit and are provided individual contracts approved by the Board of Education.

The Reporting Entity

The School District has reviewed its reporting entity definition in order to insure conformity with the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and 34". In evaluating how to define the School District for financial reporting purposes, management considers all agencies, departments and organizations making up the School District (the primary government) and its potential component units. The School District has no component units and the School District is not a component unit of any other governmental organization.

Excluded from the reporting entity because they are fiscally independent of the School District are the townships of Auburn and Bainbridge, the Kenston Parent Teacher Organizations, the Kenston Athletic, Music and Academic Boosters, the Bomber Elite, the Kenston Baseball Association and the Kenston Foundation. The School District is associated with four jointly governed organizations. The jointly governed organizations are the Kenston Community Education, the Lake Geauga Computer Association, Auburn-Bainbridge Recreation Board, and the Ohio Schools' Council Association. These organizations are described in Note 2. A to the basic financial statements.

A complete discussion of the School District's reporting entity is provided in Note 2 to the basic financial statements.

Economic Condition and Outlook

In May 2015, the Kenston Community supported a combination levy for a \$10 million bond issue and a 4.0 mill operating levy. Funds generated by the bond issue were used to pay for capital improvements within the district including technology infrastructure, building repairs, heating and cooling upgrades, updates to the transportation department and updates to the stadium. Funds generated by the operating levy were first collected in 2016 and are used to pay for the School District's daily operation. The district receives approximately \$3 million annually related to the 4.0 mill levy.

The School District's primary sources of revenues are through the levying of property taxes on real and agricultural property, commercial and industrial property and public utilities (including state property tax reimbursements) and the State Foundation Program, which combined accounts for nearly ninety-six percent (96%) of total operating revenue used to pay for the day-to-day operating expenses of the School District, including salaries, benefits, contracted services, supplies and materials, equipment and dues and fees.

Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions generally occur in a new fiscal year. Property taxes include amounts levied against all real and public utility located in the School District. Assessed values are established by State law at thirty-five percent (35%) of appraised market value. All property is required to be revalued every six (6) years. The Ohio Revised Code and Ohio Administrative Code mandate Geauga County to conduct a re-appraisal of property every six (6) years, an update every three (3) years and annual valuation of improvements based upon building permits received from each township annually. The last re-appraisal took place for tax year 2017 for tax collections beginning in calendar year 2018 and the last update took place for tax year 2020 for tax collections beginning in calendar year 2021.

State laws grants tax relief to property owners (property tax rollbacks) in the form of a ten percent (10%) reduction in real property tax bills. In addition, a two and a half percent (2.5%) reduction is granted for owner occupied homesteads (a total of 12.5%). Additionally, the State of Ohio contributes a portion of real estate taxes for qualified senior and/or disabled citizens, based on income thresholds, on the dwelling that is the individual's principal place of residence (known as the Homestead Exemption). The State reimburses the School District for the loss of real property taxes as a result of the rollback provisions and the homestead exemption.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation implementing a 1980 constitutional amendment classifies real property between (1) residential and agricultural and (2) all other real property, and provides for tax reduction factors to be separately computed for and applied to each class (1 & 2). These credits apply to certain voted levies on real property, and do not apply to unvoted tax levies or voted tax levies to pay debt service on general obligation debt.

Additionally, in 1976 the General Assembly passed House Bill 920 (HB 920). This law provides that real property owners receive tax credits equal to any tax increase caused by an increase in value of all real property in taxing districts as a result of reappraisal, update or readjustment. This does not apply to inside non-voted millage, tangible property or new construction. In effect, HB 920 removes inflationary revenue growth from the applicable real property by requiring an adjustment to the voted millage rate, thereby resulting in a lower effective millage rate.

Property taxes are also collected for the payment of principal and interest on voter approved bond issues related to the construction of buildings. Bond issue millage rates are set by the County Auditor, with information provided by the School District, in order to generate sufficient revenue to pay the principal and interest on the bonds issued.

State Foundation Aid

The State's School Foundation program is the second largest source of revenue and accounts for approximately nine percent (9%) of the School District's General Fund. The State assists public school districts under a statutory program, which includes direct payments to districts based upon a statutory formula. Such payments are made through the School Foundation program established by the Ohio Revised Code. School Foundation program funds distributed to a School District are required to be used for current operating expenses, unless specifically allocated by the State for some other purpose. Basic eligibility for School Foundation program payments is based on a School District's compliance with State-mandated minimum standards.

Under the funding formula in the State Budget Act, the State Department of Education (the Department) will compute and pay to each city, exempted village and local school district, an amount of State Education Aid based on a base amount of spending per pupil multiplied by (i) the school district's "average daily membership" (ADM), generally a full-time equivalent number of students to be certified by each school district to the Department, and (ii) an index (the State Share index) dependent on factors such as a school district's tax valuation percentage of the base amount for school districts with less tax valuation or lower median income residents. For Fiscal Year 2018, the base amount was \$6,010 and for Fiscal Year 2019 the base amount is \$6,020. As of July 1, 2014, school districts are required to report student enrollment (rather than average daily membership) data to the State as of the last day of October, March and June of each year.

In addition to the funding amount of State Education Aid describe above (known as an "Opportunity Grant"), under the new core funding formula school districts may also receive, as applicable, State Education Aid in the form of (i) targeted assistance based on tax valuation and income factors, (ii) targeted assistance based on a percentage of a school district's agricultural property, (iii) a specific amount based on six (6) categories of disabilities for special education and related services, (iv) kindergarten through third grade literacy funds, (v) economically disadvantaged funds, (vi) a specific amount of each of three (3) English proficiency categories, (vii) career-technical categories, and (viii) career-technical education associated services funds. As with Opportunity funds, special education, kindergarten through third grade literacy, limited English proficiency and career-technical funds are subject to the State Share Index. Certain other categories of funding, including pupil transportation funding, are funded in whole or in part by the State outside of the core funding formula.

Notwithstanding the amount of State Education Aid a school district is scheduled to receive under the funding formula, funding increases for core funding are capped at not more than seven and one-half percent (7.5%) of the previous years' State aid. All school districts are guaranteed to receive at least the amount of State aid as they received in Fiscal Year 2015. The Kenston Local School District is a guaranteed district.

In the spring of 2017, the State of Ohio approved their 2018-2019 biennial budget which became law on July 1, 2017. Under the new biennial budget, the State elimination of Tangible Personal Property (TTP) reimbursement was upheld, although a strong push was made through advocacy. Included in the biennial budget that impacted the School District was the phase out of the "guarantee" within the State Foundation funding formula. School Districts can be on the funding formula in three (3) different scenarios:

- **Formula district** – a district would receive the amount generated by the formula
- **Capped district** – a district would receive the amount generated by the formula, less a certain percentage of growth from the previous year
- **Guarantee district** – a district would receive the amount generated by the formula, plus an amount to at least receive the same level of funding from the previous biennial budget

In the summer of 2019, the State of Ohio approved their 2020-2021 biennial budget which became law on July 1, 2019. Under the new biennial budget, the State Foundation Formula remained frozen, meaning District's would receive the same level of funding as they did in Fiscal Year 2019. The biennial budget did provide additional dollars restricted for Student Wellness programs. The District received Student Wellness funds of \$81,090 in Fiscal Year 2020 and is expected to receive \$110,148 in Fiscal Year 2021.

The Kenston Local School District is a member of the Alliance for Adequate School Funding. This organization represents high property value/low state aid school districts at the state legislature level. The organization has successfully protected the financial interests of its member school districts from major reductions in state support.

Major Initiatives

At the Kenston Local School District, learning is engaging and meaningful. Standards-based instruction is designed to promote deep and rich learning. Beyond consumers of important academic content, our goal is to nurture students to be thinkers and problem-solvers. All School District teachers have participated in ongoing professional development in the area of student engagement to ensure all students receive the support needed for profound learning to maximize their individual growth. Within the framework of 21st Century and entrepreneurial skills, student experiences are focused on the development of critical thinking skills, collaborative learning, communication strategies and the fostering of creativity.

The School District along with a select group of districts around the state of Ohio are part of the *Innovative School Network*. This network structure and support from the Schlechty Center allows the School District to work together collectively as a district and create leadership and expertise within our own school community to lead and sustain this curricular work. One of our initial steps in this work was a two-day Taking Stock process with 50 representatives from our district, our families and our community to solidify values and vision for our students' educational experience. This year, our August professional development day work was led by Steve McCannon, the CEO of the Schlechty Center, involving all teachers in this learning process.

In our fourth year, the entire School District faculty is participating in professional development, both inside and outside the district that is aligned with the work of Phil Schlechty, a respected national educational leader. His core work is centered around the essential connection between the quality and design of student work and a student's willingness to engage in their schoolwork for profound learning. We recognize that student learning requires our focus on high-quality lesson design. Using the framework of Schlechty, we have collectively embarked on a process of analyzing lessons to improve the quality of work we offer our students. Two types of professional development activities are currently present and ongoing in this district initiative: teacher training with outside experts over an extended period of time and the development of our own in-house experts to lead the work with teacher teams on designing meaningful student work. Additionally, this year we completed a second "taking stock" process with students, parents, faculty, and community representatives to ensure our goals as a district continues to target student engagement through a systems approach.

The School District also has an agreement with the Educational Service Center of Northeast Ohio for education services through collaborating and partnering with local, regional, state and national agencies and organizations. The School District believes this relationship provides greater opportunities for professional development, innovations, and collaborations with neighboring school districts. The School District is also a part of the Geauga County Educational Service Center cooperative agreement for special education services.

The School District is actively involved with individuals, organizations, and businesses in planning for student success. The School District maintains regular dialogue with many community organizations, including Kenston Inc. (Innovate, Nurture, Connect), The Kenston Foundation, Kenston Alumni Association, and the Kenston Citizens Advisory Committee. This combination connects Kenston students with community partners providing exceptional learning experiences that encourage career development with a strong focus on community business partnerships.

In 2007, the Kenston Board of Education organized the Kenston Citizens Advisory Committee (KCAC) whose overall purpose is to serve as a conduit between the Kenston Board of Education and the Kenston community. KCAC is comprised of 11 members serving three-year terms.

Committed to a holistic education, the School District incorporates additional priorities within the academic program including citizenship, health and wellness and innovation.

Innovation, Technology Integration

It is essential for the School District to prepare our students for a technology-based economy. Recent advances in our technology infrastructure, devices and instructional support for teachers and students have allowed us to provide increased opportunities to develop digital skills. The targeted infusion of technology throughout the curriculum provides instructional enhancements, increases student engagement and offers real-world applications. Blending classroom instruction with online resources fosters unique and deep learning that expands the pace and place of their experience.

The School District has demonstrated a commitment to integrate technology into the educational experience with the addition of one-to-one devices in the secondary program and Chrome Book carts in the elementary program, our students have ready access to this learning tool. Technology integration coaches in each building support the meaningful use of technology across the curriculum by supporting and guiding teachers and students.

As a Google district, all administrators, teachers and students are users of this common platform for instruction, communication and collaboration. Computing environments within the district include portable wireless stations for laptops, Chrome Books and iPads, multi-media labs and interactive devices such as white boards, projectors, document cameras, digital printers, and green screens which are available to our students.

Innovation, Go Green

It is a goal of the School District to be innovative and forward-thinking while remaining practical and relevant. In one of our innovative efforts, the School District has demonstrated an active role in educating our students on sustainable energy and caring for the environment beyond the Kenston campus. A large wind turbine, a hybrid bus, lighting, hydration stations, recycling, lights-out days in our schools, brown bag lunches, butterfly garden, outdoor classroom and the addition of beautiful fitness trails around the wooded perimeter of the School District's property provides real-world application of environmental respect for our students. Sustainable energy is also included in various courses and content throughout the K-12 academic program.

At Kenston, we teach the ABC's, 123's, reading, writing and arithmetic as well as reduce, reuse and recycle. We are committed to supporting our Go Green Initiative and educating environmentally responsible students. To help accomplish this, our classrooms go beyond the walls of our buildings.

Our campus has become an outdoor classroom where real-world learning is available. Research shows that close encounters with nature create a direct, personal involvement with the outdoors that cannot be matched by classroom discussion or photos in a textbook. By modeling sustainable living, we build the foundation for future generations of active citizens who take care of their community.

- The 750KW American-made **Wind Turbine** generates power to offset the high school's annual electricity energy consumption.
- Our **Arboretum** is a walking tour that starts at the Wind Turbine and highlights a variety of tree species and memorial markers. The project was completed by a 2014 graduate as her Girl Scout Gold Award.
- The **Outdoor Classroom** brings learning to life. This gathering place with amphitheater style seating and stage, located behind Timmons Elementary School, provides an opportunity for students to integrate nature into a variety of subjects.
- **Kenston Trails** is a community supported project that encourages students and community members to enjoy outdoor physical activity. The 1.5 mile geo-friendly trails were designed to have a long lifespan with little maintenance. Funds from the King Family Trust allowed for the expansion of the running and walking path.
- **Solar Panels** located in the front of Kenston Intermediate School create a brighter future for our community. The solar arrays produce enough energy for six (6) energy efficient Ohio homes.

- **Butterfly Garden** located behind Kenston Intermediate School consist of plants and flowers which attract butterflies to feed and lay eggs. This garden was built by a 2015 graduate as part of his Eagle Scout project.

Play Blue

Academic and life success is linked to physical activity and nutrition. The School District has committed resources and curricular activities to educate and expose students to healthy lifestyle choices. Brain breaks, fitness rooms, increased recess and physical education periods are some of the ways we support this initiative. Through building activities, health and physical education classes and in collaboration with our food service provider, we strive to model healthy practices in School District decision-making. Building our capacity for the support of student mental and emotional wellness is a focus area for our district health and wellness committee.

Peaceful Environment at Kenston (PEAK)

PEAK is an essential affective component of a positive school culture for learning. This program represents a belief system that expects all members of the Kenston community to behave in a manner towards themselves and others that instills a harmonious existence. Monthly character traits are identified and emphasized, a common logo is used, and district and building level PEAK committees use the Positive Behavioral Interventions and Supports (PBIS) framework to identify strategies to embed the goals of this program in everyday routines and expectations.

There is always an emphasis on student safety; with faculty reviews of A.L.I.C.E. training, development of the Emergency Plan, the addition of classroom trauma medical supplies, and parent education on internet safety as well as training on texting and driving. In addition, the School District implemented a system to check visitor identification badges against a national crime database. A review of the D.A.R.E. curriculum and collaborative efforts with the local police department identify the best methods to educate students on safe lifestyle choices. A resource office is present daily on campus to support the School District's safety efforts.

College and Career Readiness

The School District is committed to preparing students for life beyond our campus. This is accomplished through the development of individual pathways for each student. In addition to suggested academic pathways, students have ongoing opportunities to participate in business and community visitations, shadowing experiences, internships, technical training, speaker series, and career fairs to guide them in decision-making for their future.

Specific programs which support College and Career Readiness include: Kenston, INC., a district committee with 6-12 representation, printed materials and a dedicated website for parent information, the addition of career tech courses at the Middle School and partnerships with local career centers and ESC's for student services.

Kenston's secondary program employs five Counselors who have had training in academic and career advising. Additionally, the Counselors oversee the use of a digital platform, Naviance, in grades 6-12 which manages individual student records, career interests and college preparation activities.

College Credit Plus is a statewide program that allows students to earn college and high school credit simultaneously in a designated class offered on the Kenston campus or through community colleges or universities. The purpose of the program is to provide rigorous academic options to college ready students.

Major Academic Achievements and Honors

Academic Achievements

Kenston students, as a whole, exhibit a strong and committed academic ability. Here are some of the Class of 2020 Graduate Highlights:

Graduates	225
Summa Cum Laude	25
Magna Cum Laude	25
Cum Laude	17
Honors Diplomas	85
Community Service Awards	99
Presidential Education Awards	46
National Merit Finalists	2
National Merit Commended Scholars	6
Seal of Biliteracy	6
Legacy Seniors	29
Attended since Kindergarten	142
AP Scholars	123
ACT Perfect Score (36)*	2

Additionally, 82% of the graduating class plans to attend a two or four-year college or university spanning 68 institutions throughout 21 of the United States and 18% plan to enter the workforce or join the military.

* - 1/10th of 1% of students who take the ACT earn the top score of 36. In the U.S. high school graduating class of 2018, only 3,741 out of more than 1.9 million graduates who took the ACT earned a top composite score of 36.

Honors

- Best High Schools – U.S. News and World Report – 2017-2020 (KHS)
- Momentum Award Exceeding Expectation – Ohio Department of Education – 2017-2019 (KHS)
- Overall “A” Award – Ohio Department of Education - 2018 & 2019 (District)
- Purple Star Award – Supporting Military Families – Ohio Department of Education (KMS)
- “Root” level recognition for Encouraging Environmental Excellence in Education Award from the Environmental Protection Agency (EPA) – Timmons Elementary School
- Janus, Literary Magazine, “Excellent” rating by National Council of Teachers Recognizing Excellence in Art and Library Magazines (REALM) Program – 2019 (KHS)
- Niche – Best Schools - #1 in school in Geauga County – 2018-2020 (District)
- Award with Distinction - Auditor of State – 2018 & 2019 (District)

Long-Term Financial Planning

Annually, through a collaborative process, the administration assists the Board of Education in determining and prioritizing the needs of the School District. As a result of this process, the School District prepares a five-year financial forecast for the general operating fund of the district. The financial forecast is the foundation for the School District’s operations and is used as a financial planning tool to assist the School District with short and long range financial planning which attempts to forecast the need for future educational and capital expenditures. The forecast provides a snapshot of the past three (3) fiscal year’s actual revenue and expenses and projected revenue and expenses for the next five (5) years and is accompanied by the financial assumption notes. In accordance with state law, the Board of Education approves the financial forecast and submits it to the Ohio Department of Education prior to November 30th and updates it and submits again prior to May 31.

The most recent District five-year forecast (October, 2020) indicates a positive cash balance through Fiscal Year 2022, with a projected deficit of \$5.4 million at the end of Fiscal Year 2023. The Board of Education is expected to seek a combination operating levy and permanent improvement levy in May 2021.

The Kenston Board of Education is committed to long-term financial planning and strongly supports this notion through its policy 6210 – Fiscal Planning (revised on October 22, 2018). This policy states as follows:

The Board of Education shall collect and assemble the information necessary to discharge its responsibility for the fiscal management of the School District and to plan for the financial needs of the educational program. The Board will strive toward maintaining both short and long range projections of District financial requirements.

Accordingly, the Board directs the Treasurer to:

- A. include cost estimates in all ongoing financial requirements;*
- B. prepare a long range year-by-year plan for the maintenance and replacement of facilities and equipment;*
- C. maintain a plan of anticipated local, State, and Federal revenues;*
- D. report to the Board any serious financial implications that emerge from the District's ongoing fiscal planning.*

In addition, the Board directs the Treasurer to maintain annually a detailed five (5) year projection of estimated revenues and expenditures, as required by Policy 6231

The board hereby affirms and declares it to be the board philosophy, in the interest of sound fiscal management, that tax levies shall be pursued, and the school district's finances otherwise managed, to ensure a general fund cash balance equivalent to at least 45 days of operating expenses (for the purpose of determining operating expenses the district shall use line 5.05 of the districts prior year five year forecast).

Promptly upon the official determination that such a cash balance may not be achieved within the first three years of the current five year forecast period the Treasurer shall report such a finding to the board along with options for recovery to be developed by the Treasurer and Superintendent.

Financial Information

Internal Accounting and Controls

In developing the School District's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The School District utilizes an automated accounting and payroll system as designed by the state software development team. An internal controls system for capital assets is provided by an outside company. These systems, coupled with the manual auditing of each voucher prior to payment, ensures that the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the School District adopts either a temporary or permanent appropriation measure for that fiscal year. If a temporary appropriation measure is first adopted, the permanent appropriation measure must be adopted upon the receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within the first three months of the fiscal year.

Annual appropriations must not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the School District's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority. Budgets are controlled at the fund level. All purchases must be approved by the appropriate levels of authority and purchase orders are certified by the treasurer, encumbering the necessary funds. The state software accounting system used by the School District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date.

The School District maintains a cash management program that expedites the receipt of revenues and prudently deposits and invests available cash in obligations collateralized by instruments issued by the U.S. government, government agencies, corporations, or the State of Ohio, or insured by the Federal Deposit Insurance Corporation (FDIC) and/or the Securities Investor Protection Corporation (SIPC.)

Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of the budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimate resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the fund level. Any budgetary modifications are made by board resolution.

The basis of accounting and the various funds utilized by the District are fully described in Note 2 D. of the financial statements. Additional information on the District's budgetary accounting can also be found in Note 2.

Financial Reporting

The School District's basic financial statements report on the financial activities as follows:

Government-wide financial statements: These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

Fund financial statements: The focus of fund financial statements is on major funds rather than reporting funds by type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and included reconciliation to the governmental activities accrual information presented in the governmental-wide financial statements. Enterprise and fiduciary funds use the accrual basis of accounting.

Statements of budgetary comparisons: These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this reporting model, management is responsible for preparing a Management Discussion and Analysis (MD&A) of the District. This discussion is presented in the financial section of this report and intended to be read in conjunction with the School District's MD&A.

Independent Audit

State statutes require the School District to be subjected to an annual examination either by the Auditor of State or an independent public accounting firm, if permitted by the Auditor of State. Ciuni & Panichi, Inc. rendered an opinion on the School District's financial statements as of June 30, 2020 and the Independent Auditor's Report on the basic financial statements is included in the financial section of this report. The independent audit was conducted by the firm of Ciuni & Panichi, Inc. and the goal was to provide reasonable assurance that the financial statements of the School District for the year ended June 30, 2020 are free of material misstatement.

Awards

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kenston Local School District for its comprehensive annual financial report for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The publication of this report significantly increases the accountability of the School District to the taxpayers. This accomplishment would not have been possible without the support and efforts of the staff of the Treasurer's Office and various administrators and employees of the School District. Assistance of the Geauga County Auditor's office staff and other outside agencies made possible the fair presentation of statistical data. Special appreciation is expressed to Julian & Grube, Inc., for assistance in planning, designing, and compiling this financial report. Finally, sincere appreciation is extended to the Board of Education for its interest in and support of this project.

Respectfully submitted,



Nancy R. Santilli, Superintendent



Paul J. Pestello, Treasurer

KENSTON LOCAL SCHOOL DISTRICT

BOARD OF EDUCATION

Dr. Beth Krause, Ph.D.
Mrs. Neysa Gaskins
Mr. Thomas Manning
Mr. William Timmons
Mrs. Beth Ward

President
Vice President
Member
Member
Member

TREASURER

Mr. Paul Pestello

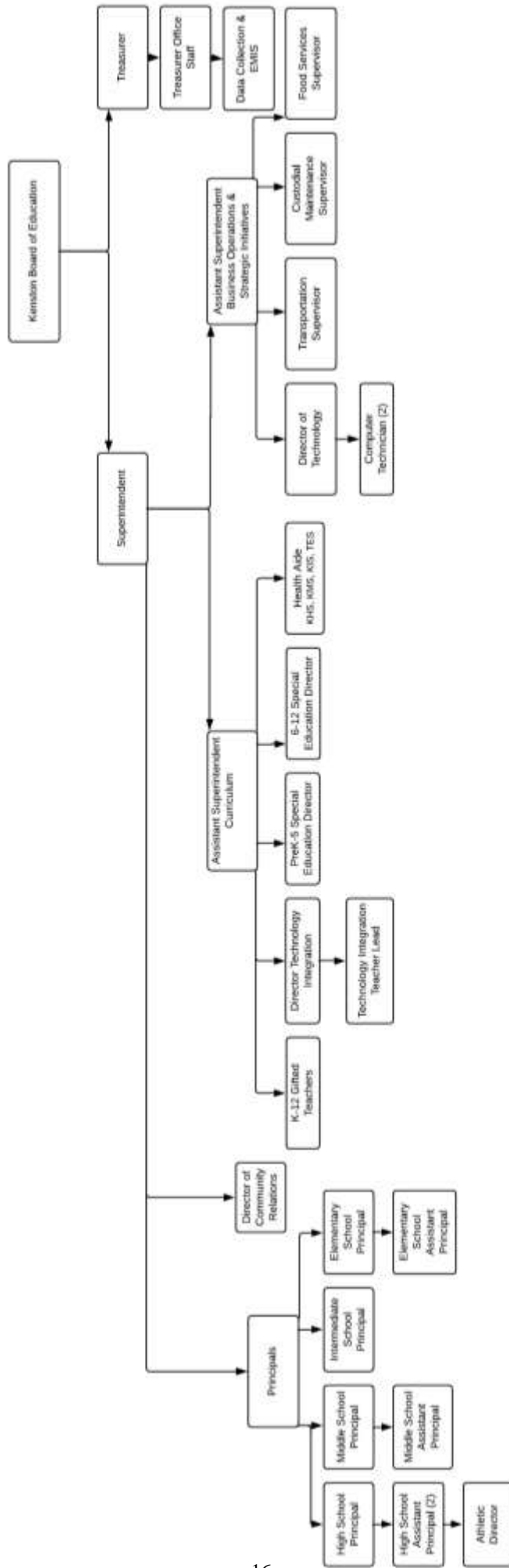
ADMINISTRATION

Mrs. Nancy R. Santilli
Mr. Jeremy McDevitt
Kathleen M. Poe, Ed.D.

Superintendent
Assistant Superintendent
Assistant Superintendent



KENSTON S C H O O L S





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**Kenston Local School District
Ohio**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

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Financial Section



KENSTON
S C H O O L S

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Independent Auditor's Report

Board of Education and Management
Kenston Local School District
Chagrin Falls, Ohio

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 District, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of New Accounting Standards

As described in Note 3 to the basic financial statements, in 2020, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* and as a result restated their June 30, 2019 net position of the governmental activities and fiduciary funds, and fund balances of the general fund and other governmental funds. Our opinion is not modified with respect to this matter.

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 schedules on pensions and other postemployment benefits 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 District's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Board of Education and Management
Kenston Local School District

The combining and individual fund financial statements and 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 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 30, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Ciampi & Parricchi, Inc.

Cleveland, Ohio
December 30, 2020

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

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

Financial Highlights

Key financial highlights for 2020 are as follows:

- In total, net position decreased \$5,011,095 from 2019's restated net position. Net position of governmental activities decreased \$4,961,583 from 2019's restated net position. Business-type activities net position decreased \$49,512 from 2019.
- General revenues accounted for \$37,691,886 in revenue or 90.51% of total revenues. Program specific revenues in the form of charges for services and sales, operating and capital grants and contributions accounted for \$3,953,910 or 9.49% of total revenues.
- Total revenues for fiscal year 2020 were \$41,645,796. Of this total, \$40,300,863 was reported in the governmental activities and \$1,344,933 in the business-type activities.
- The School District had \$45,262,446 in expenses related to governmental activities; only \$2,810,953 of these expenses was offset by program specific charges for services, operating and capital grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$37,489,910 were not adequate to provide for these programs.
- The School District's major governmental funds are the general fund and the bond retirement fund. The general fund had \$35,514,842 in revenues and other financing sources and \$39,219,758 in expenditures and other financing uses. During fiscal year 2020, the general fund's fund balance decreased \$3,704,916 from a balance of \$13,852,611 to \$10,147,695.
- The bond retirement fund had \$10,195,256 in revenues and other financing sources and \$10,278,390 in expenditures and other financing uses. During fiscal year 2020, the bond retirement fund's fund balance decreased \$83,134 from \$3,662,350 to \$3,579,216. In fiscal year 2020, the School District refunded the Series 2012 School Improvement Refunding Current Interest Bonds with the Series 2019 School Improvement Refunding Current Interest Bonds.

Using this Annual Financial Report

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

The statement of net position and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the School District, the general fund and bond retirement fund are by far the most significant funds, and the only governmental funds reported as major funds.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

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

In the statement of net position and the statement of activities, the School District is divided into two distinct kinds of activities:

Governmental activities - Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The School District's food service, uniform school supplies, and adult education are reported as business activities.

The School District's statement of net position and statement of activities can be found on pages 37 - 39 of this report.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major governmental funds begins on page 32 and the analysis of the School District's enterprise funds begins on page 33. Fund financial reports provide detailed information about the School District's major funds.

The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and bond retirement fund. The School District did not have any major enterprise funds at June 30, 2020.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 40 - 44 of this report.

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the School District as a whole. The basic proprietary fund financial statements can be found on pages 45 - 47 of this report.

Reporting the School District's Fiduciary Responsibilities

The School District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in custodial funds. The School District's fiduciary activities are reported in a separate statement of changes in fiduciary net position on page 48. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 49 - 93.

Required Supplementary Information

Required supplementary information concerning the School District's net pension liability and net OPEB liability/asset can be found on pages 96 - 111 of this report.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

The School District as a Whole

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

Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	Restated 2019	2020	2019	2020	Restated 2019
<u>Assets</u>						
Current and other assets	\$ 54,107,053	\$ 54,279,399	\$ 281,067	\$ 320,449	\$ 54,388,120	\$ 54,599,848
Net OPEB asset	2,386,116	2,328,080	1,656	962	2,387,772	2,329,042
Capital assets, net	45,619,273	46,469,719	63,706	72,557	45,682,979	46,542,276
Total assets	<u>102,112,442</u>	<u>103,077,198</u>	<u>346,429</u>	<u>393,968</u>	<u>102,458,871</u>	<u>103,471,166</u>
<u>Deferred outflows</u>						
Unamortized deferred charges	787,483	1,240,488	-	-	787,483	1,240,488
Pension	7,760,880	10,392,150	116,989	202,255	7,877,869	10,594,405
OPEB	877,910	530,691	47,507	17,437	925,417	548,128
Total deferred outflows	<u>9,426,273</u>	<u>12,163,329</u>	<u>164,496</u>	<u>219,692</u>	<u>9,590,769</u>	<u>12,383,021</u>
<u>Liabilities</u>						
Current liabilities	6,645,298	6,740,314	145,127	253,382	6,790,425	6,993,696
Long-term liabilities						
Due within one year	2,807,739	2,650,873	-	3,233	2,807,739	2,654,106
Due in more than one year						
Net pension liability	41,919,005	41,184,256	849,330	801,181	42,768,335	41,985,437
Net OPEB liability	4,306,392	4,608,952	354,139	389,345	4,660,531	4,998,297
Other amounts	35,271,700	38,220,440	55,859	54,617	35,327,559	38,275,057
Total liabilities	<u>90,950,134</u>	<u>93,404,835</u>	<u>1,404,455</u>	<u>1,501,758</u>	<u>92,354,589</u>	<u>94,906,593</u>
<u>Deferred inflows</u>						
Property taxes	28,787,412	23,778,716	-	-	28,787,412	23,778,716
Unamortized deferred gain	769	-	-	-	769	-
Pension	2,741,196	4,026,185	35,260	54,355	2,776,456	4,080,540
OPEB	4,489,509	4,499,513	116,497	53,322	4,606,006	4,552,835
Total deferred inflows	<u>36,018,886</u>	<u>32,304,414</u>	<u>151,757</u>	<u>107,677</u>	<u>36,170,643</u>	<u>32,412,091</u>
<u>Net position</u>						
Net investment in capital assets	12,520,887	10,807,408	63,706	72,557	12,584,593	10,879,965
Restricted	3,297,582	4,882,788	-	-	3,297,582	4,882,788
Unrestricted (deficit)	<u>(31,248,774)</u>	<u>(26,158,918)</u>	<u>(1,108,993)</u>	<u>(1,068,332)</u>	<u>(32,357,767)</u>	<u>(27,227,250)</u>
Total net position (deficit)	<u>\$ (15,430,305)</u>	<u>\$ (10,468,722)</u>	<u>\$ (1,045,287)</u>	<u>\$ (995,775)</u>	<u>\$ (16,475,592)</u>	<u>\$ (11,464,497)</u>

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

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

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

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

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

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

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

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

**KENSTON LOCAL SCHOOL DISTRICT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)**

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2020, the School District's liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by \$(16,475,592).

At year-end, capital assets represented 44.59% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. The net investment in capital assets at June 30, 2020, was \$12,584,593. These capital assets are used to provide services to the students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Deferred outflows related to pension decreased primarily due to changes in assumptions by the State Teachers Retirement System (STRS). See Note 12 for more detail.

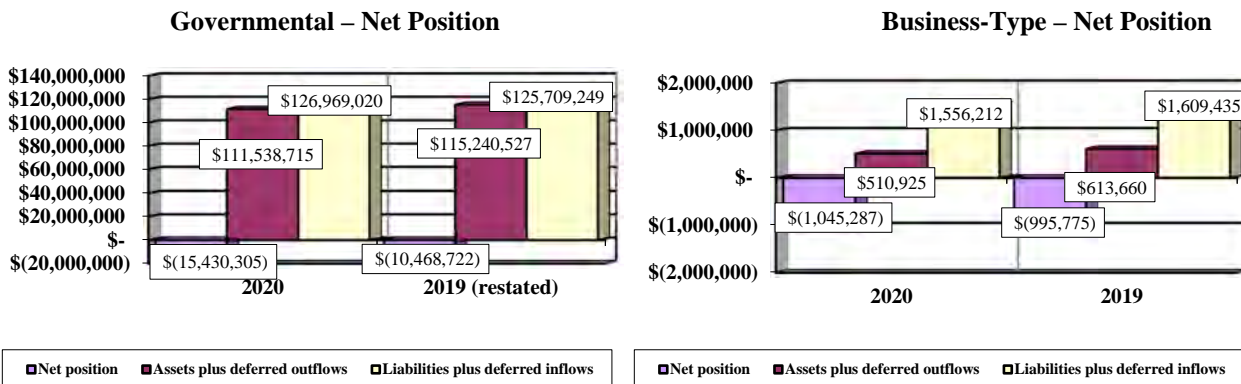
Total assets include a net OPEB asset reported by STRS. See Note 13 for more detail.

Long-term liabilities decreased primarily due the School District making its required debt obligations payments, which reduce the liability. Additionally, long-term liabilities decreased due to a decrease in the net OPEB liability. This liability is outside of the control of the School District. The School District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to School District employees, not the School District.

Deferred inflows related to OPEB increased primarily due to changes in assumptions by STRS. See Note 13 for more detail.

A portion of the School District's net position, \$3,297,582, represents resources that are subject to external restriction on how they may be used. The balance of unrestricted net position is a deficit of \$(32,357,767), which is primarily caused by the reporting of the net pension liability and net OPEB liability.

The graphs below show the assets plus deferred outflows, liabilities plus deferred inflows and net position of the governmental activities and business-type activities at June 30, 2020 and 2019. The net position at June 30, 2019 has been restated as described in Note 3.



**KENSTON LOCAL SCHOOL DISTRICT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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The table that follows shows the change in net position for fiscal years 2020 and 2019. Due to practicality, 2019 revenues and expenses in the table below have not been adjusted to reflect the implementation of GASB No. 84 (see Note 3). Rather, the cumulative impact of applying GASB No. 84 is reflected in the beginning net position for 2019.

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services and sales	\$ 1,409,633	\$ 1,677,811	\$ 972,251	\$ 987,673	\$ 2,381,884	\$ 2,665,484
Operating grants and contributions	1,261,020	1,213,541	170,706	193,154	1,431,726	1,406,695
Capital grants and contributions	140,300	-	-	-	140,300	-
General revenues:						
Property taxes	28,938,158	32,679,285	-	-	28,938,158	32,679,285
Payments in lieu of taxes	576,383	996,926	-	-	576,383	996,926
Grants and entitlements	7,298,584	7,814,950	-	-	7,298,584	7,814,950
Investment earnings	612,270	463,391	-	-	612,270	463,391
Other	64,515	203,388	201,976	198,582	266,491	401,970
Total revenues	40,300,863	45,049,292	1,344,933	1,379,409	41,645,796	46,428,701
Expenses						
Instruction:						
Regular	18,617,080	14,894,657	-	-	18,617,080	14,894,657
Special	6,019,114	5,806,578	-	-	6,019,114	5,806,578
Vocational	402,175	98,594	-	-	402,175	98,594
Other	783,689	624,842	-	-	783,689	624,842
Support services:						
Pupil	2,397,701	1,999,792	-	-	2,397,701	1,999,792
Instructional staff	1,840,768	1,731,750	-	-	1,840,768	1,731,750
Board of education	58,936	87,779	-	-	58,936	87,779
Administration	3,104,413	2,682,742	-	-	3,104,413	2,682,742
Fiscal	1,367,753	1,323,644	-	-	1,367,753	1,323,644
Business	446,647	356,419	-	-	446,647	356,419
Operations and maintenance	4,224,660	3,699,099	-	-	4,224,660	3,699,099
Pupil transportation	3,097,152	2,747,931	-	-	3,097,152	2,747,931
Central	260,771	157,232	-	-	260,771	157,232
Operation of non-instructional services	-	97,561	-	-	-	97,561
Extracurricular activities	1,479,169	1,479,414	-	-	1,479,169	1,479,414
Interest and fiscal charges	1,162,418	1,249,029	-	-	1,162,418	1,249,029
Food service	-	-	943,939	973,768	943,939	973,768
Uniform school supplies	-	-	201,789	323,252	201,789	323,252
Adult education	-	-	248,717	215,761	248,717	215,761
Total expenses	45,262,446	39,037,063	1,394,445	1,512,781	46,656,891	40,549,844
Changes in net position	(4,961,583)	6,012,229	(49,512)	(133,372)	(5,011,095)	5,878,857
Net position at beginning of year, restated	(10,468,722)	(16,480,951)	(995,775)	(862,403)	(11,464,497)	(17,343,354)
Net position at end of year	\$ (15,430,305)	\$ (10,468,722)	\$ (1,045,287)	\$ (995,775)	\$ (16,475,592)	\$ (11,464,497)

**KENSTON LOCAL SCHOOL DISTRICT
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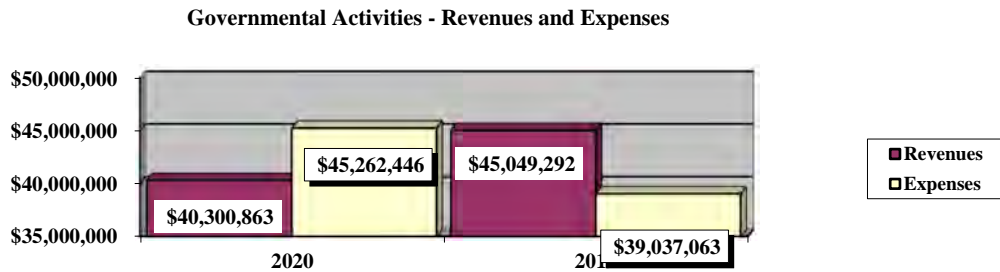
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Governmental Activities

For fiscal year 2020, the net position of the School District's governmental activities decreased \$4,961,583 from 2019's restated net position. Total governmental expenses of \$45,262,446 were partially offset by program revenues of \$2,810,953 and general revenues of \$37,489,910. Program revenues supported 6.21% of the total governmental expenses.

Overall, expenses of the governmental activities increased \$6,225,383 or 15.95%. On an accrual basis, the District reported \$5,346,792 and \$2,830,052 in pension expense for fiscal year 2020 and 2019, respectively. In addition, the District reported (\$639,977) and (\$4,888,746) in OPEB expense for fiscal year 2020 and 2019, respectively. The increase in both the net pension expense and the OPEB expense from fiscal year 2019 to fiscal year 2020 was \$6,765,509. This increase is primarily the result of the benefit changes by the retirement systems. Fluctuations in the pension and OPEB expense makes it difficult to compare financial information between years. Pension and OPEB expense are components of program expenses reported on the statement of activities.

The graph below presents the School District's governmental activities revenue and expenses for fiscal year 2020 and 2019.



**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

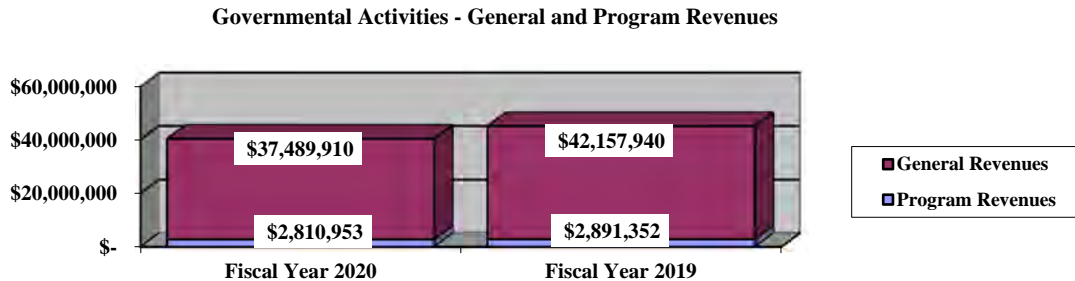
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2020 and 2019. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As stated above, fluctuations in the pension expense reported under GASB 68 makes it difficult to compare financial information between years.

Governmental Activities

	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>	Total Cost of Services <u>2019</u>	Net Cost of Services <u>2019</u>
Program expenses:				
Instruction:				
Regular	\$ 18,617,080	\$ 17,780,743	\$ 14,894,657	\$ 14,212,507
Special	6,019,114	5,254,667	5,806,578	4,858,142
Vocational	402,175	401,356	98,594	97,775
Other	783,689	783,689	624,842	624,842
Support services:				
Pupil	2,397,701	2,087,546	1,999,792	1,599,635
Instructional staff	1,840,768	1,771,387	1,731,750	1,727,943
Board of education	58,936	58,936	87,779	87,779
Administration	3,104,413	2,973,768	2,682,742	2,561,211
Fiscal	1,367,753	1,367,753	1,323,644	1,323,644
Business	446,647	446,647	356,419	356,419
Operations and maintenance	4,224,660	4,128,264	3,699,099	3,654,892
Pupil transportation	3,097,152	2,987,580	2,747,931	2,594,884
Central	260,771	260,771	157,232	157,232
Operation of non-instructional services	-	(4,362)	97,561	77,232
Extracurricular activities	1,479,169	990,330	1,479,414	962,545
Interest and fiscal charges	1,162,418	1,162,418	1,249,029	1,249,029
Total expenses	<u>\$ 45,262,446</u>	<u>\$ 42,451,493</u>	<u>\$ 39,037,063</u>	<u>\$ 36,145,711</u>

The dependence upon tax revenues during fiscal year 2020 for governmental activities is apparent, as 93.80% of 2020 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 93.79%. The School District's taxpayers and unrestricted grants and entitlements from the State of Ohio, are the primary support for School District's students.

The graph below presents the School District's governmental activities revenue for fiscal years 2020 and 2019.



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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Business-type Activities

Business-type activities include food service operation, uniform school supplies and adult education. These programs had revenues of \$1,344,933 and expenses of \$1,394,445 for fiscal year 2020. Management reviews these programs to develop policies to allow these services to become self-supporting, exclusive of the impact of the reporting related to GASB 68 and GASB 75 as previously discussed.

The School District's Funds

Governmental Funds

The School District's governmental funds reported a combined fund balance of \$14,989,670, which is less than last year's restated fund balance of \$20,040,653.

The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2020 and 2019. The fund balances at June 30, 2019 have been restated as described in Note 3.

	Fund Balance	Restated Fund Balance	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change</u>
General	\$ 10,147,695	\$ 13,852,611	\$ (3,704,916)
Bond retirement	3,579,216	3,662,350	(83,134)
Other governmental	<u>1,262,759</u>	<u>2,525,692</u>	<u>(1,262,933)</u>
Total	<u>\$ 14,989,670</u>	<u>\$ 20,040,653</u>	<u>\$ (5,050,983)</u>

General Fund

The School District's general fund balance decreased \$3,704,916. The table that follows assists in illustrating the revenues of the general fund.

	2020	2019	Increase	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>(Decrease)</u>	<u>Change</u>
<u>Revenues</u>				
Property taxes	\$ 25,846,878	\$ 29,290,091	\$ (3,443,213)	(11.76) %
Intergovernmental	7,199,003	7,908,876	(709,873)	(8.98) %
Investment earnings	615,866	447,591	168,275	37.60 %
Tuition and fees	1,075,851	1,080,768	(4,917)	(0.45) %
Other revenues	<u>750,955</u>	<u>404,226</u>	<u>346,729</u>	85.78 %
Total	<u>\$ 35,488,553</u>	<u>\$ 39,131,552</u>	<u>\$ (3,642,999)</u>	(9.31) %

In total, revenues decreased \$3,642,999 or 9.31% from 2019. This decrease was primarily due to a decrease in property tax and intergovernmental revenues. Property taxes revenue decreased \$3,443,213 or 11.76% and intergovernmental revenues decreased \$709,873 or 8.98%. In response to the COVID-19 pandemic, Geauga County, Ohio received approval from the Ohio Tax Commissioner to extend the due date of the second half 2019 real estate tax payments. As a result of the extension, the amount of property taxes collected by Geauga County and available as advance to the District at June 30, 2020 decreased dramatically. The amounts of taxes collected and available as advance to the general fund were \$3,382,435 and \$7,302,400 at June 30, 2020, and 2019, respectively. These amounts are reported as tax revenue by the District. The decrease in these amounts of \$3,919,965 are directly related to and responsible for the decrease in property tax revenue of the general fund. Intergovernmental revenues decreased due to decrease in foundation payments received from the State of Ohio. Earnings on investment increased \$168,275 or 37.60% due to increased interest rates on the District's investments. All other revenues remained comparable to fiscal year 2019 or were insignificant in amount.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)

	<u>2020</u> <u>Amount</u>	<u>2019</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>				
Instruction	\$ 22,656,902	\$ 22,326,235	\$ 330,667	1.48 %
Support services	14,821,232	15,451,703	(630,471)	(4.08) %
Operation of non-instructional services	-	55,014	(55,014)	(100.00) %
Extracurricular activities	871,119	940,243	(69,124)	(7.35) %
Facilities acquisition and construction	-	324,970	(324,970)	(100.00) %
Debt service	-	820,117	(820,117)	(100.00) %
Total	<u>\$ 38,349,253</u>	<u>\$ 39,918,282</u>	<u>\$ (1,569,029)</u>	(3.93) %

In total, expenditures decreased \$1,569,029 or 3.93% from 2019. This decrease was primarily due to a decrease in support services and debt service expenditures. Support services expenditures decreased primarily due to a decrease in administration services related to current year operations. Debt service decreased due to the bus lease ending in fiscal year 2019 and the School District purchasing new buses. Facilities acquisition expenditures decreased as the School District completed various projects in the prior year. All other expenditures remained comparable to fiscal year 2019 or were insignificant in amount.

Bond Retirement Fund

The bond retirement fund had \$10,195,256 in revenues and other financing sources and \$10,278,390 in expenditures and other financing uses. During fiscal year 2020, the bond retirement fund's fund balance decreased \$83,134 from \$3,662,350 to \$3,579,216. In fiscal year 2020, the School District refunded the Series 2012 School Improvement Refunding Current Interest Bonds with the Series 2019 School Improvement Refunding Current Interest Bonds.

Enterprise Funds

The School District's enterprise funds reported operating revenues of \$1,174,227, operating expenses of \$1,394,445 and nonoperating revenues of \$170,706. Net position of the enterprise funds decreased \$49,512 from a deficit of \$995,775 to a deficit of \$1,045,287. The enterprise funds reported an operating loss of \$220,218. Nonoperating revenues of \$170,706 were not sufficient to report a positive change in net position.

General Fund Budgeting Highlights

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

For the general fund, the original and final budgeted revenue and other financing sources were \$37,945,633 and \$39,687,000, respectively. Actual revenue and other financing sources were \$39,800,084, which was a \$113,084 increase from final budgeted amounts.

The original budgeted expenditures and other financing uses were \$41,423,637. Final budgeted expenditures and other financing uses were \$41,427,315, which was a \$3,678 increase. Total actual expenditures and other financing uses on the budget basis (cash outlays plus encumbrances) were \$40,308,305. This amount was \$1,119,010 less than the final budgeted amount (appropriations plus prior year encumbrances).

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
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Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2020, the School District had \$45,682,979 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. The following table shows fiscal year 2020 balances compared to 2019:

Capital Assets at June 30 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,321,516	\$ 1,321,516	\$ -	\$ -	\$ 1,321,516	\$ 1,321,516
Land improvements	5,678,605	6,068,115	-	-	5,678,605	6,068,115
Buildings and improvements	35,904,449	36,242,786	-	-	35,904,449	36,242,786
Furniture and equipment	521,917	462,784	63,706	72,557	585,623	535,341
Vehicles	2,018,644	2,202,819	-	-	2,018,644	2,202,819
Construction in progress	174,142	171,699	-	-	174,142	171,699
Total	\$ 45,619,273	\$ 46,469,719	\$ 63,706	\$ 72,557	\$ 45,682,979	\$ 46,542,276

Overall capital assets, net of accumulated depreciation, decreased \$859,297 from fiscal year 2019 to fiscal year 2020. Capital outlays of \$1,507,048 were exceeded by depreciation expense of \$2,347,959 and disposals, net of depreciation of \$18,386 during the year. See Note 8 to the basic financial statements for more detail on the School District's capital assets.

Debt Administration

At June 30, 2020, the School District has \$34,443,753 in long-term debt outstanding (excluding unamortized bond discounts and premiums). Of this total, \$2,500,977 is due within one year and \$31,942,776 is due in greater than one year. The following table summarizes outstanding long-term debt:

Outstanding Debt, at Year End

	Governmental Activities 2020	Governmental Activities 2019
General obligation bonds	<u>\$ 34,443,753</u>	<u>\$ 36,550,192</u>

See Note 9 to the basic financial statements for more detail on the School District's long-term obligations.

Current Financial Related Activities

Kenston Local School District is a high performing school district that serves the communities of Bainbridge and Auburn Townships. The Kenston Board of Education, faculty, and staff are committed to a tradition of providing a high-quality education to all students through academic programs that provide opportunities for all students to reach their full potential. The School District has a responsibility to be accountable for the resources afforded to it from local, state, and federal sources. Additionally, the School District has a responsibility to ensure that those resources are efficiently deployed to maximize the value each student receives in the classroom.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)**

The School District relies on prudent financial management in order to maintain a strong financial position in a climate of uncertainty in State funding and economically challenging times. Cost containment measures are employed on a daily basis to conserve funding for where it is needed most. The School District's Five-Year Forecast and assumptions are a crucial element in understanding the School District's financial condition. The most recent financial forecast projected positive year end cash balances through fiscal year 2022 (June 30, 2022).

The School District depends heavily on real estate tax dollars paid by local property owners. The General Fund receives just under 80% of its yearly revenue from real estate taxes paid on residential, agricultural, commercial, industrial and public utility properties. In May 2015 the School District passed its first operating levy since 2005 and began the collection of an additional 4.0 mills in January 2016. While property values declined during the recession, property values have steadily risen for the past eight (8) years from \$753,608,890 in calendar year 2012 to \$831,580,820 in calendar year 2020. Overall property values are expected to continue to increase over the next few years.

The typical cycle of an operating levy is one in which the School District's revenue will exceed expenditures in the beginning, but as time goes on expenditures will begin to exceed revenue. A key indicator that additional funding is needed to sustain current programming is when deficit spending begins to occur. The School District realized deficit spending (yearly expenditures exceeding yearly revenue) in fiscal year 2017 and again in fiscal year 2019. The five-year forecast approved in September 2020 projects deficit spending in fiscal years 2021-2025 and is due in large part to reduced revenue expectations and increased expenditure expectations as a result of the on-going COVID-19 pandemic. Additionally, the total phase out of the State Tangible Personal Property Tax replacement funding at the end of fiscal year 2018 has resulted in the loss of approximately \$3.1 million per year beginning in fiscal year 2019.

The Kenston Local School District receives State Foundation funding aid from the State of Ohio on a "Guarantee" basis. The current state funding formula allows school districts that are relatively higher in property wealth to receive a guaranteed minimum amount of state funding. This provides stability in state funding for higher wealth school districts. Historically the School District has received approximately \$4 million annual in State Foundation funding. However, in fiscal year 2020 the district received just under \$3.6 million due to a reduction imposed by the Governor resulting from declining state revenue as a result of the implications of the COVID-19 pandemic. The School District has reflected additional reductions in its current five year financial forecast for fiscal years 2021, 2022 and to a lesser extent in fiscal year 2023-2025.

In summary, prior to the COVID-19 pandemic, the District anticipated mild to moderate revenue growth over the next few years. However, expenditures were anticipated to outpace revenue during the same time period, which resulted in the need for additional operating revenue through an operating levy during calendar year 2021. With the COVID-19 pandemic upon us, our five-year financial forecast reflects an extremely cautious and conservative financial planning approach, especially in the short term. With that in mind, the School District is expected to present an operating levy to the community in May 2020 in order to reserve its commitment to providing an excellent education to every student in the Kenston Local School District.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Paul Pestello, Treasurer at Kenston Local School District, 17419 Snyder Road, Chagrin Falls, Ohio 44023 or e-mail at paul.pestello@kenstonapps.org.

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash, cash equivalents, and investments	\$ 19,854,030	\$ 236,809	\$ 20,090,839
Receivables:			
Property taxes	33,847,878	-	33,847,878
Accounts	5,162	2,091	7,253
Accrued interest	27,204	-	27,204
Intergovernmental	125,560	-	125,560
Prepayments	173,535	-	173,535
Materials and supplies inventory	73,684	6,818	80,502
Inventory held for resale	-	35,349	35,349
Net OPEB asset (Note 13)	2,386,116	1,656	2,387,772
Capital assets:			
Nondepreciable capital assets	1,495,658	-	1,495,658
Depreciable capital assets, net	44,123,615	63,706	44,187,321
Capital assets, net	<u>45,619,273</u>	<u>63,706</u>	<u>45,682,979</u>
Total assets	<u>102,112,442</u>	<u>346,429</u>	<u>102,458,871</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	787,483	-	787,483
Pension (Note 12)	7,760,880	116,989	7,877,869
OPEB (Note 13)	877,910	47,507	925,417
Total deferred outflows of resources	<u>9,426,273</u>	<u>164,496</u>	<u>9,590,769</u>
Liabilities:			
Accounts payable	425,541	30,859	456,400
Contracts payable	174,142	-	174,142
Accrued wages and benefits payable	4,155,815	88,149	4,243,964
Intergovernmental payable	260,023	6,767	266,790
Pension and postemployment benefits payable	660,532	19,352	679,884
Accrued interest payable	372,207	-	372,207
Claims payable	597,038	-	597,038
Long-term liabilities:			
Due within one year	2,807,739	-	2,807,739
Due in more than one year:			
Net pension liability (Note 12)	41,919,005	849,330	42,768,335
Net OPEB liability (Note 13)	4,306,392	354,139	4,660,531
Other amounts due in more than one year	35,271,700	55,859	35,327,559
Total liabilities	<u>90,950,134</u>	<u>1,404,455</u>	<u>92,354,589</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	28,787,412	-	28,787,412
Unamortized deferred gain on debt refunding	769	-	769
Pension (Note 12)	2,741,196	35,260	2,776,456
OPEB (Note 13)	4,489,509	116,497	4,606,006
Total deferred inflows of resources	<u>36,018,886</u>	<u>151,757</u>	<u>36,170,643</u>
Net position:			
Net investment in capital assets	12,520,887	63,706	12,584,593
Restricted for:			
Capital projects	1,020,679	-	1,020,679
Debt service	1,777,992	-	1,777,992
Locally funded programs	9,926	-	9,926
State funded programs	56,935	-	56,935
Student activities	376,976	-	376,976
Other purposes	55,074	-	55,074
Unrestricted (deficit)	(31,248,774)	(1,108,993)	(32,357,767)
Total net position (deficit)	<u>\$ (15,430,305)</u>	<u>\$ (1,045,287)</u>	<u>\$ (16,475,592)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction:				
Regular	\$ 18,617,080	\$ 815,905	\$ 20,432	\$ -
Special	6,019,114	262,516	501,931	-
Vocational	402,175	-	819	-
Other	783,689	-	-	-
Support services:				
Pupil	2,397,701	33,862	276,293	-
Instructional staff	1,840,768	1,865	67,516	-
Board of education	58,936	-	-	-
Administration	3,104,413	-	130,645	-
Fiscal	1,367,753	-	-	-
Business	446,647	-	-	-
Operations and maintenance	4,224,660	370	96,026	-
Pupil transportation	3,097,152	-	109,572	-
Central	260,771	-	-	-
Operation of non-instructional services	-	-	4,362	-
Extracurricular activities	1,479,169	295,115	53,424	140,300
Interest and fiscal charges	1,162,418	-	-	-
Total governmental activities	45,262,446	1,409,633	1,261,020	140,300
Business-type activities:				
Food service	943,939	657,718	170,706	-
Uniform school supplies	201,789	272,458	-	-
Adult education	248,717	42,075	-	-
Total business-type activities	1,394,445	972,251	170,706	-
Totals	\$ 46,656,891	\$ 2,381,884	\$ 1,431,726	\$ 140,300

General revenues:

Property taxes levied for:

 General purposes

 Debt service

 Payments in lieu of taxes

 Grants and entitlements not restricted to specific programs

 Investment earnings

 Miscellaneous

Total general revenues

Change in net position

Net position (deficit) at beginning of year (restated)

Net position (deficit) at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ (17,780,743)	\$ -	\$ (17,780,743)
(5,254,667)	-	(5,254,667)
(401,356)	-	(401,356)
(783,689)	-	(783,689)
(2,087,546)	-	(2,087,546)
(1,771,387)	-	(1,771,387)
(58,936)	-	(58,936)
(2,973,768)	-	(2,973,768)
(1,367,753)	-	(1,367,753)
(446,647)	-	(446,647)
(4,128,264)	-	(4,128,264)
(2,987,580)	-	(2,987,580)
(260,771)	-	(260,771)
4,362	-	4,362
(990,330)	-	(990,330)
(1,162,418)	-	(1,162,418)
(42,451,493)	-	(42,451,493)
-	(115,515)	(115,515)
-	70,669	70,669
-	(206,642)	(206,642)
-	(251,488)	(251,488)
(42,451,493)	(251,488)	(42,702,981)
25,944,242	-	25,944,242
2,993,916	-	2,993,916
576,383	-	576,383
7,298,584	-	7,298,584
612,270	-	612,270
64,515	201,976	266,491
37,489,910	201,976	37,691,886
(4,961,583)	(49,512)	(5,011,095)
(10,468,722)	(995,775)	(11,464,497)
\$ (15,430,305)	\$ (1,045,287)	\$ (16,475,592)

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash, cash equivalents, and investments	\$ 12,028,211	\$ 3,165,238	\$ 1,699,253	\$ 16,892,702
Receivables:				
Property taxes	30,244,459	3,603,419	-	33,847,878
Accounts	3,921	-	1,241	5,162
Accrued interest	27,204	-	-	27,204
Interfund loans	129,137	-	-	129,137
Intergovernmental.	26,047	-	99,513	125,560
Materials and supplies inventory.	73,684	-	-	73,684
Total assets	<u>\$ 42,532,663</u>	<u>\$ 6,768,657</u>	<u>\$ 1,800,007</u>	<u>\$ 51,101,327</u>
Liabilities:				
Accounts payable	\$ 387,597	\$ -	\$ 37,944	\$ 425,541
Contracts payable.	-	-	174,142	174,142
Accrued wages and benefits payable	4,076,179	-	79,636	4,155,815
Compensated absences payable	135,674	-	-	135,674
Intergovernmental payable	252,908	-	7,115	260,023
Pension and postemployment benefits payable	650,771	-	9,761	660,532
Interfund loans payable.	-	-	129,137	129,137
Total liabilities.	<u>5,503,129</u>	<u>-</u>	<u>437,735</u>	<u>5,940,864</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	25,705,356	3,082,056	-	28,787,412
Delinquent property tax revenue not available.	1,156,668	107,385	-	1,264,053
Intergovernmental revenue not available.	-	-	99,513	99,513
Interest revenue not available.	19,815	-	-	19,815
Total deferred inflows of resources	<u>26,881,839</u>	<u>3,189,441</u>	<u>99,513</u>	<u>30,170,793</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory.	73,684	-	-	73,684
Unclaimed funds	7,284	-	-	7,284
Restricted:				
Debt service	-	3,579,216	-	3,579,216
Capital improvements	-	-	846,537	846,537
Other purposes.	-	-	79,324	79,324
Extracurricular.	-	-	376,976	376,976
Student success and wellness.	-	-	42,611	42,611
Committed:				
Capital improvements	-	-	7,493	7,493
Assigned:				
Student instruction	109,137	-	-	109,137
Student and staff support.	459,271	-	-	459,271
Extracurricular activities	5	-	-	5
Subsequent year's appropriations	5,198,000	-	-	5,198,000
Unassigned (deficit)	4,300,314	-	(90,182)	4,210,132
Total fund balances	<u>10,147,695</u>	<u>3,579,216</u>	<u>1,262,759</u>	<u>14,989,670</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 42,532,663</u>	<u>\$ 6,768,657</u>	<u>\$ 1,800,007</u>	<u>\$ 51,101,327</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

Total governmental fund balances		\$	14,989,670
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			45,619,273
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	1,264,053	
Accrued interest receivable		19,815	
Intergovernmental receivable		99,513	
Total		1,383,381	1,383,381
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			2,537,825
Unamortized premiums on bonds issued are not recognized in the funds.			(843,190)
Unamortized charges on refundings are not recognized in the funds.			787,483
Unamortized gains on refundings are not recognized in the funds.			(769)
Unamortized discounts on bonds issued are not recognized in the funds.			39,583
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(372,207)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows of resources - pension		7,760,880	
Deferred inflows of resources - pension		(2,741,196)	
Net pension liability		(41,919,005)	
Total		(36,899,321)	(36,899,321)
The net OPEB liability/asset is not due and payable in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in governmental funds.			
Net OPEB asset		2,386,116	
Deferred outflows of resources - OPEB		877,910	
Deferred inflows of resources - OPEB		(4,489,509)	
Net OPEB liability		(4,306,392)	
Total		(5,531,875)	(5,531,875)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(34,443,753)	
Compensated absences		(2,696,405)	
Total		(37,140,158)	(37,140,158)
Net position of governmental activities		\$	(15,430,305)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 25,846,878	\$ 3,001,873	\$ -	\$ 28,848,751
Payment in lieu of taxes	576,383	-	-	576,383
Tuition	1,075,851	-	-	1,075,851
Earnings on investments	615,866	-	-	615,866
Extracurricular	36,415	-	294,427	330,842
Classroom materials and fees	2,570	-	-	2,570
Rental income	370	-	-	370
Contributions and donations	70,702	-	191,155	261,857
Other local revenues	64,515	-	28,870	93,385
Intergovernmental - state	7,123,633	378,383	143,938	7,645,954
Intergovernmental - federal	75,370	-	624,308	699,678
Total revenues	<u>35,488,553</u>	<u>3,380,256</u>	<u>1,282,698</u>	<u>40,151,507</u>
Expenditures:				
Current:				
Instruction:				
Regular	15,943,452	-	113,249	16,056,701
Special	5,557,254	-	308,227	5,865,481
Vocational	400,926	-	-	400,926
Other	755,270	-	-	755,270
Support services:				
Pupil	2,097,841	-	197,686	2,295,527
Instructional staff	1,743,198	-	101,315	1,844,513
Board of education	58,078	-	-	58,078
Administration	2,844,262	-	124,899	2,969,161
Fiscal	1,294,856	50,419	-	1,345,275
Business	405,868	-	28,800	434,668
Operations and maintenance	3,529,586	-	510,907	4,040,493
Pupil transportation	2,601,766	-	219,205	2,820,971
Central	245,777	-	-	245,777
Extracurricular activities	871,119	-	474,480	1,345,599
Facilities acquisition and construction	-	-	1,087,368	1,087,368
Debt service:				
Principal retirement	-	2,227,402	-	2,227,402
Interest and fiscal charges	-	1,027,481	-	1,027,481
Bond issuance costs	-	71,300	-	71,300
Total expenditures	<u>38,349,253</u>	<u>3,376,602</u>	<u>3,166,136</u>	<u>44,891,991</u>
Excess of revenues over (under) expenditures	<u>(2,860,700)</u>	<u>3,654</u>	<u>(1,883,438)</u>	<u>(4,740,484)</u>
Other financing sources (uses):				
Issuance of refunding bonds	-	6,715,000	-	6,715,000
Transfers in	-	100,000	620,505	720,505
Transfers (out)	(870,505)	-	-	(870,505)
Insurance proceeds	26,289	-	-	26,289
Payment to refunding bond escrow agent	-	(6,901,788)	-	(6,901,788)
Total other financing sources (uses)	<u>(844,216)</u>	<u>(86,788)</u>	<u>620,505</u>	<u>(310,499)</u>
Net change in fund balances	(3,704,916)	(83,134)	(1,262,933)	(5,050,983)
Fund balances at				
beginning of year (restated)	<u>13,852,611</u>	<u>3,662,350</u>	<u>2,525,692</u>	<u>20,040,653</u>
Fund balances at end of year	<u>\$ 10,147,695</u>	<u>\$ 3,579,216</u>	<u>\$ 1,262,759</u>	<u>\$ 14,989,670</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

Net change in fund balances - total governmental funds	\$	(5,050,983)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 1,496,555	
Current year depreciation	(2,328,615)	
Total		(832,060)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(18,386)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	89,407	
Earnings on investments	(3,596)	
Intergovernmental	(95,538)	
Total		(9,727)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
		2,227,402
Issuance of refunding bonds are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as revenue as they increase liabilities on the statement of net position.		
		(6,715,000)
Payment to refunded bond escrow agent for the retirement of bonds is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net position. Deferred charges related to bond refundings are amortized over the life of the issuance in the statement of activities. The following refunding transactions occurred during the year:		
Bonds refunded	6,830,000	
Unamortized premiums on refunded bonds removed	433,375	
Unamortized discounts on refunded bonds removed	(28,896)	
Unamortized deferred charges on refunded bonds removed	(331,853)	
Deferred gain on refundings	(838)	
Total		6,901,788
In the statement of activities, interest is accrued on outstanding bonds, whereby in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	20,148	
Accreted interest on capital appreciation bonds	(235,963)	
Amortization of bond premiums	277,321	
Amortization of bond discounts	(4,060)	
Amortization of deferred gains	69	
Amortization of deferred charges	(121,152)	
Total		(63,637)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		3,265,762
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(5,346,792)
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		77,842
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability/asset are reported as OPEB expense in the statement of activities.		
		639,977
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
		20,157
An internal service fund used by management to charge the cost of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund is allocated among the governmental activities.		
		(57,926)
Change in net position of governmental activities	\$	(4,961,583)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 28,437,433	\$ 29,765,000	\$ 29,766,843	\$ 1,843
Payment in lieu of taxes.	550,341	576,000	576,383	383
Tuition.	1,026,640	1,075,000	1,086,305	11,305
Earnings on investments	405,553	425,000	436,827	11,827
Classroom materials and fees	1,889	2,000	2,501	501
Rental income	52,984	53,000	370	(52,630)
Contributions and donations	-	-	4,362	4,362
Other local revenues	-	-	49,823	49,823
Intergovernmental - state	6,718,148	7,035,000	7,117,412	82,412
Intergovernmental - federal	71,645	75,000	75,370	370
Total revenues	<u>37,264,633</u>	<u>39,006,000</u>	<u>39,116,196</u>	<u>110,196</u>
Expenditures:				
Current:				
Instruction:				
Regular	16,729,893	16,264,260	16,149,927	114,333
Special.	6,193,408	5,722,787	5,664,570	58,217
Vocational.	414,172	450,000	399,428	50,572
Other.	813,325	791,045	777,151	13,894
Support services:				
Pupil.	2,069,523	2,114,539	2,061,358	53,181
Instructional staff	1,809,924	1,854,500	1,766,791	87,709
Board of education	75,849	100,646	69,208	31,438
Administration.	2,742,852	3,020,271	2,906,380	113,891
Fiscal	1,332,141	1,403,294	1,311,129	92,165
Business	386,534	444,332	409,511	34,821
Operations and maintenance.	4,044,114	3,998,815	3,819,488	179,327
Pupil transportation	2,849,856	2,777,383	2,638,236	139,147
Central.	252,498	306,779	244,984	61,795
Extracurricular activities.	937,606	945,000	888,081	56,919
Facilities acquisition and construction	168,264	19,986	10,743	9,243
Total expenditures	<u>40,819,959</u>	<u>40,213,637</u>	<u>39,116,985</u>	<u>1,096,652</u>
Excess of revenues over (under) expenditures . .	<u>(3,555,326)</u>	<u>(1,207,637)</u>	<u>(789)</u>	<u>1,206,848</u>
Other financing sources (uses):				
Refund of prior year's expenditures	333,000	333,000	334,751	1,751
Transfers in	223,000	223,000	223,749	749
Transfers (out).	(403,678)	(1,063,678)	(1,062,183)	1,495
Advances (out)	(200,000)	(150,000)	(129,137)	20,863
Sale of capital assets	125,000	125,000	125,388	388
Total other financing sources (uses)	<u>77,322</u>	<u>(532,678)</u>	<u>(507,432)</u>	<u>25,246</u>
Net change in fund balance	(3,478,004)	(1,740,315)	(508,221)	1,232,094
Fund balance at beginning of year	10,873,864	10,873,864	10,873,864	-
Prior year encumbrances appropriated	468,637	468,637	468,637	-
Fund balance at end of year	<u>\$ 7,864,497</u>	<u>\$ 9,602,186</u>	<u>\$ 10,834,280</u>	<u>\$ 1,232,094</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Assets:		
Current:		
Equity in pooled cash, cash equivalents, and investments	\$ 236,809	\$ 2,961,328
Receivables:		
Accounts	2,091	-
Prepayments	-	173,535
Materials and supplies inventory.	6,818	-
Inventory held for resale	35,349	-
Total current assets	281,067	3,134,863
Noncurrent assets:		
Net OPEB asset (Note 13)	1,656	-
Depreciable capital assets, net	63,706	-
Total noncurrent assets	65,362	-
Total assets.	346,429	3,134,863
Deferred outflows of resources:		
Pension (Note 12)	116,989	-
OPEB (Note 13)	47,507	-
Total deferred outflows of resources	164,496	-
Liabilities:		
Current:		
Accounts payable.	30,859	-
Accrued wages and benefits payable	88,149	-
Intergovernmental payable	6,767	-
Pension and postemployment benefits payable	19,352	-
Claims payable	-	597,038
Total current liabilities	145,127	597,038
Long-term liabilities:		
Net pension liability (Note 12)	849,330	-
Net OPEB liability (Note 13).	354,139	-
Compensated absences payable.	55,859	-
Total long-term liabilities	1,259,328	-
Total liabilities	1,404,455	597,038
Deferred inflows of resources:		
Pension (Note 12)	35,260	-
OPEB (Note 13)	116,497	-
Total deferred inflows of resources	151,757	-
Net position:		
Investment in capital assets	63,706	-
Unrestricted.	(1,108,993)	2,537,825
Total net position.	\$ (1,045,287)	\$ 2,537,825

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Operating revenues:		
Tuition and fees.	\$ 272,458	\$ -
Charges for services.	699,793	6,549,463
Other.	201,976	-
Total operating revenues	1,174,227	6,549,463
Operating expenses:		
Personal services.	783,288	74,950
Purchased services.	55,104	-
Materials and supplies	534,392	-
Other.	2,317	-
Claims	-	6,682,439
Depreciation	19,344	-
Total operating expenses.	1,394,445	6,757,389
Operating (loss).	(220,218)	(207,926)
Nonoperating revenues:		
Grants and subsidies.	115,573	-
Federal donated commodities	55,133	-
Total nonoperating revenues.	170,706	-
Income (loss) before transfers	(49,512)	(207,926)
Transfer in	-	150,000
Change in net position	(49,512)	(57,926)
Net position (deficit) at beginning of year	(995,775)	2,595,751
Net position (deficit) at end of year	\$ (1,045,287)	\$ 2,537,825

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from tuition and fees	\$ 272,458	\$ -
Cash received from charges for services.	709,472	6,549,463
Cash received from other operations	213,354	-
Cash payments for personal services.	(669,087)	(149,900)
Cash payments for contractual services	(53,824)	-
Cash payments for materials and supplies	(628,955)	-
Cash payments for claims	-	(6,821,555)
Cash payments for other expenses	(2,317)	-
	(158,899)	(421,992)
Net cash (used in) operating activities		
Cash flows from noncapital financing activities:		
Cash received from grants and subsidies.	115,573	-
Cash received from transfers in	-	150,000
	115,573	150,000
Net cash provided by noncapital financing activities . .		
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(10,493)	-
	(10,493)	-
Net cash (used in) capital and related financing activities.		
Net (decrease) in cash and cash equivalents	(53,819)	(271,992)
Cash and cash equivalents at beginning of year	290,628	3,233,320
Cash and cash equivalents at end of year	\$ 236,809	\$ 2,961,328
Reconciliation of operating loss to net cash (used in) operating activities:		
Operating loss	\$ (220,218)	\$ (207,926)
Adjustments:		
Depreciation.	19,344	-
Federal donated commodities	55,133	-
Changes in assets, liabilities, deferred inflows of resources, and deferred outflows of resources:		
Decrease in materials and supplies inventory	3,371	-
(Increase) in inventory held for resale	(30,726)	-
Decrease in accounts receivable.	11,378	-
(Increase) decrease in prepayments	1,540	(84,408)
(Decrease) in accounts payable	(111,382)	-
Increase in accrued wages and benefits	816	-
Increase (decrease) in intergovernmental payable.	5,708	(2,321)
(Decrease) in compensated absences payable.	(1,991)	-
(Decrease) in pension obligation payable.	(3,397)	-
Increase in net pension liability	48,149	-
(Decrease) in net OPEB liability	(35,206)	-
(Increase) in net OPEB asset	(694)	-
Decrease in deferred outflows - pensions	85,266	-
(Increase) in deferred outflows - OPEB	(30,070)	-
(Decrease) in deferred inflows - pensions	(19,095)	-
Increase in deferred inflows - OPEB	63,175	-
(Decrease) in claims payable	-	(127,337)
	(158,899)	(421,992)
Net cash (used in) operating activities		

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Custodial
Additions:	
Extracurricular collections for OHSAA	\$ 3,002
Deductions:	
Extracurricular distributions to OHSAA	3,002
Change in net position	-
Net position at beginning of year (restated)	-
Net position at end of year	\$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Kenston Local School District (the “School District”) operates under a locally-elected board form of government and provides educational services as authorized by state and/or federal agencies. The School District has four (4) instructional facilities (Kenston High School, Kenston Middle School, Kenston Intermediate School and Timmons Elementary School). The School District’s Transportation facility is operated from Gardiner Elementary School which no longer serves as an educational facility. The School District is staffed by approximately 375 full-time and part-time employees providing instruction and support to approximately 2,650 students.

The School District was established through the consolidation of existing land areas and school districts and is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected-at-large for staggered four-year terms.

The School District serves areas of Auburn and Bainbridge townships, located in Geauga County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

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

The following organizations are described due to their relationship to the School District:

JOINTLY GOVERNED ORGANIZATIONS

Kenston Community Education (KCE)

Kenston Community Education is a joint vocational school district which is a jointly governed board appointment organization among eleven school districts. Each participating school district appoints one member to KCE's Board of Education. The students of each participating school district may attend classes offered at the vocational facility. Each participant's control over the operation of KCE is limited to its representation on the Board. KCE receives 1.5 mills of the School District's property tax, which is paid to KCE directly by Geauga County. No other contribution by the School District is required. Continued existence of KCE is not dependent on the School District's continued participation. Financial information can be obtained from 8140 Auburn Road, Concord Twp., Ohio 44077.

Lake Geauga Computer Association

The Lake Geauga Computer Association (the LGCA) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS, and other applications to its eighteen member school districts. Each of the school districts supports LGCA based upon a per pupil charge. The School District contributed \$115,719 to LGCA during fiscal year 2020. The Executive Committee (Governing Board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. LGCA's continued existence is not dependent on the School District's continued participation. LGCA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. Financial information can be obtained from 8221 Auburn Road, Concord Twp., Ohio 44077.

Auburn-Bainbridge Recreation Board

The Auburn-Bainbridge Recreation Board is a jointly governed organization of the School District. The Board of Education appoints two members of the six member commission. The School District makes no financial contributions to the Board, but it does provide the use of its facilities and land. The School District's control is limited to its representation on the governing board. The Board's continued existence is not dependent on the School District's continued participation. Financial information on the Board can be obtained from Kenston Community Education, 17425 Snyder Road, Chagrin Falls, Ohio 44023.

Ohio Schools' Council Association

The Ohio Schools' Council Association (Council) is a jointly governed organization among 241 school districts, educational service centers, joint vocational districts, and Developmental Disabilities boards in 33 Ohio counties. The jointly governed organization was formed to bring quality products and services at the lowest possible cost to the member school districts. The Council's Board consists of seven superintendents of the participating school districts whose terms rotate every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2020, the School District paid \$6,205 to the Council for annual membership, fees and services. Financial information can be obtained by contacting William J. Zelei, the Executive Director of the Ohio Schools' Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

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

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Compass Energy has been selected as the supplier and program manager. There are currently 161 program members in the program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). School districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and school districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

Proprietary Funds

The proprietary funds focus on the determination of operating income/loss, changes in net position, financial position, and cash flows and are classified as either enterprise or internal service.

Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's enterprise funds account for the financial transactions related to the food service operations, and the purchase and sale of school supplies. The School District has no major enterprise funds. The School District's nonmajor enterprise funds account for food service, uniform school supplies, and adult education.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

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

Internal Service Fund

The internal service fund accounts for the financial services provided by one department or agency to other departments or agencies of the School District, or to other governments, on a cost reimbursement basis. The internal service funds of the School District account for a self-insurance program which provides medical, dental, and vision benefits to the School District's employees and workers compensation premium payments.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. The School District does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's agency fund accounts for monies collected on behalf of and disbursed to the Ohio High School Athletic Association.

C. Basis of Presentation and Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements distinguish between those activities that are governmental and those that are considered business-type activities. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources and generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

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

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

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

D. Basis of Accounting

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, see Notes 12 and 13 for deferred outflows of resources related to the School District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, unavailable revenue, and a deferred gain on debt refunding. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

For the School District, see Notes 12 and 13 for deferred inflows of resources related to the School District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as "federal donated commodities" revenue.

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the fund level for all budgeted funds. Any budgetary modifications are made by Board resolution.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Geauga County Budget Commission for rate determination.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

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

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commissions' certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts from the certificate of estimated resources that was in effect at the time the original permanent appropriations covering the entire fiscal year were passed by the Board of Education. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts from the certificate of amended resources that was in effect at the time the final appropriations were passed by the Board of Education.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The School District's legal level of budgetary control has been established at the fund level for all budgeted funds. The appropriation resolution, established at the legal level of control funds, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the legal level of control. Any revisions that alter the legal level of budgetary control must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

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

Lapsing of Appropriations:

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the legal level of control.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

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

F. Cash and Investments

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

During fiscal year 2020, investments were limited to negotiable certificates of deposits (negotiable CDs), U.S. government money market mutual fund, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for investments in STAR Ohio, investments are reported at fair value, which is based on quoted market prices.

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

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2020 amounted to \$615,866, which includes \$244,599 assigned from other School District funds.

For presentation on the basic financial statements, investments purchased by the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments. An analysis of the School District's investment account at fiscal year end is provided in Note 4.

G. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time inventory items are consumed. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale, and are expensed when used.

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

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

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

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

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

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>	Business-Type Activities <u>Estimated Lives</u>
Land Improvements	5 - 30 Years	N/A
Buildings and Improvements	20 - 50 Years	N/A
Furniture and Equipment	5 - 20 Years	5 - 20 Years
Vehicles	5 - 10 Years	N/A

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables" and receivables and payables resulting from interfund goods and services provided are classified and "due to/due from other funds." These interfund balances are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as a component of "internal balance" on the statement of net position. The School District had no internal balances at June 30, 2020.

J. Compensated Absences

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service; or 20 years service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

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

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

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance

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

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

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

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

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

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

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

M. Net Position

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

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

N. Estimates

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

O. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds.

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

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

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

P. Issuance Costs/Bond Premiums and Discounts and Accounting Gain or Loss on Debt Refunding

On the governmental fund financial statements, issuance costs, bond premiums, bond discounts, and deferred charges from debt refunding are recognized in the current period.

On the government-wide financial statements, issuance costs are recognized in the current period and are not amortized. Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Unamortized bond premiums are presented as an addition to the face amount of the bonds reported on the statement of net position. Unamortized bond discounts are presented as a reduction to the face amount of the bonds reported on the statement of net position. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 9.

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

Q. Pensions/Other Postemployment Benefits (OPEB)

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

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service and uniform school supplies and tuition and fees for adult education. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenue and expenses not meeting these definitions are classified as nonoperating.

S. Prepayments

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

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

T. Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

U. Extraordinary and Special Items

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

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

B. Restatement of Net Position and Fund Balances

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

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balance as previously reported	\$ 13,812,538	\$ 3,662,350	\$ 2,465,009	\$ 19,939,897
GASB Statement No. 84	<u>40,073</u>	<u>-</u>	<u>60,683</u>	<u>100,756</u>
Restated Fund Balance, at June 30, 2019	<u>\$ 13,852,611</u>	<u>\$ 3,662,350</u>	<u>\$ 2,525,692</u>	<u>\$ 20,040,653</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

	Governmental Activities
Net position as previously reported	\$ (10,569,478)
GASB Statement No. 84	100,756
Restated net position at June 30, 2019	\$ (10,468,722)

Due to the implementation of GASB Statement No.84, the new classification of custodial funds is reporting a beginning net position of \$0. Also, related to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. At June 30, 2019, agency funds reported assets and liabilities of \$100,756.

C. Deficit Fund Balances

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

<u>Nonmajor funds</u>	<u>Deficit</u>
IDEA Part B	\$ 62,270
Title I	22,210
Improving teacher quality	5,702

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Deposits with Financial Institutions

At June 30, 2020, the carrying amount of all School District deposits was \$387,286 and the bank balance of all School District deposits was \$480,696. Of the bank balance, \$323,999 was covered by the FDIC, \$78,349 was covered by the Ohio Pooled Collateral System, and \$78,348 was exposed to custodial credit risk discussed below because those deposits were uninsured and uncollateralized.

Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2020, one of the School District's financial institutions was approved for a reduced collateral rate of 50 percent through the OPCS, while the remaining institutions were collateralized at 102 percent. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

B. Investments

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

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	Investment Maturities				
		6 months or <u>less</u>	7 to 12 <u>months</u>	13 to 18 <u>months</u>	19 to 24 <u>months</u>	Greater than <u>24 months</u>
<i>Fair Value:</i>						
Negotiable CD's	\$ 8,674,152	\$ 781,837	\$ 2,015,356	\$ 1,774,565	\$ 2,522,640	\$ 1,579,754
U.S. government money market mutual fund	72,398	72,398	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	10,957,003	10,957,003	-	-	-	-
Total	<u>\$ 19,703,553</u>	<u>\$ 11,811,238</u>	<u>\$ 2,015,356</u>	<u>\$ 1,774,565</u>	<u>\$ 2,522,640</u>	<u>\$ 1,579,754</u>

The School District's weighted average length to maturity for investments in is 0.69 years.

The School District's investments in U.S Government money market mutual funds are valued using quoted market prices (Level 1 inputs). The School District's investments in negotiable CD's are valued using quoted market prices that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either direct or indirectly (Level 2 inputs).

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: The School District's investments in U.S. Government money market mutual fund and STAR Ohio have been assigned an AAAM money market rating by Standard & Poor's. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The negotiable CD's are not rated but are fully insured by the FDIC. The School District has no investment policy dealing with credit risk.

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

Concentration of Credit Risk: The School District's investment policy places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School District at June 30, 2020:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair Value:</i>		
Negotiable CD's	\$ 8,674,152	44.02
U.S. government money market mutual fund	72,398	0.37
<i>Amortized Cost:</i>		
STAR Ohio	<u>10,957,003</u>	<u>55.61</u>
Total	<u>\$ 19,703,553</u>	<u>100.00</u>

C. Reconciliation of Cash and Investments to the Statement of Net Position

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

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 387,286
Investments	<u>19,703,553</u>
Total	<u>\$ 20,090,839</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 19,854,030
Business-type activities	<u>236,809</u>
Total	<u>\$ 20,090,839</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances

Interfund balances at June 30, 2020 as reported on the fund statements consist of the following interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 129,137</u>

The primary purpose of the interfund balances is to cover negative cash balances in specific funds where revenues were not received by June 30. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

B. Transfers

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

<u>Transfers from general fund to:</u>	<u>Amount</u>
Debt service	\$ 100,000
Nonmajor governmental funds	620,505
Internal service	<u>150,000</u>
Total	<u>\$ 870,505</u>

Interfund transfers represent the use of unrestricted revenues collected in the general fund that are used to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers between governmental funds are eliminated for reporting on the statement of activities. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

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

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 6 - PROPERTY TAXES - (Continued)

The School District receives property taxes from Geauga County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available as an advance at June 30, 2020 was \$3,382,435 in the general fund and \$413,978 in the bond retirement fund. This amount is recorded as revenue. The amount available as an advance at June 30, 2019 was \$7,302,400 in the general fund and \$822,000 in the bond retirement fund. This amount was recorded as revenue. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

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

	2019 Second Half Collections		2020 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 804,289,420	97.95	\$ 813,695,350	97.85
Public utility personal	<u>16,831,340</u>	<u>2.05</u>	<u>17,885,470</u>	<u>2.15</u>
Total	<u>\$ 821,120,760</u>	<u>100.00</u>	<u>\$ 831,580,820</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 90.33		\$ 90.78	

NOTE 7 - RECEIVABLES

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

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Property taxes	\$ 33,847,878	\$ -
Accounts	5,162	2,091
Accrued interest	27,204	-
Intergovernmental	<u>125,560</u>	<u>-</u>
Total	<u>\$ 34,005,804</u>	<u>\$ 2,091</u>

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 8 - CAPITAL ASSETS

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

	<u>Balance</u> <u>06/30/19</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/20</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,321,516	\$ -	\$ -	\$ 1,321,516
Construction in progress	<u>171,699</u>	<u>376,420</u>	<u>(373,977)</u>	<u>174,142</u>
Total capital assets, not being depreciated	<u>1,493,215</u>	<u>376,420</u>	<u>(373,977)</u>	<u>1,495,658</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	12,023,673	234,820	-	12,258,493
Building and improvements	57,883,339	840,512	-	58,723,851
Furniture and equipment	7,703,993	199,892	(22,648)	7,881,237
Vehicles	<u>4,463,779</u>	<u>218,888</u>	<u>(172,536)</u>	<u>4,510,131</u>
Total capital assets, being depreciated	<u>82,074,784</u>	<u>1,494,112</u>	<u>(195,184)</u>	<u>83,373,712</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(5,955,558)	(624,330)	-	(6,579,888)
Building and improvements	(21,640,553)	(1,178,849)	-	(22,819,402)
Furniture and equipment	(7,241,209)	(139,627)	21,516	(7,359,320)
Vehicles	<u>(2,260,960)</u>	<u>(385,809)</u>	<u>155,282</u>	<u>(2,491,487)</u>
Total accumulated depreciation	<u>(37,098,280)</u>	<u>(2,328,615)</u>	<u>176,798</u>	<u>(39,250,097)</u>
Governmental activities capital assets, net	<u>\$ 46,469,719</u>	<u>\$ (458,083)</u>	<u>\$ (392,363)</u>	<u>\$ 45,619,273</u>
Business-type Activities				
<i>Capital assets, being depreciated:</i>				
Furniture and equipment	\$ 446,021	\$ 10,493	\$ -	\$ 456,514
<i>Less: accumulated depreciation</i>				
Furniture and equipment	<u>(373,464)</u>	<u>(19,344)</u>	<u>-</u>	<u>(392,808)</u>
Business-type activities capital assets, net	<u>\$ 72,557</u>	<u>\$ (8,851)</u>	<u>\$ -</u>	<u>\$ 63,706</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,790,620
Special	227
<u>Support Services:</u>	
Instructional staff	14,949
Operations and maintenance	46,866
Pupil transportation	369,415
Extracurricular activities	<u>106,538</u>
Total depreciation expense	<u>\$ 2,328,615</u>

Depreciation expense of the business-type activities was charged to the food service nonmajor enterprise fund.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 9 - LONG-TERM OBLIGATIONS

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

	Balance 06/30/19	Additions	Deletions	Balance 06/30/20	Amount Due in One Year
Governmental Activities					
<u>General Long-Term Bonds</u>					
School Improvement Refunding Bonds - Series 2011:					
Current Interest Bonds	\$ 15,495,000	\$ -	\$ (1,955,000)	\$ 13,540,000	\$ 2,055,000
Capital Appreciation Bonds	1,150,000	-	-	1,150,000	-
Accreted Interest	692,746	120,865	-	813,611	-
School Improvement Refunding Bonds - Series 2012:					
Current Interest Bonds	6,830,000	-	(6,830,000)	-	-
Capital Appreciation Bonds	725,000	-	-	725,000	-
Accreted Interest	607,693	115,098	-	722,791	-
School Improvement Bonds - Series 2017A	4,970,000	-	(70,000)	4,900,000	85,000
School Improvement Bonds - Series 2017B	4,930,000	-	(90,000)	4,840,000	95,000
School Improvement Refunding Bonds - Series 2019	-	6,715,000	-	6,715,000	150,000
Energy Improvement Conservation Bonds - Series 2018	1,149,753	-	(112,402)	1,037,351	115,977
Total General Obligation Bonds	<u>36,550,192</u>	<u>6,950,963</u>	<u>(9,057,402)</u>	<u>34,443,753</u>	<u>2,500,977</u>
<u>Other Obligations:</u>					
Net Pension Liability	41,184,256	734,749	-	41,919,005	-
Net OPEB Liability	4,608,952	-	(302,560)	4,306,392	-
Compensated Absences	2,839,774	271,257	(278,952)	2,832,079	306,762
Total Other Obligations	<u>48,632,982</u>	<u>1,006,006</u>	<u>(581,512)</u>	<u>49,057,476</u>	<u>306,762</u>
Total Governmental Long-Term Liabilities	<u>85,183,174</u>	<u>\$ 7,956,969</u>	<u>\$ (9,638,914)</u>	<u>83,501,229</u>	<u>\$ 2,807,739</u>
Less: Unamortized Bond Discount	(72,539)			(39,583)	
Add: Unamortized Bond Premium	1,553,886			843,190	
Total on Statement on Net Position	<u>\$ 86,664,521</u>			<u>\$ 84,304,836</u>	
Business-Type Activities					
Compensated Absences	\$ 57,850	\$ 1,242	\$ (3,233)	\$ 55,859	\$ -
Net Pension Liability	801,181	48,149	-	849,330	-
Net OPEB Liability	389,345	-	(35,206)	354,139	-
Total Business-Type Activities	<u>\$ 1,248,376</u>	<u>\$ 49,391</u>	<u>\$ (38,439)</u>	<u>\$ 1,259,328</u>	<u>\$ -</u>

Payments of principal and interest relating to the liabilities of the School Improvement general obligation bonds will be made from the bond retirement fund and will be repaid from property taxes.

School Improvement Refunding Bonds - Series 2011

On December 29, 2011, the School District issued general obligation bonds for advance refunding a portion of the School Improvement Bonds, Series 2003, which were originally for school improvements. The advance refundings met the requirements of an in-substance debt defeasance and the defeased bonds were removed from the School District's government-wide financial statements. The defeased debt has been paid in full.

This issue is comprised of both serial bonds, par value \$27,210,000, and capital appreciation bonds, par value \$1,150,000. The interest rates on the serial bonds range from 2.0 percent to 5.0 percent. The capital appreciation bonds mature on December 1, 2021 (approximate initial offering yield at maturity 3.14 percent), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The accreted value at maturity for the capital appreciation bonds is \$2,160,000. A total of \$813,611 in accreted interest on these capital appreciation bonds has been included in the long-term liabilities on the Statement of Net Position at June 30, 2020.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,817,275. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

School Improvement Refunding Bonds - Series 2012

On January 25, 2012, the School District issued general obligation bonds for advance refunding a portion of the School Improvement Bonds, Series 2003, which were originally for school improvements.

This issue is comprised of both current interest serial and term bonds, par value \$7,885,000, and capital appreciation bonds, par value \$725,000. On October 3, 2019, the School District refunded the remaining amount of the current interest bonds. The interest rates on the current interest serial and term bonds range from 1.0 percent to 3.0 percent. The capital appreciation bonds mature on December 1, 2027 (approximate initial offering yield at maturity 3.92 percent), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$2,695,000. A total of \$722,791 in accreted interest on these capital appreciation bonds has been included in the long term liabilities on the Statement of Net Position at June 30, 2020.

The net proceeds from the fiscal year 2012 issuances of the general obligation refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are called. The advance refundings met the requirements of an in-substance debt defeasance and the defeased bonds were removed from the School District's government-wide financial statements. The defeased debt has been paid in full.

The reacquisition price exceeded the net carrying amount of the old debt by \$564,410. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

School Improvement Bonds - Series 2017A

On May 18, 2017, the School District issued \$5,000,000 in School Improvement Bonds at an interest rate of 4.25-5.00 % per year with the maturity date of September 1, 2045, for the purpose of constructing, renovating, remodeling, and otherwise improving buildings and facilities.

School Improvement Bonds - Series 2017B

On June 14, 2017, the School District issued \$5,000,000 in School Improvement Bonds at an interest rate of 3.375-5.00% per year with maturity date of September 1, 2045, for the purpose of constructing, renovating, remodeling, and otherwise improving buildings and facilities.

Series 2019 Refunding General Obligation Bonds

On October 3, 2019, the School District issued general obligation bonds (Series 2019 Refunding Bonds) to current refund the callable portion of the Series 2012 Current Interest School Improvement Refunding Bonds (principal \$6,830,000; interest rate of 2.00% to 3.00%). Issuance proceeds of \$6,715,000 and cash of \$186,788 were used to purchase securities which were placed in an irrevocable trust to provide resources for the debt service payment due on December 1, 2019 when the refunded debt was called. The Series 2012 School Improvement Refunding bonds have been defeased and removed from the statement of net position. The balance of the refunded bonds at June 30, 2020, is \$6,670,000.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The refunding issue is comprised of current interest bonds, par value \$6,715,000. The interest rate on the current interest bonds is 2.02%.

The net carrying amount of the old debt (including unamortized premiums and unamortized deferred charges removed upon refunding) exceeded the reacquisition price by \$838. This deferred gain on refunding is amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The unamortized portion of the deferred gain is reported as a deferred inflow on the statement of net position. The refunding was undertaken to reduce future debt service payments by \$722,680 resulting in a current economic gain of \$617,496.

Payments of principal and interest relating to the Series 2019 refunding bonds are recorded as expenditures in the bond retirement fund. Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2029.

Energy Improvement Conservation Bonds - Series 2018

On February 14, 2018, the School District issued \$1,237,146 in Energy Improvement Conservation Bonds - Series 2018. The bonds bear an interest rate ranging from 2.75-3.18 % per year with a final maturity date of December 1, 2027. The bonds were issued for the purpose of performing energy improvement projects to School District buildings.

Future Debt Service Requirements

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2020, are as follows:

Fiscal Year Ending June 30	School Improvement Refunding Bonds-Series 2011					
	Current Interest			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 2,055,000	\$ 425,443	\$ 2,480,443	\$ -	\$ -	\$ -
2022	-	374,069	374,069	1,150,000	1,010,000	2,160,000
2023	2,155,000	341,743	2,496,743	-	-	-
2024	2,225,000	274,653	2,499,653	-	-	-
2025	2,290,000	201,244	2,491,244	-	-	-
2026 - 2027	4,815,000	166,876	4,981,876	-	-	-
Total	<u>\$ 13,540,000</u>	<u>\$ 1,784,028</u>	<u>\$ 15,324,028</u>	<u>\$ 1,150,000</u>	<u>\$ 1,010,000</u>	<u>\$ 2,160,000</u>

Fiscal Year Ending June 30	School Improvement Refunding Bonds-Series 2012			School Improvement Refunding Bonds-Series 2019		
	Capital Appreciation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ -	\$ -	\$ -	\$ 150,000	\$ 134,128	\$ 284,128
2022	-	-	-	175,000	130,846	305,846
2023	-	-	-	175,000	127,310	302,310
2024	-	-	-	180,000	123,725	303,725
2025	-	-	-	185,000	120,039	305,039
2026 - 2030	725,000	1,970,000	2,695,000	5,850,000	449,752	6,299,752
Total	<u>\$ 725,000</u>	<u>\$ 1,970,000</u>	<u>\$ 2,695,000</u>	<u>\$ 6,715,000</u>	<u>\$ 1,085,800</u>	<u>\$ 7,800,800</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year Ending June 30	School Improvement Bonds-Series 2017A			School Improvement Bonds-Series 2017B		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 85,000	\$ 202,987	\$ 287,987	\$ 95,000	\$ 179,194	\$ 274,194
2022	110,000	198,738	308,738	90,000	174,444	264,444
2023	95,000	193,237	288,237	110,000	169,943	279,943
2024	120,000	189,438	309,438	115,000	164,444	279,444
2025	130,000	184,637	314,637	120,000	158,694	278,694
2026 - 2030	785,000	837,388	1,622,388	665,000	711,670	1,376,670
2031 - 2035	930,000	668,187	1,598,187	1,070,000	552,670	1,622,670
2036 - 2040	1,080,000	469,638	1,549,638	1,085,000	349,268	1,434,268
2041 - 2045	1,280,000	227,588	1,507,588	1,220,000	169,824	1,389,824
2046	285,000	12,112	297,112	270,000	9,112	279,112
Total	<u>\$ 4,900,000</u>	<u>\$ 3,183,950</u>	<u>\$ 8,083,950</u>	<u>\$ 4,840,000</u>	<u>\$ 2,639,263</u>	<u>\$ 7,479,263</u>

Fiscal Year Ending June 30	Energy Improvement Conservation Bonds - Series 2018		
	Principal	Interest	Total
2021	\$ 115,977	\$ 30,290	\$ 146,267
2022	119,666	26,542	146,208
2023	123,473	22,675	146,148
2024	127,400	18,685	146,085
2025	131,453	14,568	146,021
2026 - 2028	419,382	18,716	438,098
Total	<u>\$ 1,037,351</u>	<u>\$ 131,476</u>	<u>\$ 1,168,827</u>

Net Pension Liability

The School District's net pension liability is described in Note 13. The School District pays obligations related to employee compensation from the fund benefitting from their service which, for the School District, is primarily the general fund.

Net OPEB liability/asset

The School District's net OPEB liability/asset is described in Note 14. The School District pays obligations related to employee compensation from the fund benefitting from their service which, for the School District, is primarily the general fund.

Compensated Absences

The liability for compensated absences will be paid from the fund from which the employee was paid. For the School District, this is primarily the general fund and the food service fund (nonmajor enterprise fund).

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the School District. The assessed valuation use in determining the School District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the School District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2020, are a voted debt margin of \$46,137,512 (including available funds of \$3,165,238), an unvoted debt margin of \$831,581, and an energy conservation debt margin of \$6,446,876.

NOTE 10 - COMPENSATED ABSENCES

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and state laws.

Only administrative and school support personnel accumulate annual vacation leave. Accumulated unused vacation time is paid upon termination of employment. Administrative personnel are advanced 20 days of vacation leave per their contract and the Superintendent and Treasurer are advanced 25 days of vacation leave at the start of each contract year, per their contracts.

Each professional staff member is entitled to fifteen (15) days sick leave with pay for each year under contract. The sick leave accrues at the rate of one and one fourth (1-1/4) days for each calendar month under contract. Sick leave is cumulative to 275 days for noncertified employees and 320 days for certified employees. An employee is paid a severance benefit equal up to 32 percent of the value of their accumulated sick leave not to exceed 75.2 days depending on when the employee notifies the Board of his/her retirement. The severance benefit is calculated at current wage rates, upon retirement with the balance being forfeited. The Superintendent and Assistant Superintendent are advanced 15 sick days at the start of each contract year, per their contracts.

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 11 - RISK MANAGEMENT

A. Comprehensive

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020, the School District contracted with Liberty Mutual and Traveler's Insurance for various coverages, which are outlined below:

<u>Type of Coverage</u>	<u>Coverage</u>
Property, Inland Marine, and Flood & Earthquake	\$ 126,287,830
Crime	250,000
General Liability	1,000,000
Each occurrence	1,000,000
In aggregate	3,000,000
Fleet:	
Combined Single Limit	1,000,000
Uninsured Motorists Limit	1,000,000
Comprehensive	Actual cash value
Collision	Actual cash value
Buses	Replacement cost
Employee Benefit Liability	1,000,000
In aggregate	3,000,000
Employer's (Stop Gap) Liability	1,000,000
In aggregate	1,000,000
School Leaders Errors and Omissions:	
(Professional) Liability	1,000,000
In aggregate	3,000,000
Sexual Misconduct and Molestation Liability:	
Limit	1,000,000
In aggregate	1,000,000
Violent Event Response:	
Each Person - Death Benefit	15,000
Each Person Limit - Loss	25,000
Each Violent Event Limit	1,000,000
Each Violent Event Aggregate Limit	1,000,000
Law Enforcement	
Limit	1,000,000
In aggregate	1,000,000
Non-monetary Relief Defense	100,000
Umbrella	7,000,000
Self-Insured Retention	10,000
Boiler and Machinery	100,000,000
Inland Marine - Wind Turbine	2,141,500

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 11 - RISK MANAGEMENT - (Continued)

B. Employee Insurance Benefits

The School District provides medical/surgical and dental insurance to employees through a self-insurance internal service fund. The School District's self-insurance program has been administered by Medical Mutual of Ohio (MMO). Payments are made to MMO for the actual amount of claims processed, monthly stop-loss premiums, and administrative charges. Operating revenues of the internal service fund consist of payments from other funds and are based on self-insurance losses, stop-loss premiums, and other operating expenses.

The claims liability of \$597,038 reported in the internal service fund at June 30, 2020, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 30, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. The balance of claims payable at June 30, 2020 represents an estimate of the liability for unpaid claims costs provided by Medical Mutual of Ohio.

Changes in the claims liability for the past two fiscal years follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2020	\$ 724,375	\$ 6,694,218	\$ (6,821,555)	\$ 597,038
2019	595,996	6,486,100	(6,357,721)	724,375

C. Workers' Compensation

For fiscal year 2020, the School District participated in the Ohio Group Retrospective Rating Program, which is administered by Comp Management, a third-party administrator. The Group Retrospective Rating Program offers an opportunity for school districts that may not qualify for a Group Rating program to receive substantial discounts on their claims. There is also an increased emphasis on safety and claims management. Through the program, school districts are grouped together to achieve premium refunds based on the performance of the group. However, school districts continue to pay their own individual merit-rated premium to the Ohio BWC and depending on the performance, the participating school districts can receive either a retrospective premium refund or an assessment. Retrospective refunds are achieved when the standard premium of the group exceeds the developed claims costs. Comp Management assists the school district in active claims management throughout the year.

D. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the Educational Employees Life Insurance Trust Company in the amount of \$25,000 for certified employees and administrators, \$25,000 for non-teaching employees working 6 or more hours per day, and \$10,000 for non-teaching employees working at least 4 hours but less than 6 hours per day.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description - School Employees Retirement System (SERS)

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

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

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

The School District's contractually required contribution to SERS was \$888,915 for fiscal year 2020. Of this amount, \$157,872 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

**KENSTON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2019, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$2,446,089 for fiscal year 2020. Of this amount, \$415,108 is reported as pension and postemployment benefits payable.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.17663700%	0.14494026%	
Proportion of the net pension liability current measurement date	<u>0.18195000%</u>	<u>0.14416827%</u>	
Change in proportionate share	<u>0.00531300%</u>	<u>-0.00077199%</u>	
Proportionate share of the net pension liability	\$ 10,886,388	\$ 31,881,947	\$ 42,768,335
Pension expense	\$ 1,578,379	\$ 3,951,975	\$ 5,530,354

Of the District's total pension expense of \$5,530,354, \$5,346,792 is reported in the governmental activities and \$183,562 is reported in the business-type activities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 276,056	\$ 259,575	\$ 535,631
Changes of assumptions	-	3,745,151	3,745,151
Difference between employer contributions and proportionate share of contributions/change in proportionate share	250,483	11,600	262,083
Contributions subsequent to the measurement date	<u>888,915</u>	<u>2,446,089</u>	<u>3,335,004</u>
Total deferred outflows of resources	<u>\$ 1,415,454</u>	<u>\$ 6,462,415</u>	<u>\$ 7,877,869</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 138,012	\$ 138,012
Net difference between projected and actual earnings on pension plan investments	139,739	1,558,213	1,697,952
Difference between employer contributions and proportionate share of contributions/change in proportionate share	<u>154,009</u>	<u>786,483</u>	<u>940,492</u>
Total deferred inflows of resources	<u>\$ 293,748</u>	<u>\$ 2,482,708</u>	<u>\$ 2,776,456</u>

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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

\$3,335,004 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Of the total contributions made subsequent to the measurement date, \$3,265,762 relates to governmental activities and \$69,242 relates to business-type activities.

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

Fiscal Year Ending June 30:	SERS	STRS	Total
2021	\$ 337,855	\$ 1,600,985	\$ 1,938,840
2022	(175,012)	67,702	(107,310)
2023	(9,298)	(278,151)	(287,449)
2024	79,246	143,082	222,328
Total	<u>\$ 232,791</u>	<u>\$ 1,533,618</u>	<u>\$ 1,766,409</u>

Actuarial Assumptions - SERS

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

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

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

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

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 15,255,721	\$ 10,886,388	\$ 7,222,155

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 46,591,913	\$ 31,881,947	\$ 19,429,206

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the School District's surcharge obligation was \$84,243.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$84,243 for fiscal year 2020. Of this amount, \$84,243 is reported as pension and postemployment benefits payable.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.18016620%	0.14494026%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.18532490%</u>	<u>0.14416827%</u>	
Change in proportionate share	<u>0.00515870%</u>	<u>-0.00077199%</u>	
Proportionate share of the net OPEB liability	\$ 4,660,531	\$ -	\$ 4,660,531
Proportionate share of the net OPEB asset	\$ -	\$ 2,387,772	\$ 2,387,772
OPEB expense	\$ 130,587	\$ (766,956)	\$ (636,369)

Of the District’s total OPEB expense of (\$636,369), (\$639,977) is reported in the governmental activities and \$3,608 is reported in the business-type activities.

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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ 68,413	\$ 216,471	\$ 284,884
Net difference between projected and actual earnings on OPEB plan investments	11,191	-	11,191
Changes of assumptions	340,398	50,190	390,588
Difference between employer contributions and proportionate share of contributions/change in proportionate share	148,894	5,617	154,511
Contributions subsequent to the measurement date	84,243	-	84,243
Total deferred outflows of resources	<u>\$ 653,139</u>	<u>\$ 272,278</u>	<u>\$ 925,417</u>
	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 1,023,887	\$ 121,482	\$ 1,145,369
Net difference between projected and actual earnings on OPEB plan investments	-	149,968	149,968
Changes of assumptions	261,162	2,617,914	2,879,076
Difference between employer contributions and proportionate share of contributions/change in proportionate share	293,764	137,829	431,593
Total deferred inflows of resources	<u>\$ 1,578,813</u>	<u>\$ 3,027,193</u>	<u>\$ 4,606,006</u>

\$84,243 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2021. Of the total contributions made subsequent to the measurement date, \$77,842 relates to governmental activities and \$6,401 relates to business-type activities. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	\$ (292,726)	\$ (605,891)	\$ (898,617)
2022	(179,715)	(605,891)	(785,606)
2023	(176,433)	(545,787)	(722,220)
2024	(176,967)	(524,698)	(701,665)
2025	(134,796)	(478,770)	(613,566)
Thereafter	(49,280)	6,122	(43,158)
Total	<u>\$ (1,009,917)</u>	<u>\$ (2,754,915)</u>	<u>\$ (3,764,832)</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 5,657,001	\$ 4,660,531	\$ 3,868,221

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 3,734,030	\$ 4,660,531	\$ 5,889,775

Actuarial Assumptions - STRS

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

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

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

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

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	\$ 2,037,488	\$ 2,387,772	\$ 2,682,279

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ 2,707,624	\$ 2,387,772	\$ 1,996,031

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (508,221)
Net adjustment for revenue accruals	(3,730,398)
Net adjustment for expenditure accruals	123,147
Net adjustment for other sources/uses	(304,713)
Funds budgeted elsewhere	8,659
Adjustment for encumbrances	<u>706,610</u>
GAAP basis	<u>\$ (3,704,916)</u>

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 15 - CONTINGENCIES

A. Grants

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

B. Litigation

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

C. Foundation Funding

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

NOTE 16 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2019	\$ -
Current year set-aside requirement	470,505
Current year qualifying expenditures	(100,200)
Current year offsets	<u>(520,505)</u>
Total	<u>\$ (150,200)</u>
Balance carried forward to fiscal year 2021	<u>\$ -</u>
Set-aside balance June 30, 2020	<u><u>\$ -</u></u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 17 - OTHER COMMITMENTS

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance to the extent fund balance is available. For the general fund, fund balance is not reported as assigned for encumbrances as unassigned fund balance is negative. At year end, the School District’s commitments for encumbrances (less amounts already reported as payables) in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 339,353
Nonmajor governmental	<u>176,834</u>
Total	<u>\$ 516,187</u>

NOTE 18 - COVID-19

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

Subsequent to year end, the School District was awarded \$4,048 in CARES Act funding and \$137,850 in Coronavirus Relief funding. The School District received \$1,332 and \$126,388, respectively, from these grants.

NOTE 19 - OPERATING LEASE

The School District entered into a lease for certain equipment. This lease does not meet the criteria of a capital lease. The following is a schedule of the future minimum lease payments required under the operating lease at year-end:

<u>Year</u>	<u>Governmental Activities</u>
2021	\$ 86,616
2022	86,616
2023	86,616
2024	<u>43,308</u>
Total	<u>\$ 303,156</u>

Rental expense related to operating leases for equipment totaled \$86,616 for governmental funds for the year ended June 30, 2020.

NOTE 20 - SUBSEQUENT EVENTS

In September 2020, the District issued \$11,485,000 in general obligation bonds to refund a prior bond issue. The bonds mature in December 2026 and carry an interest rate of 1.03%.

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REQUIRED SUPPLEMENTARY INFORMATION

**KENSTON LOCAL SCHOOL DISTRICT
GEOUGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net pension liability	0.18195000%	0.17663700%	0.18987460%	0.18650790%
School District's proportionate share of the net pension liability	\$ 10,886,388	\$ 10,116,328	\$ 11,344,588	\$ 13,650,658
School District's covered payroll	\$ 6,608,467	\$ 6,177,644	\$ 6,022,750	\$ 5,697,329
School District's proportionate share of the net pension liability as a percentage of its covered payroll	164.73%	163.76%	188.36%	239.60%
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.36%	69.50%	62.98%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.18926900%	0.19078600%	0.19078600%
\$ 10,799,873	\$ 9,655,571	\$ 11,345,431
\$ 5,780,873	\$ 5,510,195	\$ 5,066,561
186.82%	175.23%	223.93%
69.16%	71.70%	65.52%

**KENSTON LOCAL SCHOOL DISTRICT
GEOUGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net pension liability	0.14416827%	0.14494026%	0.14481134%	0.14911747%
School District's proportionate share of the net pension liability	\$ 31,881,947	\$ 31,869,109	\$ 34,400,244	\$ 49,914,112
School District's covered payroll	\$ 16,939,057	\$ 16,388,679	\$ 16,055,000	\$ 15,672,850
School District's proportionate share of the net pension liability as a percentage of its covered payroll	188.22%	194.46%	214.26%	318.48%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	77.31%	75.30%	66.80%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2016	2015	2014
0.15014397%	0.15412794%	0.15412794%
\$ 41,495,402	\$ 37,489,251	\$ 44,656,948
\$ 15,745,257	\$ 15,871,677	\$ 16,139,446
263.54%	236.20%	276.69%
72.10%	74.70%	69.30%

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 888,915	\$ 892,143	\$ 833,982	\$ 843,185
Contributions in relation to the contractually required contribution	<u>(888,915)</u>	<u>(892,143)</u>	<u>(833,982)</u>	<u>(843,185)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 6,349,393	\$ 6,608,467	\$ 6,177,644	\$ 6,022,750
Contributions as a percentage of covered payroll	14.00%	13.50%	13.50%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 797,626	\$ 761,919	\$ 763,713	\$ 701,212	\$ 696,461	\$ 661,812
<u>(797,626)</u>	<u>(761,919)</u>	<u>(763,713)</u>	<u>(701,212)</u>	<u>(696,461)</u>	<u>(661,812)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,697,329	\$ 5,780,873	\$ 5,510,195	\$ 5,066,561	\$ 5,178,149	\$ 5,265,012
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%

**KENSTON LOCAL SCHOOL DISTRICT
GEOUGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 2,446,089	\$ 2,371,468	\$ 2,294,415	\$ 2,247,700
Contributions in relation to the contractually required contribution	<u>(2,446,089)</u>	<u>(2,371,468)</u>	<u>(2,294,415)</u>	<u>(2,247,700)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 17,472,064	\$ 16,939,057	\$ 16,388,679	\$ 16,055,000
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 2,194,199	\$ 2,204,336	\$ 2,063,318	\$ 2,098,128	\$ 2,082,814	\$ 2,155,466
<u>(2,194,199)</u>	<u>(2,204,336)</u>	<u>(2,063,318)</u>	<u>(2,098,128)</u>	<u>(2,082,814)</u>	<u>(2,155,466)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 15,672,850	\$ 15,745,257	\$ 15,871,677	\$ 16,139,446	\$ 16,021,646	\$ 16,580,508
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability	0.18532490%	0.18016620%	0.19249060%	0.18880778%
School District's proportionate share of the net OPEB liability	\$ 4,660,531	\$ 4,998,297	\$ 5,165,942	\$ 5,381,720
School District's covered payroll	\$ 6,608,467	\$ 6,177,644	\$ 6,022,750	\$ 5,697,329
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	70.52%	80.91%	85.77%	94.46%
Plan fiduciary net position as a percentage of the total OPEB liability	15.57%	13.57%	12.46%	11.49%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**KENSTON LOCAL SCHOOL DISTRICT
GEOUGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability/asset	0.14416827%	0.14494026%	0.14481134%	0.14911747%
School District's proportionate share of the net OPEB liability/(asset)	\$ (2,387,772)	\$ (2,329,042)	\$ 5,650,004	\$ 7,974,841
School District's covered payroll	\$ 16,939,057	\$ 16,388,679	\$ 16,055,000	\$ 15,672,850
School District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.10%	14.21%	35.19%	50.88%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.70%	176.00%	47.10%	37.33%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 84,243	\$ 140,825	\$ 132,520	\$ 104,041
Contributions in relation to the contractually required contribution	<u>(84,243)</u>	<u>(140,825)</u>	<u>(132,520)</u>	<u>(104,041)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 6,349,393	\$ 6,608,467	\$ 6,177,644	\$ 6,022,750
Contributions as a percentage of covered payroll	1.33%	2.13%	2.15%	1.73%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 94,690	\$ 47,403	\$ 102,164	\$ 102,492	\$ 111,592	\$ 159,837
<u>(94,690)</u>	<u>(47,403)</u>	<u>(102,164)</u>	<u>(102,492)</u>	<u>(111,592)</u>	<u>(159,837)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,697,329	\$ 5,780,873	\$ 5,510,195	\$ 5,066,561	\$ 5,178,149	\$ 5,265,012
1.66%	0.82%	1.85%	2.02%	2.16%	3.04%

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 17,472,064	\$ 16,939,057	\$ 16,388,679	\$ 16,055,000
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ -	\$ -	\$ 161,878	\$ 161,394	\$ 160,216	\$ 165,805
-	-	(161,878)	(161,394)	(160,216)	(165,805)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 15,672,850	\$ 15,745,257	\$ 15,871,677	\$ 16,139,446	\$ 16,021,646	\$ 16,580,508
0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

**COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>General Fund</u>				
Total Revenues and Other Financing Sources	\$ 37,945,633	\$ 39,687,000	\$ 39,800,084	\$ 113,084
Total Expenditures and Other Financing Uses	41,423,637	41,427,315	40,308,305	1,119,010
Net Change in Fund Balance	(3,478,004)	(1,740,315)	(508,221)	1,232,094
Fund Balance, July 1	10,873,864	10,873,864	10,873,864	-
Prior Year Encumbrances Appropriated	468,637	468,637	468,637	-
Fund Balance, June 30	<u>\$ 7,864,497</u>	<u>\$ 9,602,186</u>	<u>\$ 10,834,280</u>	<u>\$ 1,232,094</u>
<u>Bond Retirement Fund</u>				
Total Revenues and Other Financing Sources		\$ 3,892,110	\$ 3,892,110	\$ -
Total Expenditures and Other Financing Uses		6,732,460	3,567,222	3,165,238
Net Change in Fund Balance		(2,840,350)	324,888	3,165,238
Fund Balance, July 1		2,840,350	2,840,350	-
Fund Balance, June 30		<u>\$ -</u>	<u>\$ 3,165,238</u>	<u>\$ 3,165,238</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

FUND DESCRIPTIONS - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The term proceeds of specific revenue sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. A description of the District's special revenue funds follows:

Trust Scholarship Fund

This fund accounts for scholarships provided to students for which the District has administrative involvement.

Other Grants Fund

This fund is used to account for the proceeds of specific revenue sources, except for state and federal grants that are assigned to expenditures for specified purpose.

District Managed Student Activity Fund

This fund is used to account for those student activity programs which have student participation in the activity but do not have student management of the programs. This fund includes all athletic programs, except supplemental coaching contacts, and accounts for revenues and costs of the School District's athletic programs.

Miscellaneous State Grants Fund

This fund is used to account for various monies received through state agencies from state government or directly from the state government which are not classified elsewhere. A separate special cost center must be used for each grant.

Data Communication Fund

This fund is used to account for money appropriated for Ohio Educational Computer Network Connections.

College Ready Ohio Fund

This fund accounts for grant monies received through the Straight A Program. These grant monies are used for projects that will provide for advancement in student achievement, achieve spending reductions in five-year forecast or allow a greater share of resources to be utilized in the classroom.

IDEA - Education of Handicapped Children Fund

The purpose of this federal program is to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least-restrictive, alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

Title III – Limited English Proficiency Fund

This fund is used to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency.

Title I - Disadvantaged Children/Targeted Assistance Fund

This fund is used to provide financial assistance to state and local educational agencies to meet the special needs of educationally deprived children.

IDEA Preschool Grant for the Handicapped Fund

This fund is used to account for grant monies pertaining to Section 619 of Public Law 99-457, addressing the improvement and expansion of services for handicapped children ages three (3) through five (5) years.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

FUND DESCRIPTIONS - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds - (Continued)

Improving Teacher Quality Fund

This fund is used to account for monies to hire additional classroom teachers in grades 1 through 3 so that the number of students per teacher will be reduced.

Miscellaneous Federal Grants Fund

This fund is used to account for various monies received through state agencies from federal government or directly from the federal government which are not classified elsewhere. A separate special cost center must be used for each grant.

Student Managed Activity Fund

A fund provided to account for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund includes activities which consist of a student body, student president, student treasurer, and faculty advisor.

Student Wellness and Success Fund

This fund accounts for revenues received from the State to be used for students well being and success, such as providing mental health services for students.

The following funds are included in the general fund (GAAP basis), but has a separate legally adopted budget (budget basis). This fund is not included in the combining statements for the nonmajor special revenue funds since this fund is reported in the general fund (GAAP basis); however, the budgetary schedules for this fund are presented in this section.

Public School Support Fund

This fund is used for the general support of the school buildings, staff, and students. As a result of the School District's implementation of GASB Statement No. 54, this fund has been combined with the General Fund on the governmental fund financial statements.

Unclaimed Monies Fund

This fund accounts for stale-dated payroll checks held for five years for employees.

Nonmajor Capital Projects Fund

Capital Projects funds are used to account for and report financial resources that are restricted, committed, or assigned for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). Following is a description of the nonmajor capital projects fund:

Permanent Improvement Fund

This fund is used to account for all transactions relating to the acquiring, constructing, or improving facilities.

Building Fund

This fund is used to account for the receipts and expenditures related to all special bond funds in the District. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities, including real property.

Special Project Construction Fund

This fund is used to accumulate funds for one or more capital projects that will not be financed from the General Fund. Funds collected in this fund may come from a number of sources. The projects financed by this fund will fall under the direction of the Assistant Superintendent in Charge of Business Operations.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash, cash equivalents and investments	\$ 644,654	\$ 1,054,599	\$ 1,699,253
Receivables:			
Accounts	1,241	-	1,241
Intergovernmental	99,513	-	99,513
Total assets	\$ 745,408	\$ 1,054,599	\$ 1,800,007
Liabilities:			
Accounts payable	\$ 11,517	\$ 26,427	\$ 37,944
Contracts payable	-	174,142	174,142
Accrued wages and benefits payable	79,636	-	79,636
Intergovernmental payable	7,115	-	7,115
Pension and postemployment benefits payable.	9,761	-	9,761
Interfund loans payable.	129,137	-	129,137
Total liabilities	237,166	200,569	437,735
Deferred inflows of resources:			
Intergovernmental revenue not available	99,513	-	99,513
Total deferred inflows of resources	99,513	-	99,513
Fund balances:			
Restricted:			
Capital improvements	-	846,537	846,537
Other purposes	79,324	-	79,324
Discretionary restricted	376,976	-	376,976
Student success and wellness.	42,611	-	42,611
Committed:			
Capital improvements	-	7,493	7,493
Unassigned (deficit)	(90,182)	-	(90,182)
Total fund balances	408,729	854,030	1,262,759
Total liabilities, deferred inflows and fund balances	\$ 745,408	\$ 1,054,599	\$ 1,800,007

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
From local sources:			
Extracurricular	\$ 294,427	\$ -	\$ 294,427
Contributions and donations	50,855	140,300	191,155
Other local revenues	21,370	7,500	28,870
Intergovernmental - state	143,938	-	143,938
Intergovernmental - federal	624,308	-	624,308
Total revenues	<u>1,134,898</u>	<u>147,800</u>	<u>1,282,698</u>
Expenditures:			
Current:			
Instruction:			
Regular	48,639	64,610	113,249
Special	301,429	6,798	308,227
Support services:			
Pupil	197,686	-	197,686
Instructional staff	61,792	39,523	101,315
Administration	124,899	-	124,899
Business	-	28,800	28,800
Operations and maintenance	63,422	447,485	510,907
Pupil transportation	-	219,205	219,205
Extracurricular activities	474,480	-	474,480
Facilities acquisition and construction	-	1,087,368	1,087,368
Total expenditures	<u>1,272,347</u>	<u>1,893,789</u>	<u>3,166,136</u>
Excess of expenditures over revenues	<u>(137,449)</u>	<u>(1,745,989)</u>	<u>(1,883,438)</u>
Other financing sources:			
Transfers in	100,000	520,505	620,505
Total other financing sources	<u>100,000</u>	<u>520,505</u>	<u>620,505</u>
Net change in fund balances	(37,449)	(1,225,484)	(1,262,933)
Fund balances at			
beginning of year (restated)	446,178	2,079,514	2,525,692
Fund balances at end of year	<u>\$ 408,729</u>	<u>\$ 854,030</u>	<u>\$ 1,262,759</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	<u>Trust Scholarship</u>	<u>Other Grants</u>	<u>District Managed Student Activity</u>	<u>Miscellaneous State Grants</u>	<u>College Ready Ohio</u>
Assets:					
Equity in pooled cash, cash equivalents, and investments	\$ 55,074	\$ 14,266	\$ 344,913	\$ 13,398	\$ 3,877
Receivables:					
Accounts	-	-	1,241	-	-
Intergovernmental	-	-	-	-	-
Total assets	<u>\$ 55,074</u>	<u>\$ 14,266</u>	<u>\$ 346,154</u>	<u>\$ 13,398</u>	<u>\$ 3,877</u>
Liabilities:					
Accounts payable	\$ -	\$ 4,340	\$ 4,226	\$ 2,951	\$ -
Accrued wages and benefits payable	-	-	-	-	-
Intergovernmental payable	-	-	-	-	-
Pension and postemployment benefits payable	-	-	57	-	-
Interfund loans payable	-	-	-	-	-
Total liabilities	<u>-</u>	<u>4,340</u>	<u>4,283</u>	<u>2,951</u>	<u>-</u>
Deferred inflows of resources:					
Intergovernmental revenue not available	-	-	-	-	-
Fund balances:					
Restricted:					
Other purposes	55,074	9,926	-	10,447	3,877
Extracurricular	-	-	341,871	-	-
Student success and wellness	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	<u>55,074</u>	<u>9,926</u>	<u>341,871</u>	<u>10,447</u>	<u>3,877</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 55,074</u>	<u>\$ 14,266</u>	<u>\$ 346,154</u>	<u>\$ 13,398</u>	<u>\$ 3,877</u>

IDEA - Education of Handicapped Children	Title I - Disadvantaged Children/Targeted Assistance	Improving Teacher Quality	Miscellaneous Federal Grants	Student Managed Activity	Student Wellness and Success	Total Nonmajor Special Revenue Funds
\$ 73,694	\$ 28,866	\$ 19,764	\$ 8,137	\$ 35,105	\$ 47,560	\$ 644,654
-	-	-	-	-	-	1,241
<u>71,638</u>	<u>22,249</u>	<u>5,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,513</u>
<u>\$ 145,332</u>	<u>\$ 51,115</u>	<u>\$ 25,390</u>	<u>\$ 8,137</u>	<u>\$ 35,105</u>	<u>\$ 47,560</u>	<u>\$ 745,408</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,517
55,209	19,272	5,155	-	-	-	79,636
1,894	197	75	-	-	4,949	7,115
7,080	1,902	722	-	-	-	9,761
<u>71,781</u>	<u>29,705</u>	<u>19,514</u>	<u>8,137</u>	<u>-</u>	<u>-</u>	<u>129,137</u>
<u>135,964</u>	<u>51,076</u>	<u>25,466</u>	<u>8,137</u>	<u>-</u>	<u>4,949</u>	<u>237,166</u>
<u>71,638</u>	<u>22,249</u>	<u>5,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,513</u>
-	-	-	-	-	-	79,324
-	-	-	-	35,105	-	376,976
-	-	-	-	-	42,611	42,611
<u>(62,270)</u>	<u>(22,210)</u>	<u>(5,702)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,182)</u>
<u>(62,270)</u>	<u>(22,210)</u>	<u>(5,702)</u>	<u>-</u>	<u>35,105</u>	<u>42,611</u>	<u>408,729</u>
<u>\$ 145,332</u>	<u>\$ 51,115</u>	<u>\$ 25,390</u>	<u>\$ 8,137</u>	<u>\$ 35,105</u>	<u>\$ 47,560</u>	<u>\$ 745,408</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Trust Scholarship	Other Grants	District Managed Student Activity	Miscellaneous State Grants	Data Communication	College Ready Ohio
Revenues:						
From local sources:						
Extracurricular	\$ -	\$ -	\$ 273,386	\$ -	\$ -	\$ -
Contributions and donations	-	-	46,973	-	-	-
Other local revenues	-	21,370	-	-	-	-
Intergovernmental - state	-	-	-	48,148	7,200	7,500
Intergovernmental - federal	-	-	-	-	-	-
Total revenues	-	21,370	320,359	48,148	7,200	7,500
Expenditures:						
Current:						
Instruction:						
Regular	-	47,917	-	-	-	-
Special	-	-	-	-	-	-
Support services:						
Pupil	-	-	1,270	15,187	-	-
Instructional staff	-	4,340	-	-	7,200	7,499
Administration	-	-	-	-	-	-
Operations and maintenance	-	-	-	37,701	-	-
Extracurricular activities	-	-	433,605	-	-	-
Total expenditures	-	52,257	434,875	52,888	7,200	7,499
Excess (deficiency) of revenues over (under) expenditures	-	(30,887)	(114,516)	(4,740)	-	1
Other financing sources:						
Transfers in	-	-	100,000	-	-	-
Net change in fund balances	-	(30,887)	(14,516)	(4,740)	-	1
Fund balances (deficit) at beginning of year (restated)	55,074	40,813	356,387	15,187	-	3,876
Fund balances (deficit) at end of year	\$ 55,074	\$ 9,926	\$ 341,871	\$ 10,447	\$ -	\$ 3,877

IDEA - Education of Handicapped Children	Title III - Limited English Proficiency	Title I - Disadvantaged Children/Targeted Assistance	IDEA Preschool Grant for the Handicapped	Improving Teacher Quality	Miscellaneous Federal Grants	Student Managed Activity	Student Wellness and Success	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,041	\$ -	\$ 294,427
-	-	-	-	-	-	3,882	-	50,855
-	-	-	-	-	-	-	-	21,370
-	-	-	-	-	-	-	81,090	143,938
430,871	436	134,590	11,526	31,584	15,301	-	-	624,308
430,871	436	134,590	11,526	31,584	15,301	24,923	81,090	1,134,898
-	-	-	-	722	-	-	-	48,639
170,301	401	130,727	-	-	-	-	-	301,429
146,444	-	-	11,526	-	10,501	-	12,758	197,686
-	35	6,537	-	31,381	4,800	-	-	61,792
124,899	-	-	-	-	-	-	-	124,899
-	-	-	-	-	-	-	25,721	63,422
-	-	-	-	-	-	40,875	-	474,480
441,644	436	137,264	11,526	32,103	15,301	40,875	38,479	1,272,347
(10,773)	-	(2,674)	-	(519)	-	(15,952)	42,611	(137,449)
-	-	-	-	-	-	-	-	100,000
(10,773)	-	(2,674)	-	(519)	-	(15,952)	42,611	(37,449)
(51,497)	-	(19,536)	-	(5,183)	-	51,057	-	446,178
\$ (62,270)	\$ -	\$ (22,210)	\$ -	\$ (5,702)	\$ -	\$ 35,105	\$ 42,611	\$ 408,729

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2020

	Permanent Improvement	Building	Special Project Construction	Total Nonmajor Capital Project Funds
Assets:				
Equity in pooled cash, cash equivalents, and investments	\$ 545,905	\$ 499,611	\$ 9,083	\$ 1,054,599
Liabilities:				
Accounts payable	\$ 2,000	\$ 22,837	\$ 1,590	\$ 26,427
Contracts payable	146,278	27,864	-	174,142
Total liabilities	148,278	50,701	1,590	200,569
Fund balances:				
Restricted:				
Capital improvements	397,627	448,910	-	846,537
Committed:				
Capital improvements	-	-	7,493	7,493
Total fund balances	397,627	448,910	7,493	854,030
Total liabilities, deferred inflows and fund balances.	\$ 545,905	\$ 499,611	\$ 9,083	\$ 1,054,599

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Permanent Improvement	Building	Special Project Construction	Total Nonmajor Capital Project Funds
Revenues:				
From local sources:				
Contributions and donations	\$ 125,000	\$ -	\$ 15,300	\$ 140,300
Other local revenues	7,500	-	-	7,500
Total revenues	132,500	-	15,300	147,800
Expenditures:				
Current:				
Instruction:				
Regular	-	54,915	9,695	64,610
Special	6,798	-	-	6,798
Support services:				
Instructional staff	39,523	-	-	39,523
Business	-	28,800	-	28,800
Operations and maintenance	360,796	86,689	-	447,485
Pupil transportation	219,205	-	-	219,205
Facilities acquisition and construction	318,853	754,613	13,902	1,087,368
Total expenditures	945,175	925,017	23,597	1,893,789
Excess (deficiency) of revenues over (under) expenditures	(812,675)	(925,017)	(8,297)	(1,745,989)
Other financing sources:				
Transfers in	520,505	-	-	520,505
Total other financing sources	520,505	-	-	520,505
Net change in fund balances	(292,170)	(925,017)	(8,297)	(1,225,484)
Fund balances at beginning of year	689,797	1,373,927	15,790	2,079,514
Fund balances at end of year	\$ 397,627	\$ 448,910	\$ 7,493	\$ 854,030

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
<u>Trust Scholarship Fund</u>			
Total Expenditures and Other Financing Uses	\$ 55,074	\$ -	\$ 55,074
Net Change in Fund Balance	(55,074)	-	55,074
Fund Balance, July 1	55,074	55,074	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 55,074</u>	<u>\$ 55,074</u>
<u>Other Grants Fund</u>			
Total Revenues and Other Financing Sources	\$ 21,370	\$ 21,371	\$ 1
Total Expenditures and Other Financing Uses	58,308	47,918	10,390
Net Change in Fund Balance	(36,938)	(26,547)	10,391
Fund Balance, July 1	40,407	40,407	-
Prior Year Encumbrances Appropriated	406	406	-
Fund Balance, June 30	<u>\$ 3,875</u>	<u>\$ 14,266</u>	<u>\$ 10,391</u>
<u>District Managed Student Activity Fund</u>			
Total Revenues and Other Financing Sources	\$ 414,653	\$ 414,653	\$ -
Total Expenditures and Other Financing Uses	741,227	448,080	293,147
Net Change in Fund Balance	(326,574)	(33,427)	293,147
Fund Balance, July 1	302,118	302,118	-
Prior Year Encumbrances Appropriated	53,220	53,220	-
Fund Balance, June 30	<u>\$ 28,764</u>	<u>\$ 321,911</u>	<u>\$ 293,147</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
<u>Miscellaneous State Grants</u>			
Total Revenues and Other Financing Sources	\$ 48,148	\$ 48,148	\$ -
Total Expenditures and Other Financing Uses	63,335	59,937	3,398
Net Change in Fund Balance	(15,187)	(11,789)	3,398
Fund Balance, July 1	15,187	15,187	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 3,398</u>	<u>\$ 3,398</u>
<u>Data Communication Fund</u>			
Total Revenues and Other Financing Sources	\$ 7,200	\$ 7,200	\$ -
Total Expenditures and Other Financing Uses	7,200	7,200	-
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>College Ready Ohio Fund</u>			
Total Revenues and Other Financing Sources	\$ 7,500	\$ 7,500	\$ -
Total Expenditures and Other Financing Uses	11,376	7,499	3,877
Net Change in Fund Balance	(3,876)	1	3,877
Fund Balance, July 1	3,876	3,876	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 3,877</u>	<u>\$ 3,877</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEOUGA COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
<u>IDEA – Education of Handicapped Children Fund</u>			
Total Revenues and Other Financing Sources	\$ 502,652	\$ 502,652	\$ -
Total Expenditures and Other Financing Uses	<u>505,877</u>	<u>433,269</u>	<u>72,608</u>
Net Change in Fund Balance	(3,225)	69,383	72,608
Fund Balance, July 1	<u>3,225</u>	<u>3,225</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 72,608</u>	<u>\$ 72,608</u>
<u>Title III – Limited English Proficiency Fund</u>			
Total Revenues and Other Sources	\$ 436	\$ 436	\$ -
Total Expenditures and Other Uses	<u>436</u>	<u>436</u>	<u>-</u>
Net Change in Fund Balances	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Title I – Disadvantage Children/Targeted Assistance Fund</u>			
Total Revenues and Other Financing Sources	\$ 164,295	\$ 164,295	\$ -
Total Expenditures and Other Financing Uses	<u>164,295</u>	<u>135,436</u>	<u>28,859</u>
Net Change in Fund Balance	-	28,859	28,859
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 28,859</u>	<u>\$ 28,859</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
<u>IDEA Preschool Grant for the Handicapped Fund</u>			
Total Revenues and Other Financing Sources	\$ 11,526	\$ 11,526	\$ -
Total Expenditures and Other Financing Uses	<u>11,526</u>	<u>11,526</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Improving Teacher Quality Fund</u>			
Total Revenues and Other Financing Sources	\$ 51,098	\$ 51,098	\$ -
Total Expenditures and Other Financing Uses	<u>51,098</u>	<u>31,334</u>	<u>19,764</u>
Net Change in Fund Balance	-	19,764	19,764
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 19,764</u>	<u>\$ 19,764</u>
<u>Miscellaneous Federal Grants Fund</u>			
Total Revenues and Other Financing Sources	\$ 23,439	\$ 23,439	\$ -
Total Expenditures and Other Financing Uses	<u>23,439</u>	<u>15,302</u>	<u>8,137</u>
Net Change in Fund Balance	-	8,137	8,137
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 8,137</u>	<u>\$ 8,137</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
<u>Student Managed Activity Fund</u>			
Total Revenues and Other Financing Sources	\$ 24,923	\$ 24,923	\$ -
Total Expenditures and Other Financing Uses	<u>77,236</u>	<u>40,875</u>	<u>36,361</u>
Net Change in Fund Balance	(52,313)	(15,952)	36,361
Fund Balance, July 1 (restated)	48,537	48,537	-
Prior Year Encumbrances Appropriated	<u>2,520</u>	<u>2,520</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (1,256)</u>	<u>\$ 35,105</u>	<u>\$ 36,361</u>
<u>Student Wellness and Success Fund</u>			
Total Revenues and Other Financing Sources	\$ 81,090	\$ 81,090	\$ -
Total Expenditures and Other Financing Uses	<u>81,090</u>	<u>50,851</u>	<u>30,239</u>
Net Change in Fund Balance	-	30,239	30,239
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 30,239</u>	<u>\$ 30,239</u>
<u>Public School Support Fund</u>			
Total Revenues and Other Financing Sources	\$ 100,651	\$ 100,651	\$ -
Total Expenditures and Other Financing Uses	<u>286,778</u>	<u>61,842</u>	<u>224,936</u>
Net Change in Fund Balance	(186,127)	38,809	224,936
Fund Balance, July 1	177,769	177,769	-
Prior Year Encumbrances Appropriated	<u>10,378</u>	<u>10,378</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 2,020</u>	<u>\$ 226,956</u>	<u>\$ 224,936</u>
<u>Unclaimed Monies Fund</u>			
Total Revenues and Other Financing Sources	\$ 6,749	\$ -	\$ (6,749)
Total Expenditures and Other Financing Uses	<u>6,749</u>	<u>32,789</u>	<u>(26,040)</u>
Net Change in Fund Balance	-	(32,789)	(32,789)
Fund Balance, July 1	<u>40,073</u>	<u>40,073</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 40,073</u>	<u>\$ 7,284</u>	<u>\$ (32,789)</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
<u>Permanent Improvement Fund</u>			
Total Revenues and Other Financing Sources	\$ 654,255	\$ 654,255	\$ -
Total Expenditures and Other Financing Uses	<u>1,556,575</u>	<u>1,184,246</u>	<u>372,329</u>
Net Change in Fund Balance	(902,320)	(529,991)	372,329
Fund Balance, July 1	699,192	699,192	-
Prior Year Encumbrances Appropriated	<u>203,128</u>	<u>203,128</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 372,329</u>	<u>\$ 372,329</u>
<u>Building Fund</u>			
Total Expenditures and Other Financing Uses	<u>\$ 1,545,626</u>	<u>\$ 1,218,047</u>	<u>\$ 327,579</u>
Net Change in Fund Balance	(1,545,626)	(1,218,047)	327,579
Fund Balance, July 1	1,145,558	1,145,558	-
Prior Year Encumbrances Appropriated	<u>400,068</u>	<u>400,068</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 327,579</u>	<u>\$ 327,579</u>
<u>Special Project Construction Fund</u>			
Total Revenues and Other Financing Sources	\$ 5,605	\$ 5,605	\$ -
Total Expenditures and Other Financing Uses	<u>22,895</u>	<u>15,402</u>	<u>7,493</u>
Net Change in Fund Balance	(17,290)	(9,797)	7,493
Fund Balance, July 1	12,008	12,008	-
Prior Year Encumbrances Appropriated	<u>5,282</u>	<u>5,282</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 7,493</u>	<u>\$ 7,493</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

FUND DESCRIPTIONS - NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private sector businesses where the intent is that the expense (including depreciation) of providing goods or services primarily or solely to the general public be financed or recovered primarily through user charges. The following is a description of the School District's nonmajor enterprise funds.

Food Service Fund

This fund accounts for the provision of food service to the School District.

Uniform School Supplies Fund

This fund accounts for the purchase of necessary supplies, materials, or other school related items above those items provided for general instruction, paid for by students.

Adult Education Fund

This fund is provided to account for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from patrons and students and reimbursement from the State Department of Education. Expenditures include supplies, salaries, and textbooks.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2020

	Food Service	Uniform School Supplies	Adult Education	Total Nonmajor Enterprise Funds
Assets:				
Current:				
Equity in pooled cash, cash equivalents, and investments	\$ 25,158	\$ 146,764	\$ 64,887	\$ 236,809
Receivables:				
Accounts	-	-	2,091	2,091
Materials and supplies inventory	6,818	-	-	6,818
Inventory held for resale	25,454	9,895	-	35,349
Total current assets	<u>57,430</u>	<u>156,659</u>	<u>66,978</u>	<u>281,067</u>
Noncurrent assets:				
Net OPEB asset (Note 13)	-	-	1,656	1,656
Depreciable capital assets, net	63,706	-	-	63,706
Total noncurrent assets	<u>63,706</u>	<u>-</u>	<u>1,656</u>	<u>65,362</u>
Total assets	<u>121,136</u>	<u>156,659</u>	<u>68,634</u>	<u>346,429</u>
Deferred outflows of resources:				
Pension (Note 12)	75,802	-	41,187	116,989
OPEB (Note 13)	35,099	-	12,408	47,507
Total deferred outflows of resources	<u>110,901</u>	<u>-</u>	<u>53,595</u>	<u>164,496</u>
Liabilities:				
Current:				
Accounts payable	438	21,180	9,241	30,859
Accrued wages and benefits payable	76,888	-	11,261	88,149
Intergovernmental payable	938	-	5,829	6,767
Pension and postemployment benefits payable	16,189	-	3,163	19,352
Total current liabilities	<u>94,453</u>	<u>21,180</u>	<u>29,494</u>	<u>145,127</u>
Long-term liabilities:				
Net pension liability (Note 12)	592,538	-	256,792	849,330
Net OPEB liability (Note 13)	253,669	-	100,470	354,139
Compensated absences payable	55,859	-	-	55,859
Total long-term liabilities	<u>902,066</u>	<u>-</u>	<u>357,262</u>	<u>1,259,328</u>
Total liabilities	<u>996,519</u>	<u>21,180</u>	<u>386,756</u>	<u>1,404,455</u>
Deferred inflows of resources:				
Pension (Note 12)	13,892	-	21,368	35,260
OPEB (Note 13)	74,523	-	41,974	116,497
Total deferred inflows of resources	<u>88,415</u>	<u>-</u>	<u>63,342</u>	<u>151,757</u>
Net position:				
Investment in capital assets	63,706	-	-	63,706
Unrestricted (deficit)	(916,603)	135,479	(327,869)	(1,108,993)
Total net position (deficit)	<u>\$ (852,897)</u>	<u>\$ 135,479</u>	<u>\$ (327,869)</u>	<u>\$ (1,045,287)</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Food Service	Uniform School Supplies	Adult Education	Total Nonmajor Enterprise Funds
Operating revenues:				
Tuition and fees.	\$ -	\$ 272,458	\$ -	\$ 272,458
Charges for services.	657,718	-	42,075	699,793
Other.	500	-	201,476	201,976
Total operating revenues	<u>658,218</u>	<u>272,458</u>	<u>243,551</u>	<u>1,174,227</u>
Operating expenses:				
Personal services.	563,931	-	219,357	783,288
Purchased services.	35,171	1,280	18,653	55,104
Materials and supplies	323,176	200,509	10,707	534,392
Other.	2,317	-	-	2,317
Depreciation	19,344	-	-	19,344
Total operating expenses.	<u>943,939</u>	<u>201,789</u>	<u>248,717</u>	<u>1,394,445</u>
Operating income (loss)	<u>(285,721)</u>	<u>70,669</u>	<u>(5,166)</u>	<u>(220,218)</u>
Nonoperating revenues:				
Grants and subsidies.	115,573	-	-	115,573
Federal donated commodities	55,133	-	-	55,133
Total nonoperating revenues.	<u>170,706</u>	<u>-</u>	<u>-</u>	<u>170,706</u>
Change in net position	(115,015)	70,669	(5,166)	(49,512)
Net position (deficit) at beginning of year.	<u>(737,882)</u>	<u>64,810</u>	<u>(322,703)</u>	<u>(995,775)</u>
Net position (deficit) at end of year . . .	<u><u>\$ (852,897)</u></u>	<u><u>\$ 135,479</u></u>	<u><u>\$ (327,869)</u></u>	<u><u>\$ (1,045,287)</u></u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Food Service	Uniform School Supplies	Adult Education	Total Nonmajor Enterprise Funds
Cash flows from operating activities:				
Cash received from tuition and fees	\$ -	\$ 272,458	\$ -	\$ 272,458
Cash received from charges for services	658,156	-	51,316	709,472
Cash received from other operations	500	-	212,854	213,354
Cash payments for personal services	(480,623)	-	(188,464)	(669,087)
Cash payments for purchased services	(35,171)	-	(18,653)	(53,824)
Cash payments for materials and supplies	(290,126)	(328,122)	(10,707)	(628,955)
Cash payments for other expenses	(2,317)	-	-	(2,317)
Net cash provided by (used in) operating activities . .	<u>(149,581)</u>	<u>(55,664)</u>	<u>46,346</u>	<u>(158,899)</u>
Cash flows from noncapital financing activities:				
Cash received from grants and subsidies	115,573	-	-	115,573
Net cash provided by noncapital financing activities . .	<u>115,573</u>	<u>-</u>	<u>-</u>	<u>115,573</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(10,493)	-	-	(10,493)
Net cash (used in) capital and related financing activities	<u>(10,493)</u>	<u>-</u>	<u>-</u>	<u>(10,493)</u>
Net increase (decrease) in cash and cash equivalents . . .	(44,501)	(55,664)	46,346	(53,819)
Cash and cash equivalents at beginning of year	69,659	202,428	18,541	290,628
Cash and cash equivalents at end of year	<u>\$ 25,158</u>	<u>\$ 146,764</u>	<u>\$ 64,887</u>	<u>\$ 236,809</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (285,721)	\$ 70,669	\$ (5,166)	\$ (220,218)
Adjustments:				
Depreciation	19,344	-	-	19,344
Federal donated commodities	55,133	-	-	55,133
Changes in assets, liabilities, deferred inflows of resources, and deferred outflows of resources:				
Decrease in materials and supplies inventory	3,371	-	-	3,371
(Increase) in inventory held for resale	(25,454)	(5,272)	-	(30,726)
Decrease in accounts receivable	-	-	11,378	11,378
Decrease in prepayments	1,054	-	486	1,540
Increase (decrease) in accounts payable	438	(121,061)	9,241	(111,382)
Increase (decrease) in accrued wages and benefits	1,008	-	(192)	816
(Decrease) in compensated absences payable	(1,991)	-	-	(1,991)
Increase in net pension liability	44,319	-	3,830	48,149
(Decrease) in net OPEB liability	(17,196)	-	(18,010)	(35,206)
(Increase) in net OPEB asset	-	-	(694)	(694)
Decrease in deferred outflows - pensions	55,744	-	29,522	85,266
(Increase) in deferred outflows - OPEB	(23,046)	-	(7,024)	(30,070)
(Decrease) in deferred inflows - pensions	(15,951)	-	(3,144)	(19,095)
Increase in deferred inflows - OPEB	41,092	-	22,083	63,175
Increase (decrease) in due to other governments	(10)	-	5,718	5,708
(Decrease) in pension obligation payable	(1,715)	-	(1,682)	(3,397)
Net cash provided by (used in) operating activities . .	<u>\$ (149,581)</u>	<u>\$ (55,664)</u>	<u>\$ 46,346</u>	<u>\$ (158,899)</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEOUGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
<u>Food Services Fund</u>			
Total Revenues and Other Sources	\$ 773,986	\$ 774,229	\$ 243
Total Expenditures and Other Uses	843,645	818,771	24,874
Net Change in Fund Equity	(69,659)	(44,542)	25,117
Fund Equity, July 1	59,016	59,016	-
Prior Year Encumbrances Appropriated	10,643	10,643	-
Fund Equity, June 30	<u>\$ -</u>	<u>\$ 25,117</u>	<u>\$ 25,117</u>
<u>Uniform School Supplies Fund</u>			
Total Revenues and Other Sources	\$ 271,386	\$ 272,458	\$ 1,072
Total Expenditures and Other Uses	473,814	407,123	66,691
Net Change in Fund Equity	(202,428)	(134,665)	67,763
Fund Equity, July 1	58,702	58,702	-
Prior Year Encumbrances Appropriated	143,726	143,726	-
Fund Equity, June 30	<u>\$ -</u>	<u>\$ 67,763</u>	<u>\$ 67,763</u>
<u>Adult Education Fund</u>			
Total Revenues and Other Sources	\$ 236,511	\$ 264,170	\$ 27,659
Total Expenditures and Other Uses	282,561	217,829	64,732
Net Change in Fund Equity	(46,050)	46,341	92,391
Fund Equity, July 1	18,535	18,535	-
Prior Year Encumbrances Appropriated	6	6	-
Fund Equity, June 30	<u>\$ (27,509)</u>	<u>\$ 64,882</u>	<u>\$ 92,391</u>

KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO

FUND DESCRIPTION - NONMAJOR INTERNAL SERVICE FUND

Internal Service Funds account for the financing of goods or services provided by one department or agency of the School District to other departments or agencies on a cost-reimbursement basis. Charges are intended to recoup the total cost of such services.

Employee Benefits Self-Insurance Fund

This fund accounts for the operations of the School District's self-insurance program for medical/ surgical and dental benefits. Since the School District maintains only one internal service fund, no combining statements are presented.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
<u>Employee Benefits Self-Insurance Fund</u>			
Total Revenues and Other Financing Sources	\$ 6,699,410	\$ 6,699,463	\$ 53
Total Expenses and Other Financing Uses	<u>9,932,730</u>	<u>6,979,149</u>	<u>2,953,581</u>
Net Change in Fund Equity	(3,233,320)	(279,686)	2,953,634
Fund Equity, July 1	3,225,924	3,225,924	-
Prior Year Encumbrances Appropriated	<u>7,396</u>	<u>7,396</u>	<u>-</u>
Fund Equity, June 30	<u>\$ -</u>	<u>\$ 2,953,634</u>	<u>\$ 2,953,634</u>

Statistical Section



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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

STATISTICAL SECTION

This part of the Kenston City School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	138-149
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	150-156
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	157-162
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	163-164
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	166-181

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2020</u>	<u>2019 (4)</u>	<u>2018</u>	<u>2017 (3)</u>
Governmental activities				
Net investment in capital assets	\$ 12,520,887	\$ 10,807,408	\$ 8,575,170	\$ 4,991,103
Restricted for:				
Capital projects	1,020,679	2,235,423	2,305,629	3,981,244
Debt service	1,777,992	2,084,898	2,061,407	3,273,997
Locally funded programs	9,926	40,813	42,644	-
State funded programs	56,935	19,063	3,876	3,892
Federally funded programs	-	-	-	1,596
Student activities	376,976	447,517	356,051	280,946
Other purposes	55,074	55,074	58,947	58,947
Unrestricted (deficit)	<u>(31,248,774)</u>	<u>(26,158,918)</u>	<u>(29,985,431)</u>	<u>(37,230,309)</u>
Total governmental activities net position	<u>\$ (15,430,305)</u>	<u>\$ (10,468,722)</u>	<u>\$ (16,581,707)</u>	<u>\$ (24,638,584)</u>
Business-type activities				
Net investment in capital assets	\$ 63,706	\$ 72,557	\$ 71,481	\$ 92,128
Unrestricted (deficit)	<u>(1,108,993)</u>	<u>(1,068,332)</u>	<u>(933,884)</u>	<u>(570,456)</u>
Total business-type activities net position	<u>\$ (1,045,287)</u>	<u>\$ (995,775)</u>	<u>\$ (862,403)</u>	<u>\$ (478,328)</u>
Primary government				
Net investment in capital assets	\$ 12,584,593	\$ 10,879,965	\$ 8,646,651	\$ 5,083,231
Restricted	3,297,582	4,882,788	4,828,554	7,600,622
Unrestricted (deficit)	<u>(32,357,767)</u>	<u>(27,227,250)</u>	<u>(30,919,315)</u>	<u>(37,800,765)</u>
Total primary government net assets	<u>\$ (16,475,592)</u>	<u>\$ (11,464,497)</u>	<u>\$ (17,444,110)</u>	<u>\$ (25,116,912)</u>

- (1) New terminology in accordance with GASB Statement No. 63 which was implemented in 2013.
Amounts for 2012 and 2011 have been restated to reflect the implementation of GASB Statement No. 65.
- (2) The School District implemented GASB Statement No. 68 and 71 in 2015.
Amounts for 2014 have been restated to reflect the implementation of these statements.
- (3) The School District implemented GASB Statement No. 75 in 2018.
Amounts for 2017 have been restated to reflect the implementation of this statement.
- (4) The School District implemented GASB Statement No. 84 in 2020.
Amounts for 2019 have been restated to reflect the implementation of this statement.

Source: School District financial records.

2016	2015	2014 (2)	2013	2012 (1)	2011 (1)
\$ 8,972,501	\$ 14,505,172	\$ 13,374,772	\$ 12,447,702	\$ 10,730,358	\$ 10,433,900
201,741	265,409	271,535	278,760	13,255	222,013
3,330,058	4,247,132	4,254,129	4,102,707	4,704,206	4,408,397
-	-	-	-	-	-
3,876	70,437	19,284	5,793	172	12,390
-	-	-	138,903	402,272	31,010
290,192	306,497	369,271	333,151	324,294	257,623
78,700	83,006	3,137	168	168	50,168
(39,777,235)	(38,255,325)	(41,774,501)	10,276,624	12,025,567	10,546,096
<u>\$ (26,900,167)</u>	<u>\$ (18,777,672)</u>	<u>\$ (23,482,373)</u>	<u>\$ 27,583,808</u>	<u>\$ 28,200,292</u>	<u>\$ 25,961,597</u>
\$ 112,772	\$ 282,553	\$ 303,635	\$ 332,514	\$ 361,594	\$ 390,757
(729,093)	(1,251,595)	(1,203,402)	119,828	21,041	112,236
<u>\$ (616,321)</u>	<u>\$ (969,042)</u>	<u>\$ (899,767)</u>	<u>\$ 452,342</u>	<u>\$ 382,635</u>	<u>\$ 502,993</u>
\$ 9,085,273	\$ 14,787,725	\$ 13,678,407	\$ 12,780,216	\$ 11,512,795	\$ 10,824,657
3,904,567	4,972,481	4,917,356	4,859,482	5,444,367	4,981,601
(40,506,328)	(39,506,920)	(42,977,903)	10,396,452	12,046,608	10,658,332
<u>\$ (27,516,488)</u>	<u>\$ (19,746,714)</u>	<u>\$ (24,382,140)</u>	<u>\$ 28,036,150</u>	<u>\$ 29,003,770</u>	<u>\$ 26,464,590</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Expenses				
Governmental activities:				
Instruction:				
Regular	\$ 18,617,080	\$ 14,894,657	\$ 7,646,607	\$ 17,356,884
Special	6,019,114	5,806,578	4,019,505	5,851,894
Vocational	402,175	98,594	45,979	223,147
Other instructional	783,689	624,842	577,881	655,874
Support services:				
Pupil	2,397,701	1,999,792	1,333,836	2,533,325
Instructional staff	1,840,768	1,731,750	955,406	2,428,467
Board of education	58,936	87,779	88,576	55,549
Administration	3,104,413	2,682,742	1,448,156	3,059,109
Fiscal	1,367,753	1,323,644	899,146	1,281,656
Business	446,647	356,419	127,219	81,300
Operations and maintenance	4,224,660	3,699,099	2,744,063	5,149,226
Pupil transportation	3,097,152	2,747,931	1,785,167	3,128,753
Central	260,771	157,232	10,772	8,817
Operation of non-instructional services	-	97,561	140,776	255,902
Extracurricular activities	1,479,169	1,479,414	1,000,393	1,739,537
Interest and fiscal charges	1,162,418	1,249,029	1,589,061	1,666,600
Total governmental activities expenses	<u>45,262,446</u>	<u>39,037,063</u>	<u>24,412,543</u>	<u>45,476,040</u>
Business-type activities:				
Food services	943,939	973,768	981,862	1,114,395
Uniform school supplies	201,789	323,252	142,422	167,446
Kindergarten fees	-	-	-	-
Adult education	248,717	215,761	178,491	220,527
Total business-type activities	<u>1,394,445</u>	<u>1,512,781</u>	<u>1,302,775</u>	<u>1,502,368</u>
Total primary government expenses	<u>46,656,891</u>	<u>40,549,844</u>	<u>25,715,318</u>	<u>46,978,408</u>

<u>2016 (1)</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 15,341,661	\$ 15,512,319	\$ 16,391,724	\$ 16,375,043	\$ 16,625,219	\$ 16,493,789
4,661,158	4,608,502	4,122,352	4,217,000	3,907,785	4,204,140
193,915	268,312	193,593	137,649	149,673	161,233
658,436	603,260	541,401	563,386	527,141	575,753
2,494,672	2,232,423	2,344,469	2,433,085	2,383,930	2,539,465
2,281,487	1,952,922	1,679,853	1,204,051	1,334,882	1,272,173
141,100	57,682	49,258	45,287	77,522	42,834
2,936,438	2,819,604	2,822,807	2,834,396	2,752,700	2,725,919
1,095,551	1,085,992	1,137,710	1,086,914	1,071,883	1,032,472
42,944	45,081	42,719	20,513	68,479	38,411
3,752,274	3,656,927	3,727,751	3,983,705	3,951,623	3,938,563
2,625,309	2,602,077	2,557,405	2,699,879	2,635,235	2,649,205
36,683	39,064	30,087	500,334	35,565	32,085
220,175	218,255	112,184	184,551	153,554	143,730
1,615,127	1,706,149	1,538,986	1,460,454	1,551,945	1,526,057
1,172,312	1,187,671	1,289,316	1,434,993	1,616,742	2,059,380
<u>39,269,242</u>	<u>38,596,240</u>	<u>38,581,615</u>	<u>39,181,240</u>	<u>38,843,878</u>	<u>39,435,209</u>
956,171	962,766	1,035,956	1,076,166	1,183,761	1,154,868
138,940	147,308	152,008	142,267	166,103	145,880
-	311,506	345,302	263,334	346,097	317,659
169,220	155,516	164,438	146,349	136,352	113,858
<u>1,264,331</u>	<u>1,577,096</u>	<u>1,697,704</u>	<u>1,628,116</u>	<u>1,832,313</u>	<u>1,732,265</u>
<u>40,533,573</u>	<u>40,173,336</u>	<u>40,279,319</u>	<u>40,809,356</u>	<u>40,676,191</u>	<u>41,167,474</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS - (Continued)
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Instruction:				
Regular	\$ 815,905	\$ 626,694	\$ 726,413	\$ 638,968
Special	262,516	454,074	447,425	268,922
Support services:				
Pupil	33,862	115,987	171,923	-
Instructional staff	1,865	1,244	6,764	-
Operations and maintenance	370	60	1,104	-
Extracurricular activities	295,115	479,752	571,191	535,075
Operating grants and contributions:				
Instruction:				
Regular	20,432	55,456	89,698	50,447
Special	501,931	494,362	496,425	353,591
Vocational	819	819	819	-
Support services:				
Pupil	276,293	284,170	222,034	200,299
Instructional staff	67,516	2,563	24,324	59,629
Administration	130,645	121,531	126,731	144,405
Operations and maintenance	96,026	44,147	106,575	-
Pupil transportation	109,572	153,047	96,056	-
Operation of non-instructional services	4,362	20,329	14,287	558
Extracurricular activities	53,424	37,117	64,586	-
Capital grants and contributions:				
Support services:				
Operations and maintenance	-	-	-	-
Extracurricular activities	140,300	-	42,200	-
Interest and fiscal charges	-	-	-	-
Total governmental program revenues	<u>2,810,953</u>	<u>2,891,352</u>	<u>3,208,555</u>	<u>2,251,894</u>
Business-type activities:				
Charges for services:				
Food service	657,718	772,340	704,181	772,352
Uniform school supplies	272,458	214,873	197,975	200,661
Kindergarten fees	-	-	-	-
Adult Education	42,075	460	250	304
Operating grants and contributions:				
Food service	170,706	193,154	160,124	133,735
Total business-type activities program revenues	<u>1,142,957</u>	<u>1,180,827</u>	<u>1,062,530</u>	<u>1,107,052</u>
Total primary government program revenue	<u>3,953,910</u>	<u>4,072,179</u>	<u>4,271,085</u>	<u>3,358,946</u>
Net (Expense)/Revenue				
Governmental activities	(42,451,493)	(36,145,711)	(21,203,988)	(43,224,146)
Business-type activities	(251,488)	(331,954)	(240,245)	(395,316)
Total primary government net expense	<u>(42,702,981)</u>	<u>(36,477,665)</u>	<u>(21,444,233)</u>	<u>(43,619,462)</u>

	<u>2016 (1)</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$	235,773	\$ 247,222	\$ 233,357	\$ 21,610	\$ 117,888	\$ 109,572
	-	-	-	4,671	53,440	52,137
	-	-	-	-	-	-
	-	-	-	-	-	3,599
	-	-	-	-	-	-
	713,033	645,615	786,496	637,685	731,086	702,608
	49,462	139,562	99,108	90,874	826,501	440,120
	243,276	-	592,939	424,357	388,997	499,874
	-	147,412	-	-	-	-
	172,323	177,880	146,474	208,842	218,554	189,700
	410,703	279,235	29,665	92,187	82,745	90,158
	202,484	210,248	171,141	209,074	221,799	220,500
	-	10,000	10,000	-	-	-
	-	-	-	322	-	14,738
	1,371	-	-	-	-	15,407
	83,484	46,266	113,603	112,739	106,955	52,181
	-	-	4,311	635,568	467,050	336,475
	-	-	-	-	-	34,300
	-	-	-	15,834	15,000	15,000
	<u>2,111,909</u>	<u>1,903,440</u>	<u>2,187,094</u>	<u>2,453,763</u>	<u>3,230,015</u>	<u>2,776,369</u>
	752,908	715,705	746,508	839,596	923,226	883,407
	152,559	153,608	163,599	145,649	150,073	162,912
	-	308,991	217,276	365,032	294,677	307,374
	300	254	340	-	-	-
	<u>110,074</u>	<u>168,196</u>	<u>195,674</u>	<u>200,338</u>	<u>213,367</u>	<u>237,038</u>
	<u>1,015,841</u>	<u>1,346,754</u>	<u>1,323,397</u>	<u>1,550,615</u>	<u>1,581,343</u>	<u>1,590,731</u>
	<u>3,127,750</u>	<u>3,250,194</u>	<u>3,510,491</u>	<u>4,004,378</u>	<u>4,811,358</u>	<u>4,367,100</u>
	(37,157,333)	(36,692,800)	(36,394,521)	(36,727,477)	(35,613,863)	(36,658,840)
	(248,490)	(230,342)	(374,307)	(77,501)	(250,970)	(141,534)
	<u>(37,405,823)</u>	<u>(36,923,142)</u>	<u>(36,768,828)</u>	<u>(36,804,978)</u>	<u>(35,864,833)</u>	<u>(36,800,374)</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS - (Continued)
(ACCRUAL BASIS OF ACCOUNTING)

General Revenues and Other Changes in Net Position	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Governmental activities:				
Property taxes levied for:				
General purposes	\$ 25,944,242	\$ 29,305,685	\$ 29,580,085	\$ 30,882,765
Debt service	2,993,916	3,373,600	3,244,684	3,510,202
Payments in lieu of taxes	576,383	996,926	-	-
Grants and entitlements not restricted to specific programs	7,298,584	7,814,950	8,321,337	10,940,199
Investment earnings	612,270	463,391	93,508	32,896
Miscellaneous	64,515	203,388	40,877	471,313
Transfers	-	-	(98,446)	(351,646)
Total governmental activities	<u>37,489,910</u>	<u>42,157,940</u>	<u>41,182,045</u>	<u>45,485,729</u>
Business-type activities:				
Investment earnings	-	-	-	-
Miscellaneous	201,976	198,582	182,465	181,663
Transfers	-	-	98,446	351,646
Total business-type activities	<u>201,976</u>	<u>198,582</u>	<u>280,911</u>	<u>533,309</u>
Total primary government	<u>37,691,886</u>	<u>42,356,522</u>	<u>41,462,956</u>	<u>46,019,038</u>
Change in Net Position				
Governmental activities	(4,961,583)	6,012,229	19,978,057	2,261,583
Business-type activities	<u>(49,512)</u>	<u>(133,372)</u>	<u>40,666</u>	<u>137,993</u>
Total primary government	<u><u>(5,011,095)</u></u>	<u><u>5,878,857</u></u>	<u><u>20,018,723</u></u>	<u><u>2,399,576</u></u>

Source: School District financial records.

(1) Amounts have been restated to combine Kindergarten fees business type into governmental activity general fund.

2016 (1)	2015	2014	2013	2012	2011
\$ 24,227,596	\$ 27,715,003	\$ 24,663,106	\$ 23,927,071	\$ 25,194,039	\$ 24,215,991
2,692,461	3,364,843	3,060,189	2,944,792	3,170,271	2,973,053
-	-	-	-	-	-
9,493,456	10,199,220	9,507,776	9,184,941	9,733,171	10,817,773
101,034	45,506	27,123	16,605	40,881	61,275
263,344	72,929	94,022	43,622	135,039	52,221
-	-	-	(6,038)	-	-
<u>36,777,891</u>	<u>41,397,501</u>	<u>37,352,216</u>	<u>36,110,993</u>	<u>38,273,401</u>	<u>38,120,313</u>
-	-	-	127	1,018	1,131
174,030	161,067	173,671	141,043	129,594	124,558
-	-	-	6,038	-	-
<u>174,030</u>	<u>161,067</u>	<u>173,671</u>	<u>147,208</u>	<u>130,612</u>	<u>125,689</u>
<u>36,951,921</u>	<u>41,558,568</u>	<u>37,525,887</u>	<u>36,258,201</u>	<u>38,404,013</u>	<u>38,246,002</u>
(379,442)	4,704,701	957,695	(616,484)	2,659,538	1,461,473
<u>(74,460)</u>	<u>(69,275)</u>	<u>(200,636)</u>	<u>69,707</u>	<u>(120,358)</u>	<u>(15,845)</u>
<u>(453,902)</u>	<u>4,635,426</u>	<u>757,059</u>	<u>(546,777)</u>	<u>2,539,180</u>	<u>1,445,628</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEOUGA COUNTY, OHIO**

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2020</u>	<u>2019 (3)</u>	<u>2018</u>	<u>2017</u>
General Fund:				
Nonspendable	\$ 80,968	\$ 120,829	\$ 99,856	\$ 49,938
Assigned	5,766,413	2,182,821	286,089	2,877,476
Unassigned	<u>4,300,314</u>	<u>11,548,961</u>	<u>14,339,323</u>	<u>12,201,454</u>
Total general fund	<u>\$ 10,147,695</u>	<u>\$ 13,852,611</u>	<u>\$ 14,725,268</u>	<u>\$ 15,128,868</u>
All Other Governmental Funds:				
Nonspendable	-	98	-	-
Restricted	4,924,664	6,248,370	6,444,807	8,464,632
Committed	7,493	15,790	68,380	17,000
Unassigned (deficit)	<u>(90,182)</u>	<u>(76,216)</u>	<u>(61,075)</u>	<u>(66,935)</u>
Total all other governmental funds	<u>4,841,975</u>	<u>6,188,042</u>	<u>6,452,112</u>	<u>8,414,697</u>
Total governmental funds	<u>\$ 14,989,670</u>	<u>\$ 20,040,653</u>	<u>\$ 21,177,380</u>	<u>\$ 23,543,565</u>

Source: School District financial records.

- (1) The School District implemented GASB Statement No. 54 in fiscal year 2011, which reclassified fund balances and some fund types into the general fund.
- (2) Amounts have been restated to combine Kindergarten fees business type into governmental activity general fund.
- (3) The School District implemented GASB Statement No. 84 in 2020.
Amounts for 2019 have been restated to reflect the implementation of this statement.

<u>2016 (2)</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011 (1)</u>
\$ 34,613	\$ 59,879	\$ 100,332	\$ 91,067	\$ 91,796	\$ 81,761
2,539,314	4,921,589	4,799,994	7,910,954	8,626,626	3,679,132
8,603,544	8,145,332	6,280,505	3,114,981	3,961,414	6,410,492
<u>\$ 11,177,471</u>	<u>\$ 13,126,800</u>	<u>\$ 11,180,831</u>	<u>\$ 11,117,002</u>	<u>\$ 12,679,836</u>	<u>\$ 10,171,385</u>
-	-	-	-	-	-
4,503,832	7,995,181	5,063,764	5,226,959	5,633,437	5,332,388
-	182,678	223,804	265,505	-	-
(2,177,494)	(13,736)	(42,187)	(3,308)	(379,644)	(535,701)
<u>2,326,338</u>	<u>8,164,123</u>	<u>5,245,381</u>	<u>5,489,156</u>	<u>5,253,793</u>	<u>4,796,687</u>
<u>\$ 13,503,809</u>	<u>\$ 21,290,923</u>	<u>\$ 16,426,212</u>	<u>\$ 16,606,158</u>	<u>\$ 17,933,629</u>	<u>\$ 14,968,072</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenues				
From local sources:				
Taxes	\$ 28,848,751	\$ 32,640,453	\$ 32,774,348	\$ 34,310,498
Payment in lieu of taxes	576,383	996,926	-	-
Tuition	1,075,851	1,080,768	1,173,838	907,891
Earnings on investments	615,866	473,401	159,759	132,129
Extracurricular	330,842	596,983	694,878	535,075
Rental income	370	60	1,104	-
Contributions and donations	261,857	121,458	137,420	-
Other local revenues	95,955	239,688	377,081	360,973
Intergovernmental	8,345,632	8,893,049	9,246,642	11,718,893
Total revenues	<u>40,151,507</u>	<u>45,042,786</u>	<u>44,565,070</u>	<u>47,965,459</u>
Expenditures				
Current:				
Instruction:				
Regular	16,056,701	15,665,321	15,295,525	15,359,038
Special	5,865,481	6,350,571	6,195,444	5,687,671
Vocational	400,926	114,991	111,233	214,951
Other	755,270	688,294	765,743	636,193
Support services:				
Pupil	2,295,527	2,255,688	2,227,949	2,465,125
Instructional staff	1,844,513	1,956,043	1,957,435	2,187,073
Board of education	58,078	90,483	100,515	54,378
Administration	2,969,161	3,081,467	3,052,945	2,976,560
Fiscal	1,345,275	1,390,816	1,201,434	1,260,624
Business	434,668	388,565	264,124	82,181
Operations and maintenance	4,040,493	3,715,028	3,825,655	3,559,298
Pupil transportation	2,820,971	2,792,747	2,652,270	2,711,299
Central	245,777	177,686	10,772	8,817
Operation of non-instructional services	-	79,787	232,886	240,723
Extracurricular activities	1,345,599	1,572,225	1,538,975	1,431,943
Facilities acquisition and construction	1,087,368	1,661,822	3,032,850	4,378,947
Debt service:				
Principal retirement	2,227,402	3,064,700	3,885,850	3,404,050
Interest and fiscal charges	1,027,481	1,234,035	1,178,506	1,088,608
Issuance Costs	71,300	-	30,250	502,406
Total expenditures	<u>44,891,991</u>	<u>46,280,269</u>	<u>47,560,361</u>	<u>48,249,885</u>
Excess (deficiency) of revenues over (under) expenditures	(4,740,484)	(1,237,483)	(2,995,291)	(284,426)
Other Financing Sources (Uses)				
Sale of capital assets	\$ -	\$ -	\$ -	\$ 4,100
Inception of captial lease	-	-	-	-
Insurance recovery	26,289	-	-	-
Proceeds from debt and refunded debt	6,715,000	-	1,237,146	10,000,000
Discounts of debt issued	-	-	-	(19,496)
Premiums on debt issued	-	-	30,816	691,224
Payment of refunding debt	(6,901,788)	-	-	-
Transfers in	720,505	126,000	171,500	9,826,038
Transfers out	(870,505)	(126,000)	(269,946)	(10,177,684)
Total other financing sources (uses)	<u>(310,499)</u>	<u>-</u>	<u>1,169,516</u>	<u>10,324,182</u>
Net change in fund balances	<u>\$ (5,050,983)</u>	<u>\$ (1,237,483)</u>	<u>\$ (1,825,775)</u>	<u>\$ 10,039,756</u>
Capital expenditures	1,496,555	1,602,048	2,743,440	2,894,411
Debt service principal and interest as a percentage of noncapital expenditures	7.5%	9.6%	11.3%	9.9%

Source: School District financial records.

	2016	2015	2014	2013	2012	2011
\$	26,611,517	\$ 31,011,220	\$ 27,848,508	\$ 27,392,647	\$ 27,895,350	\$ 27,159,405
	-	-	-	-	-	-
	266,047	247,222	233,357	26,281	171,328	161,709
	101,034	45,506	27,123	16,605	40,881	61,275
	713,033	645,615	786,462	637,226	720,946	700,616
	-	-	-	-	-	-
	-	-	-	-	-	-
	329,784	380,952	210,625	172,654	267,134	189,309
	10,582,736	10,936,036	10,501,910	11,016,060	12,056,422	12,307,241
	<u>38,604,151</u>	<u>43,266,551</u>	<u>39,607,985</u>	<u>39,261,473</u>	<u>41,152,061</u>	<u>40,579,555</u>
	14,545,654	15,102,791	15,006,450	15,066,301	14,894,818	15,124,003
	4,798,980	4,729,806	4,137,228	4,155,435	3,823,986	4,204,708
	196,846	272,518	191,505	134,025	143,895	159,802
	667,886	620,430	539,798	567,858	509,829	570,629
	2,463,055	2,277,626	2,316,488	2,453,961	2,340,502	2,525,031
	2,193,435	2,047,277	1,658,448	1,206,462	1,260,774	1,256,458
	141,015	57,871	49,177	44,847	77,082	42,396
	2,959,273	3,041,568	2,797,491	2,797,277	2,550,950	2,682,176
	1,106,465	1,101,648	1,122,444	1,091,259	1,050,369	1,025,788
	42,936	45,390	42,448	19,016	67,323	38,024
	3,472,536	3,587,332	3,525,470	3,542,643	3,413,159	3,586,035
	2,365,540	2,598,577	2,472,070	2,573,150	2,367,864	2,392,268
	8,270	10,651	-	443,303	7,152	3,751
	225,821	228,113	119,571	179,345	143,703	136,476
	1,520,197	1,489,544	1,461,705	1,391,941	1,449,185	1,425,784
	5,264,802	268,176	807,914	1,434,109	863,774	920,514
	3,288,700	2,425,000	1,850,000	2,535,415	1,657,826	1,510,259
	1,129,854	1,158,429	1,689,724	1,315,863	1,580,662	2,011,800
	-	-	-	104,045	431,782	-
	<u>46,391,265</u>	<u>41,062,747</u>	<u>39,787,931</u>	<u>41,056,255</u>	<u>38,634,635</u>	<u>39,615,902</u>
	(7,787,114)	2,203,804	(179,946)	(1,794,782)	2,517,426	963,653
\$	-	\$ -	\$ -	\$ 425,000	\$ -	\$ 47
	-	2,660,907	-	-	-	-
	-	-	-	-	-	10,000
	-	-	-	2,680,000	36,970,000	-
	-	-	-	-	(100,953)	-
	-	-	-	57,727	3,071,774	-
	-	-	-	(2,689,378)	(39,492,690)	-
	113,930	79,350	142,330	102,770	140,377	111,815
	(113,930)	(79,350)	(142,330)	(108,808)	(140,377)	(111,815)
	-	2,660,907	-	467,311	448,131	10,047
\$	<u>(7,787,114)</u>	<u>4,864,711</u>	<u>(179,946)</u>	<u>(1,327,471)</u>	<u>2,965,557</u>	<u>973,700</u>
	4,972,805	123,348	667,790	1,116,496	728,257	682,960
	10.7%	8.8%	9.0%	9.6%	8.5%	9.0%

**KENSTON LOCAL SCHOOL DISTRICT
GEOUGA COUNTY, OHIO**

ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

Collection Year	Real Property (a)			Tangible Public Utility	
	Assessed Value		Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
	Residential/ Agricultural	Commercial/ Industrial/PU			
2020	\$ 716,101,390	\$ 97,593,960	\$ 2,324,843,857	\$ 17,885,470	\$ 20,324,398
2019	708,542,140	95,747,280	2,297,969,771	16,831,340	19,126,523
2018	700,646,470	93,811,210	2,269,879,086	15,558,280	17,679,864
2017	671,387,260	92,550,230	2,182,678,543	14,997,060	17,042,114
2016	663,918,660	91,595,650	2,158,612,314	14,162,360	16,093,591
2015	657,768,660	91,330,170	2,140,282,371	13,504,910	15,346,489
2014	652,209,300	92,252,540	2,127,033,829	12,882,850	14,639,602
2013	648,353,410	93,505,230	2,119,596,114	11,777,350	13,383,352
2012	643,156,110	100,203,690	2,123,885,143	10,863,740	12,345,159
2011	661,664,930	109,615,330	2,203,657,886	10,243,870	11,640,761

Source: Office of the County Auditor, Geauga County, Ohio

(1) This amount is calculated based on the following percentages:

Real estate is assessed at 35% of actual value.

Public utility personal is assessed at 88% of actual value.

For collection year 2010, capital assets and inventory for tangible personal property is phased-out.

For collection years 2008 and 2009, capital assets and inventory for tangible personal property is assessed at 6.25% of actual value.

For collection year 2007, capital assets and inventory for tangible personal property is assessed at 12.5% of actual value.

For collection year 2006, capital assets and inventory for tangible personal property was assessed at 18.75% of actual value.

For collection years 1998-2005, capital assets for tangible personal property was assessed at 25% of actual value.

For collection years 1998-2005, inventory for tangible personal property was assessed at 23% actual value.

Total

Assessed Value	Estimated Actual Value	Total Direct Tax Rate	%
\$ 831,580,820	\$ 2,345,168,255	90.78	35.46%
821,120,760	2,317,096,294	90.33	35.44%
810,015,960	2,287,558,950	90.33	35.41%
778,934,550	2,199,720,657	90.59	35.41%
769,676,670	2,174,705,905	90.64	35.39%
762,603,740	2,155,628,860	86.43	35.38%
757,344,690	2,141,673,431	86.65	35.36%
753,635,990	2,132,979,466	86.48	35.33%
754,223,540	2,136,230,302	86.69	35.31%
781,524,130	2,215,298,647	86.27	35.28%

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
(RATE PER \$1,000 OF ASSESSED VALUE)
LAST TEN YEARS**

Tax Year/ Collection Year	Voted Levies									
	Unvoted Levy	1976 Current Expense	1977 Current Expense	1979 Current Expense	1982 Current Expense	1987 Current Expense	1990 Current Expense	1992 Bond	1997 Current Expense	2002 Bond
2019/2020	4.50	30.50	7.50	5.50	3.50	5.90	8.30	-	6.90	3.64
2018/2019	4.50	30.50	7.50	5.50	3.50	5.90	8.30	-	6.90	3.64
2017/2018	4.50	30.50	7.50	5.50	3.50	5.90	8.30	-	6.90	3.64
2016/2017	4.50	30.50	7.50	5.50	3.50	5.90	8.30	0.50	6.90	4.10
2015/2016	4.50	30.50	7.50	5.50	3.50	5.90	8.30	0.67	6.90	3.98
2014/2015	4.50	30.50	7.50	5.50	3.50	5.90	8.30	0.73	6.90	3.71
2013/2014	4.50	30.50	7.50	5.50	3.50	5.90	8.30	0.84	6.90	3.82
2012/2013	4.50	30.50	7.50	5.50	3.50	5.90	8.30	0.79	6.90	3.70
2011/2012	4.50	30.50	7.50	5.50	3.50	5.90	8.30	0.78	6.90	3.92
2010/2011	4.50	30.50	7.50	5.50	3.50	5.90	8.30	0.71	6.90	3.57

Source: Office of the County Auditor, Geauga County, Ohio and the Ohio Department of Taxation

(1) Other levies include the Auburn Township, Bainbridge Township, Newbury Township, Auburn Joint Vocational School District and the Geauga County Library District

(2) Bond Issue approved by voters in May 2015; tax not levied until January 2017.

Voted Levies

2005 Current Expense	2015 Current Expense	2017 Bond (2)	Total School Levy	County Levy	Other Levies (1)	Total Levy	Debt Service Included in Total Levy	
							School	Total
9.39	4.00	1.15	90.78	15.60	51.00	157.38	4.79	4.79
9.39	4.00	0.70	90.33	15.60	51.00	156.93	4.34	4.34
9.39	4.00	0.70	90.33	15.60	51.00	156.93	4.34	4.34
9.39	4.00	-	90.59	15.60	50.50	156.69	4.60	4.60
9.39	4.00	-	90.64	15.60	48.50	154.74	4.65	4.65
9.39	-	-	86.43	13.40	48.50	148.33	4.44	4.44
9.39	-	-	86.65	14.10	48.50	149.25	4.66	4.66
9.39	-	-	86.48	15.10	46.50	148.08	4.49	4.49
9.39	-	-	86.69	15.10	46.50	148.29	4.70	4.70
9.39	-	-	86.27	15.10	44.65	146.02	4.28	4.28

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

PRINCIPAL TAXPAYERS
REAL ESTATE TAX
DECEMBER 31, 2019 AND DECEMBER 31, 2010

December 31, 2019			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
South Franklin Circle	\$ 14,492,710	1	1.78%
Marketplace Associates, LLC	11,458,020	2	1.41%
CLE Electric Illuminating Co	11,358,940	3	1.40%
American Transmission	3,659,490	4	0.45%
Geauga Lake LLC.	3,601,840	5	0.44%
V&V Lakeshore Ltd.	3,434,350	6	0.42%
HD Development of Maryland Inc.	3,185,000	7	0.39%
Aurora Ohio Family, LLC	2,862,690	8	0.35%
Tanglewood Square	2,545,970	9	0.31%
Target Corporation	2,235,840	10	0.27%
 Total	 \$ 58,834,850		 7.23%
 Total Real Estate Valuation	 \$ 813,695,350		

December 31, 2010			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Bainbridge Shopping Center	\$ 22,178,260	1	2.88%
South Franklin Circle	16,033,360	2	2.08%
Target Corporation	3,225,220	3	0.42%
V&V Lakeshore Ltd.	3,032,230	4	0.39%
Tanglewood Square	2,579,050	5	0.33%
HD Development of Maryland Inc.	2,518,120	6	0.33%
McFarland Commons	1,947,230	7	0.25%
Bainbridge Land Development II, LLC.	1,919,370	8	0.25%
Stock Equipment, LLC	1,383,730	9	0.18%
422 Company, Ltd.	1,190,010	10	0.15%
 Total	 \$ 56,006,580		 7.26%
 Total Real Estate Valuation	 \$ 771,280,260		

Source: Office of the County Auditor, Geauga County, Ohio

**KENSTON LOCAL SCHOOL DISTRICT
GEOUGA COUNTY, OHIO**

PRINCIPAL PROPERTY TAX PAYERS
PUBLIC UTILITY PROPERTY TAX
DECEMBER 31, 2019 AND DECEMBER 31, 2010

December 31, 2019			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Public Utility Assessed Value
Cleveland Electric Illuminating Co.	\$ 11,358,940	1	63.51%
American Transmission Systems Inc.	3,659,490	2	20.46%
East Ohio Gas Company	1,318,650	3	7.37%
Total	\$ 16,337,080		91.34%
Total Public Utility Assessed Valuation	\$ 17,885,470		

December 31, 2010			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Public Utility Assessed Value
Cleveland Electric Illuminating Company	\$ 8,311,570	1	81.14%
American Transmission	692,370	2	6.76%
East Ohio Gas Company	527,190	3	5.15%
Ohio Edison	303,970	4	2.97%
Orwell Natural Gas	208,070	5	2.03%
Total	\$ 10,043,170		98.03%
Total Public Utility Assessed Valuation	\$ 10,243,870		

Source: Office of the County Auditor, Geauga County, Ohio

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN FISCAL YEARS

Tax Year/ Collection Year (2)	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Total Tax Levy	Delinquent Tax Collections (3)	Total Tax Collection	Total Collection As a Percent of Total Levy
2019	\$ 36,857,265	\$ 35,490,025	96.29%	\$ 587,636	36,077,661	97.88%
2018	37,781,270	35,317,975	93.48%	729,935	36,047,910	95.41%
2017	37,611,430	35,773,662	95.11%	932,923	36,706,585	97.59%
2016	35,151,359	34,191,756	97.27%	683,941	34,875,697	99.22%
2015	33,419,104	30,950,116	92.61%	617,465	31,567,581	94.46%
2014	31,497,560	27,194,365	86.34%	809,812	28,004,177	88.91%
2013	31,091,657	30,063,540	96.69%	577,265	30,640,805	98.55%
2012	31,154,942	30,174,915	96.85%	1,000,639	31,175,554	100.07%
2011	30,965,158	29,687,257	95.87%	749,496	30,436,753	98.29%
2010	29,996,303	29,169,087	97.24%	907,289	30,076,376	100.27%

Source: Office of the County Auditor, Geauga County, Ohio

(1) Includes Homestead/ Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.

(2) Data is presented on a calendar year basis, consistent with the County Auditor's method of maintaining the information.

(3) The County is aware of the requirement to report delinquent tax collections by levy year rather than by collection year. The County's current computer system tracks levy amounts by either current levy or delinquent levy. Once amounts become part of the delinquent levy, the ability to track information by levy year is lost. The County is looking at options to provide this information in the future.

**KENSTON LOCAL SCHOOL DISTRICT
GEOUGA COUNTY, OHIO**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2020

<u>Governmental Unit</u>	<u>Net General Tax Supported Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt of Kenston Local School District:			
General obligation Bonds (Net)	\$ 35,247,360	100.00%	\$ 35,247,360
	<u>35,247,360</u>		<u>35,247,360</u>
Overlapping debt:			
Geauga County Library District	23,123,000	27.65%	6,393,510
Auburn Career Center Joint Vocational School District	4,025,000	17.17%	691,093
Geauga County	4,346,645	25.52%	1,109,264
Total overlapping debt	<u>31,494,645</u>		<u>8,193,867</u>
 Total direct and overlapping debt	 <u>\$ 66,742,005</u>		 <u>\$ 43,441,227</u>

Note: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the District's taxable assessed value that is within the subdivision's boundaries and dividing it by the District's total taxable assessed value. Net general tax supported debt includes accreted interest on capital appreciation bonds but excludes unamortized bond premiums, discounts and deferred losses on refundings.

**KENSTON LOCAL SCHOOL DISTRICT
GEOUGA COUNTY, OHIO**

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Estimated Actual Value of Taxable Property (2)</u>	<u>General Bonded Debt Outstanding</u>	<u>Resources Available to Pay Principal (3)</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Value</u>	<u>Net Bonded Debt per Capita</u>
2020	\$ 17,351	\$ 2,345,168,255	\$ 35,247,360	\$ 1,777,992	\$ 37,025,352	1.58%	\$ 2,134
2019	17,351	2,317,096,294	38,031,539	2,084,898	40,116,437	1.73%	2,312
2018	17,351	2,287,558,950	40,383,822	2,061,407	42,445,229	1.86%	2,446
2017	17,351	2,199,720,657	42,341,312	3,273,997	39,067,315	1.78%	2,252
2016	17,351	2,174,705,905	49,476,407	3,330,058	46,146,349	2.12%	2,660
2015	17,351	2,155,628,860	37,524,492	4,247,132	33,277,360	1.54%	1,918
2014	17,351	2,141,673,431	38,013,469	4,254,129	33,759,340	1.58%	1,946
2013	17,351	2,132,979,466	40,258,579	4,102,707	36,155,872	1.70%	2,084
2012	17,351	2,136,230,302	42,125,014	5,063,148	37,061,866	1.73%	2,136
2011	17,351	2,215,298,647	43,311,869	4,759,184	38,552,685	1.74%	2,222

Source: (1) U.S. Census Bureau - 2010 Census

(2) Office of the Auditor, Geauga County, Ohio

(3) Resources available to pay principal is obtained from the District's Statement of Net Position for net position restricted for debt service.

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Fiscal Year	Voted Debt Limit	Total Debt Applicable to Limit (1)	Debt Service Available Balance	Net Debt Applicable to Limit	Voted Legal Debt Margin
2020	\$ 74,842,274	\$ 31,870,000	\$ 3,165,238	\$ 28,704,762	\$ 46,137,512
2019	73,900,868	34,100,000	2,840,350	31,259,650	42,641,218
2018	72,901,436	36,270,000	3,483,936	32,786,064	40,115,372
2017	70,104,110	39,375,000	4,155,007	35,219,993	34,884,117
2016	69,270,900	46,980,000	4,008,827	42,971,173	26,299,727
2015	68,634,337	34,995,000	4,770,521	30,224,479	38,409,858
2014	68,161,022	37,420,000	4,624,341	32,795,659	35,365,363
2013	67,827,239	39,270,000	4,735,689	34,534,311	33,292,928
2012	67,880,119	41,615,000	5,063,148	36,551,852	31,328,267
2011	70,337,172	43,210,000	4,759,184	38,450,816	31,886,356

Source: Office of the Auditor, Geauga County, Ohio and School District Financial Records.

Note: Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt. House Bill 530 became effective on March 30, 2006, which excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

Legal Debt Margin as a Percentage of Debt Limit	Unvoted Debt Limit	Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit
61.65%	\$ 831,581	100.00%
57.70%	821,121	100.00%
55.03%	810,016	100.00%
49.76%	778,935	100.00%
37.97%	769,677	100.00%
55.96%	762,604	100.00%
51.89%	757,345	100.00%
49.08%	753,636	100.00%
46.15%	754,224	100.00%
45.33%	781,524	100.00%

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Actual Taxable Value of Property (1)	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds	Capital Leases				
2020	\$ 35,247,360	\$ -	\$ 35,247,360	1.50%	4.62%	\$ 2,031
2019	38,031,539	-	38,031,539	1.64%	4.98%	2,192
2018	40,383,822	807,307	41,191,129	1.80%	5.40%	2,376
2017	42,341,312	1,588,157	43,929,469	2.00%	5.75%	2,532
2016	49,476,407	2,087,207	51,563,614	2.37%	6.75%	2,972
2015	37,524,492	2,660,907	40,185,399	1.86%	5.26%	2,316
2014	38,013,469	-	38,013,469	1.77%	4.98%	2,191
2013	40,258,579	-	40,258,579	1.89%	5.27%	2,320
2012	42,125,014	190,415	42,315,429	1.98%	5.54%	2,439
2011	43,311,869	253,241	43,565,110	1.97%	5.71%	2,511

Note: The balances of outstanding debt should tie to the financial statements, that is they should be presented net of premiums and discounts.

Source: Details regarding the School District's outstanding debt can be found in the notes to the financial statements.

(1) See schedule "Assessed and Estimated Actual Value of Taxable Property, Last Ten Years" for property value date.

(2) See schedule "Demographic and Economic Statistics, Last Ten Years" for per capita personal income and population data.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year	Bainbridge Township Population (1)	Auburn Township Population (1)	Total Personal Income (2)	Per Capita Personal Income (1)	Geauga County Unemployment Rate (3)
2020	10,908	6,443	\$ 763,409,298	\$ 43,998	9.5%
2019	10,908	6,443	763,409,298	43,998	4.0%
2018	10,908	6,443	763,409,298	43,998	5.2%
2017	10,908	6,443	763,409,298	43,998	5.4%
2016	10,908	6,443	763,409,298	43,998	4.1%
2015	10,908	6,443	763,409,298	43,998	5.4%
2014	10,908	6,443	763,409,298	43,998	6.2%
2013	10,908	6,443	763,409,298	43,998	6.3%
2012	10,908	6,443	763,409,298	43,998	6.1%
2011	10,908	6,443	763,409,298	43,998	6.6%

Sources: (1) U.S. Census Bureau - 2010 Census
(2) Computation of per capital personal income multiplied by population
(3) Ohio Department of Job and Family Services - Ohio Labor Market Information as of June 30th of fiscal year.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

PRINCIPAL EMPLOYERS
DECEMBER 31, 2019 AND DECEMBER 31, 2010

December 31, 2019			
Employer	Number of Employees (1)	Rank	Percentage of Total City Employment
Kenston Local School District	481	1	6.46%
Stock Fairfield Corporation	170	2	2.28%
South Franklin Circle	140	3	1.88%
Medhurst Mason Contractors Inc.	115	4	1.54%
Rural/ Metro Corporation Bainbridge Twp	110	5	1.48%
Modern Logistics Inc.	105	6	1.41%
Triad Metals	100	7	1.34%
Chagrin Valley Athletic Club	100	8	1.34%
Mar-Bal, Inc.	93	9	1.25%
Custom Materials, Inc	70	10	0.94%
Total	<u>1,484</u>		<u>19.92%</u>
Total Employment within the School District (2)	<u>7,451</u>		

December 31, 2010			
Employer	Number of Employees (1)	Rank	Percentage of Total City Employment
Johnsonite, Inc.	450	1	6.04%
Kenston Local School District	317	2	4.25%
Stock Equipment Company, Inc.	240	3	3.22%
Heinen's Inc.	233	4	3.13%
Mar-Bal, Inc.	221	5	2.97%
Stock Fairchild Corp	170	6	2.28%
Township of Bainbridge	122	7	1.64%
Medhurst Mason Contractors Inc.	115	8	1.54%
Modern Logistics Inc.	105	9	1.41%
Chagrin Valley Athletic Club	100	10	1.34%
Total	<u>2,073</u>		<u>27.82%</u>
Total Employment within the School District (2)	<u>7,451</u>		

(1) Obtained from the Dun and Bradstreet's "Million Dollar Database" through Cuyahoga County Library Search Engine.

(2) Obtained from the 2000 and 2010 U.S. Census Bureau

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

**BUILDING STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Kenston High School				
Constructed in	2006	2006	2006	2006
Total Building Square Footage	222,067	222,067	222,067	222,067
Enrollment Grades	9-12	9-12	9-12	9-12
Student Capacity	1,200	1,200	1,200	1,200
Regular Instruction Classroom	73	73	73	73
Regular Instruction Teachers	54.00	57.00	57.36	53.00
Special Instruction Teachers	7.00	7.00	7.00	7.00
Kenston Middle School				
Constructed in	1956	1956	1956	1956
Total Building Square Footage	146,415	146,415	146,415	146,415
Enrollment Grades	6-8	6-8	6-8	6-8
Student Capacity	855	855	855	855
Regular Instruction Classroom	40	40	40	40
Regular Instruction Teachers	36.82	36.57	39.07	36.00
Special Instruction Teachers	7.00	7.00	7.00	8.00
Vocational Instruction Teachers	-	-	-	2.00
Kenston Intermediate School				
Constructed in	1967	1967	1967	1967
Total Building Square Footage	90,356	90,356	90,356	90,356
Enrollment Grades	4-5	4-5	4-5	4-5
Student Capacity	616	616	616	616
Regular Instruction Classroom	38	38	38	38
Regular Instruction Teachers	20.00	20.00	21.00	18.00
Special Instruction Teachers	4.00	4.00	4.00	6.00
Vocational Instruction Teachers	-	-	-	2.00
Timmons Elementary School				
Constructed in	1994	1994	1994	1994
Total Building Square Footage	92,100	92,100	92,100	92,100
Enrollment Grades	K-3	K-3	K-3	K-3
Student Capacity	900	900	900	900
Regular Instruction Classroom	38	38	38	38
Regular Instruction Teachers	36.50	37.00	37.00	30.00
Special Instruction Teachers	3.00	6.00	-	4.00
Vocational Instruction Teachers	-	-	4.00	1.00
Gardner Early Learning Center (3)				
Constructed in	1962	1962	1962	1962
Total Building Square Footage	42,063	42,063	42,063	42,063
Enrollment Grades	N/A	N/A	N/A	N/A
Student Capacity	N/A	N/A	N/A	N/A
Regular Instruction Classroom	N/A	N/A	N/A	N/A
Regular Instruction Teachers	N/A	N/A	N/A	N/A
Special Instruction Teachers	N/A	N/A	N/A	N/A

Source: Information provided by the Kenston Local School District.

- (1) During fiscal year 2010, the School District changed the report used to classify teachers.
- (2) During fiscal year 2012, the School District converted from EMIS to Infinite Campus software and the Local Report Cards are currently unavailable. As a result of these two factors, information pertaining to this table is unavailable for fiscal year 2012.
- (3) This building is currently not utilized by the School District.

2016	2015	2014	2013	2012 (2)	2011
2006	2006	2006	2006	2006	2006
222,067	222,067	222,067	222,067	222,067	222,067
9-12	9-12	9-12	9-12	9-12	9-12
1,200	1,200	1,200	1,200	1,200	1,200
73	73	73	73	73	73
58.61	70.00	70.00	70.00	N/A	66.82
7.00	-	-	-	-	-
1956	1956	1956	1956	1956	1956
146,415	146,415	146,415	146,415	146,415	146,415
6-8	6-8	6-8	6-8	6-8	6-8
855	855	855	855	855	855
40	40	40	40	40	40
41.25	52.00	52.00	47.00	N/A	50.93
8.00	-	-	-	-	-
-	-	-	-	-	-
1967	1967	1967	1967	1967	1967
90,356	90,356	90,356	90,356	90,356	90,356
4-5	4-5	4-5	4-5	4-5	4-5
616	616	616	616	616	616
38	38	38	38	38	38
21.82	29.00	29.00	28.00	N/A	27.58
6.00	-	-	-	-	-
2.00	-	-	-	-	-
1994	1994	1994	1994	1994	1994
92,100	92,100	92,100	92,100	90,893	90,893
K-3	K-3	K-3	K-3	1-3	1-3
900	900	900	900	700	700
38	38	38	38	34	34
35.00	43.00	43.00	40.00	N/A	37.40
4.00	-	-	-	-	-
1.00	2.00	2.00	2.00	-	-
1962	1962	1962	1962	1962	1962
42,063	42,063	42,063	42,063	42,063	42,063
N/A	N/A	N/A	N/A	Pre-K - K	Pre-K - K
N/A	N/A	N/A	N/A	363	363
N/A	N/A	N/A	N/A	24	24
N/A	N/A	N/A	N/A	N/A	9.94
N/A	N/A	N/A	N/A	-	-

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

COST PER PUPIL
LAST TEN FISCAL YEARS

Year	Student Enrollment		General Government (2)		Governmental Activities	
	Average Enrollment (1)	Percentage Change	Total Expenditures	Cost Per Pupil	Total Expenses	Cost Per Pupil
2020	2,650	-0.15%	\$ 41,565,808	\$ 15,685	\$ 45,262,446	\$ 17,080
2019	2,654	-2.07%	41,981,534	15,818	39,037,063	14,709
2018	2,710	0.37%	42,465,755	15,670	24,412,543	9,008
2017	2,700	-3.47%	43,254,821	16,020	45,476,040	16,843
2016	2,797	-7.08%	41,976,221	15,008	39,269,242	14,040
2015	3,010	-2.15%	37,479,318	12,452	38,596,240	12,823
2014	3,076	-0.65%	36,248,207	11,784	38,581,615	12,543
2013	3,096	4.14%	37,100,932	11,984	39,181,240	12,655
2012	2,973	-5.35%	34,964,365	11,761	38,843,878	13,066
2011	3,141	0.80%	36,093,843	11,491	39,435,209	12,555

Source: Kenston Local School District Records.

(1) Based upon EMIS information provided to the Ohio Department of Education (ODE)

(2) Debt Service expenditures and other financing uses have been excluded.

(3) The School District provided enrollment figures for 2012 using Average Daily Membership (ADM). Information from ODE was unavailable.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

ENROLLMENT STATISTICS
LAST TEN FISCAL YEARS

Year	Elementary Schools (1)	Middle School	Senior High School	Total
2020	1,104	605	941	2,650
2019	1,107	609	938	2,654
2018	1,093	644	973	2,710
2017	1,140	665	973	2,778
2016 (2)	1,132	691	974	2,797
2015	1,189	760	1,061	3,010
2014	1,260	761	1,055	3,076
2013 (2)	1,282	761	1,053	3,096
2012 (2)	1,233	744	996	2,973
2011	1,327	751	1,063	3,141

Source: Based upon EMIS information provided to the Ohio Department of Education.
 (1) Includes Pre-School Students
 (2) The School District provided enrollment figures for 2016, 2013, and 2012.
 Information from ODE was unavailable.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

FULL-TIME EQUIVALENT TEACHERS BY EDUCATION
LAST TEN FISCAL YEARS

Year	Bachelor's			Master's			PhD	Total
	Degree	Degree +15	Degree +30	Degree	Degree +15	Degree +30		
2020	1.00	2.00	22.00	77.00	49.00	45.00	4.00	200.00
2019	1.00	2.00	23.00	75.00	50.00	44.00	2.00	197.00
2018	2.00	2.00	25.00	77.00	51.00	40.00	2.00	199.00
2017	2.00	4.00	29.00	79.00	52.00	38.00	2.00	206.00
2016	3.00	2.00	32.00	84.00	45.00	37.00	2.00	205.00
2015	3.00	2.00	34.00	86.00	43.00	35.00	2.00	205.00
2014	2.00	4.00	32.00	90.00	40.00	31.00	1.00	200.00
2013	2.00	5.00	36.00	97.00	40.00	34.00	2.00	216.00
2012	1.00	1.00	35.00	90.50	37.00	33.50	1.00	199.00
2011	2.00	1.00	41.50	79.00	35.00	32.50	1.00	192.00

Source: Kenston Local School District Payroll Department.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

AVERAGE NUMBER OF STUDENTS PER TEACHER
LAST TEN FISCAL YEARS

Year	Kenston Average	State Average
2020	17.6	N/A
2019	17.5	N/A
2018 (1)	17.4	N/A
2017	25.0	N/A
2016	25.0	N/A
2015	25.0	25.0
2014	25.0	25.0
2013	N/A	N/A
2012	N/A	N/A
2011	N/A	N/A

Source: Ohio Department of Education, EMIS Reports.

N/A - Information was not available at time of completion.

(1) Calculation for 2018 was adjusted to reflect a more accurate representation of the average number of students per teacher ratio.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

ATTENDANCE AND GRADUATION RATES
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Kenston Attendance Rate</u>	<u>State Average</u>	<u>Kenston Graduation Rate</u>	<u>State Average</u>
2019	97.0%	N/A	96.2%	85.9%
2019	95.8%	N/A	97.6%	85.9%
2018	96.1%	N/A	97.2%	83.5%
2017	95.0%	N/A	96.4%	83.6%
2016	96.5%	N/A	95.7%	83.0%
2015	N/A	N/A	98.0%	N/A
2014	97.0%	N/A	94.0%	82.2%
2013	>95%	94.2%	95.9%	81.3%
2012	>95%	94.5%	99.6%	84.4%
2011	96.5%	94.5%	99.1%	84.3%

Source: Ohio Department of Educational Local Report Cards.

N/A - Information was not available at time of completion.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

SAT COMPOSITE SCORES
LAST TEN FISCAL YEARS

School Year	Number of Test Takers	Number of Seniors	Percent of Students	Kenston Verbal	Ohio Verbal	National Verbal	Kenston Math	Ohio Math	National Math
2020	217	219	82%	558	536	528	578	534	523
2019	214	261	82%	555	N/A	531	575	N/A	528
2018	245	245	100%	563	N/A	536	569	N/A	531
2017	89	255	35%	599	N/A	538	585	N/A	533
2016	112	247	45%	586	N/A	510	602	N/A	510
2015	116	251	46%	547	N/A	495	551	N/A	511
2014	151	255	59%	537	555	496	553	562	514
2013	162	257	63%	540	548	496	549	556	514
2012	183	260	70%	525	543	496	534	552	514
2011	181	261	69%	541	539	497	551	545	514

Source: High School Guidance Office, Kenston Local School District.

N/A - Information was not available at time of completion.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

ACT COMPOSITE SCORES
LAST TEN FISCAL YEARS

<u>School Year</u>	<u>Number of Test Takers</u>	<u>Number of Seniors</u>	<u>Percent of Students</u>	<u>Kenston Composite</u>	<u>Ohio Composite</u>	<u>National Composite</u>
2020	145	219	66%	25.2	19.9	20.6
2019	195	261	75%	25.1	20.0	20.7
2018	205	248	82%	24.9	20.3	20.8
2017	227	255	89%	24.1	22.0	21.0
2016	221	247	89%	24.3	22.0	20.8
2015	360	251	143%	23.7	22.0	21.1
2014	345	255	135%	23.7	21.8	21.1
2013	196	257	76%	23.7	21.8	20.9
2012	225	260	87%	23.9	21.8	21.1
2011	211	261	81%	24.4	21.8	21.1

Source: High School Guidance Office, Kenston Local School District.

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

SCHOOL DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Regular Instruction						
Elementary Classroom Teachers	44.50	47.00	47.00	42.00	48.82	54.00
Middle School Classroom Teachers	28.07	28.07	30.32	36.00	29.50	40.00
High School Classroom Teachers	47.75	50.75	51.50	53.00	48.97	53.00
Districtwide Classroom Teachers	-	-	-	-	-	-
Specials - Art, Music, Health and Physical Ed.	22.00	21.75	20.61	23.00	24.39	22.00
Special Instruction						
Elementary Classroom Teachers	7.00	7.00	8.00	10.00	10.00	8.00
Gifted Education Teachers	5.00	5.00	5.00	5.00	5.00	3.00
Middle School Classroom Teachers	7.00	7.00	8.00	8.00	8.00	8.00
High School Classroom Teachers	7.00	7.00	7.00	7.00	7.00	4.00
Vocational Instruction						
High School Classroom Teachers	-	-	-	-	-	-
Other Instruction						
Elementary Tutors	4.44	4.44	4.44	4.44	6.44	5.00
Middle School Tutors	2.00	1.71	1.71	1.71	1.71	2.00
High School Tutors	1.00	1.00	1.00	1.00	1.00	1.00
Districtwide Tutors	0.60	1.00	0.60	1.00	-	-
Pupil Support Services						
Guidance Counselors	6.00	6.00	6.00	7.00	7.00	7.00
Speech and Language Pathologists	4.35	4.36	4.34	3.33	3.32	4.00
Nurse	3.54	3.87	3.91	4.16	3.12	4.00
Non-Teaching Support Staff Elementary	10.00	9.00	8.00	9.84	10.00	19.00
Non-Teaching Support Staff Middle School	4.00	4.00	4.00	3.00	3.00	7.00
Non-Teaching Support Staff High School	5.00	5.00	5.00	5.00	4.00	13.00
Non-Teaching Support Staff Districtwide	3.00	3.00	-	-	-	3.00
Instructional Support Services						
Librarian	-	-	1.00	1.00	1.00	1.00
Technology	2.00	2.00	3.00	5.00	4.00	3.00
Non-Teaching Support Staff Elementary-Aides	7.41	6.94	6.93	8.50	7.61	12.00
Non-Teaching Support Staff Middle School	2.72	2.72	3.76	3.21	2.21	4.00
Non-Teaching Support Staff High School	4.31	4.57	4.57	4.10	3.55	4.00
Non-Teaching Support Staff Central	-	-	-	-	-	-
Administrators, Supervisors and Support Staff						
Elementary	9.88	9.88	9.88	9.44	7.00	3.00
Middle School	5.38	5.38	5.38	5.38	5.00	2.00
High School	10.25	10.75	10.75	9.82	9.38	3.00
Central Office	14.62	15.81	13.81	10.81	7.00	3.00
Other	-	-	-	2.00	-	-
Business						
Districtwide	-	-	-	N/A	N/A	N/A
Fiscal						
Treasurer's Office	5.00	5.00	5.00	5.00	5.00	5.00
Operations and Maintenance of Plant Services						
Custodial Department	23.00	24.26	23.63	24.15	28.79	24.00
Maintenance Department	7.00	7.00	8.00	7.01	7.00	5.00
Pupil Transportation						
Bus Drivers	31.46	32.08	34.08	30.05	45.00	44.00
Bus Aides	3.19	4.35	4.35	4.36	4.01	6.00
Mechanics	3.00	3.00	3.00	3.00	2.00	3.00
Transportation Support Staff	1.57	1.35	1.35	2.00	2.00	2.00
Central						
Community Relations	1.00	1.00	1.00	1.00	1.00	1.00
Food Service Program						
Elementary Cooks	3.37	2.93	4.01	4.57	4.57	9.00
Middle School Cooks	3.14	3.92	4.30	4.33	4.33	6.00
High School Cooks	4.77	4.54	5.26	5.26	5.26	7.00
Totals:	<u>355.32</u>	<u>364.43</u>	<u>369.49</u>	<u>374.47</u>	<u>376.98</u>	<u>404.00</u>

Source: Kenston Local School District's Staff Total FTE Report

Method: Used full-time equivalency (FTE) for each full, part-time and seasonal employee.

(2) Starting in fiscal year 2010, the School District changed the report used to generate total employees.

(3) During fiscal year 2012, the School District converted from EMIS to Infinite Campus software and the Local Report Cards are currently unavailable. As a result of these two factors, information pertaining to this table is unavailable for fiscal years 2012 and 2013.

2014	2013 (3)	2012 (3)	2011 (2)
54.00	N/A	N/A	74.92
40.00	N/A	N/A	50.93
53.00	N/A	N/A	66.82
-	N/A	N/A	1.75
22.00	N/A	N/A	-
8.00	N/A	N/A	-
2.00	N/A	N/A	-
8.00	N/A	N/A	-
4.00	N/A	N/A	0.15
-	N/A	N/A	-
6.00	N/A	N/A	7.94
2.00	N/A	N/A	0.71
1.00	N/A	N/A	3.00
-	N/A	N/A	0.74
7.00	N/A	N/A	5.00
4.00	N/A	N/A	14.31
4.00	N/A	N/A	4.92
19.00	N/A	N/A	9.75
7.00	N/A	N/A	3.76
13.00	N/A	N/A	3.82
3.00	N/A	N/A	3.80
1.00	N/A	N/A	5.36
3.00	N/A	N/A	-
12.00	N/A	N/A	6.00
4.00	N/A	N/A	0.50
4.00	N/A	N/A	1.50
-	N/A	N/A	2.00
4.00	N/A	N/A	14.64
2.00	N/A	N/A	5.88
3.00	N/A	N/A	10.51
3.00	N/A	N/A	14.19
-	N/A	N/A	3.00
N/A	N/A	N/A	5.00
4.00	N/A	N/A	1.00
25.00	N/A	N/A	30.24
5.00	N/A	N/A	5.00
45.00	N/A	N/A	26.49
7.00	N/A	N/A	1.98
3.00	N/A	N/A	3.00
2.00	N/A	N/A	-
1.00	N/A	N/A	-
9.00	N/A	N/A	4.68
6.00	N/A	N/A	4.51
7.00	N/A	N/A	5.69
<u>407.00</u>	<u>-</u>	<u>-</u>	<u>403.49</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land	\$ 1,321,516	\$ 1,321,516	\$ 1,207,191	\$ 1,207,191
Land improvements	5,678,605	6,068,115	6,217,711	5,843,875
Buildings and improvements	35,904,449	36,242,786	35,724,452	36,105,939
Furniture, fixtures and equipment	521,917	462,784	584,064	690,937
Vehicles	2,018,644	2,202,819	2,375,882	2,640,111
Construction in progress	174,142	171,699	989,212	-
 Total Governmental Activities Capital Assets, net	 <u>\$ 45,619,273</u>	 <u>\$ 46,469,719</u>	 <u>\$ 47,098,512</u>	 <u>\$ 46,488,053</u>

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

(1) Amounts have been restated.

2016 (1)	2015	2014	2013	2012	2011
\$ 1,207,191	\$ 1,207,191	\$ 1,207,191	\$ 1,207,191	\$ 1,207,191	\$ 1,207,191
3,786,280	1,020,959	1,116,252	1,179,589	1,271,128	1,373,765
35,253,065	46,564,347	45,371,146	46,209,066	47,482,030	48,760,169
725,674	704,923	760,854	826,437	939,377	858,673
2,786,790	121,075	175,320	259,267	415,427	612,568
1,826,222	-	2,410,462	2,410,735	1,730,634	1,186,644
<u>\$ 45,585,222</u>	<u>\$ 49,618,495</u>	<u>\$ 51,041,225</u>	<u>\$ 52,092,285</u>	<u>\$ 53,045,787</u>	<u>\$ 53,999,010</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

FREE OR REDUCED LUNCH PROGRAM PERCENTAGES
LAST TEN SCHOOL YEARS

School Year	Students	Students Applicable for Free Lunch	Percentage of Applicable Students for the Free Lunch Program	Students Applicable for Reduced Lunch	Percentage of Applicable Students for the Reduced Lunch Program
2020	2,662	204	7.66%	47	1.77%
2019	2,794	205	7.34%	48	1.72%
2018	3,297	242	7.34%	62	1.88%
2017	3,297	242	7.34%	62	1.88%
2016	2,797	158	5.65%	59	2.11%
2015	3,050	244	8.00%	56	1.84%
2014	3,113	246	7.90%	94	3.02%
2013	3,143	316	10.05%	110	3.50%
2012	3,214	291	9.05%	110	3.42%
2011	3,191	287	8.99%	108	3.38%

Source: "Lunch MR Report for October" obtained from the Ohio Department of Education

Total Students Applicable for the Free and Reduced Lunch Program	Total Percentage of Applicable Students for the Free and Reduced Lunch Programs
251	9.43%
253	9.06%
304	9.22%
304	9.22%
217	7.76%
300	9.84%
340	10.92%
426	13.55%
401	12.48%
395	12.38%

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KENSTON LOCAL SCHOOL DISTRICT

**SINGLE AUDIT REPORTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Kenston Local School District

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

Board of Education and Management
Kenston Local School District
Chagrin Falls, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District (the “District”), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 30, 2020, wherein we noted the District implemented GASB Statement 84, *Fiduciary Activities* and as a result restated their June 30, 2019 net position of the governmental activities and fiduciary funds, and fund balances of the general fund and other governmental funds as disclosed in Note 3.

Internal Control over Financial Reporting

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

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

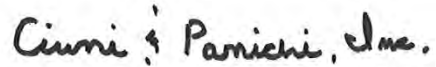
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



Cleveland, Ohio
December 30, 2020

**Independent Auditor’s Report on Compliance for Each Major Program;
Report on Internal Control over Compliance; and Report on the Schedule
of Expenditures of Federal Awards Required by the Uniform Guidance**

Board of Education and Management
Kenston Local School District
Chagrin Falls, Ohio

Report on Compliance for Each Major Federal Program

We have audited the Kenston Local School District’s (the “District”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District’s major federal program for the year ended June 30, 2020. The District’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

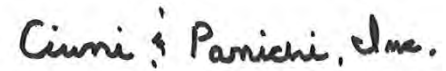
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 30, 2020, which contained unmodified opinions on those financial statements wherein we noted the District implemented GASB Statement 84, *Fiduciary Activities* and as a result restated their June 30, 2019 net position of the governmental activities and fiduciary funds, and fund balances of the general and other governmental funds as disclosed in Note 3. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Cleveland, Ohio
December 30, 2020

Kenston Local School District

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass Through Identifying Number	Non-cash Expenditures	Expenditures
U.S. Department of Agriculture:				
Passed Through Ohio Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	\$ 2,100	\$ -
National School Lunch Program	10.555	N/A	<u>111,156</u>	<u>55,133</u>
Total Child Nutrition Cluster			<u>113,256</u>	<u>55,133</u>
U.S. Department of Education:				
Passed Through Ohio Department of Education:				
Special Education Cluster (IDEA):				
Special Education - Grants to States	84.027	N/A	432,184	-
Special Education - Preschool Grants	84.173	N/A	<u>11,526</u>	<u>-</u>
Total Special Education Cluster (IDEA)			443,710	-
Title I Grants to Local Educational Agencies	84.010	N/A	135,429	-
Student Support and Academic Enrichment Program	84.424	N/A	15,302	-
English Language Acquisition State Grants	84.365	N/A	436	-
Improving Teacher Quality State Grants	84.367	N/A	<u>31,334</u>	<u>-</u>
Total U.S. Department of Education			<u>626,211</u>	<u>-</u>
Total Expenditures of Federal Awards			\$ <u>739,467</u>	\$ <u>55,133</u>

Kenston Local School District

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

Note 1: Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal awards of the Kenston Local School District (the "District") and is presented on the cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

Child Nutrition Cluster

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. When reporting expenditures on the Schedule the District assumes federal monies are expended first.

Food Donation Program

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

Note 2: Indirect Cost Rate

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

Kenston Local School District

Schedule of Findings and Questioned Costs
2 CFR Section 200.515

For the Year Ended June 30, 2020

1. Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR Section 200.516(a)?	No
(d)(1)(vii)	Major Programs	Special Education Cluster (IDEA): CFDA # 84.027 and 84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$750,000 Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	Yes

2. Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS

None noted.

3. Findings for Federal Awards

None noted.

Kenston Local School District

Schedule of Prior Audit Findings and Questioned Costs

For the Year Ended June 30, 2020

No prior year findings or questioned costs.

OHIO AUDITOR OF STATE KEITH FABER



KENSTON LOCAL SCHOOL DISTRICT

GEAUGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/2/2021

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

This report is a matter of public record and is available online at
www.ohioauditor.gov