



OHIO AUDITOR OF STATE
KEITH FABER



KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY

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**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal AL Number	Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>		
<i>Passed Through the Ohio Department of Education:</i>		
<u>Special Education Cluster:</u>		
Special Education - Grants to States	84.027	\$57,787
		<u>292,745</u>
Total Special Education -Grants to States		350,532
Total Special Education Cluster:		<u>350,532</u>
Title I Grants to Local Educational Agencies	84.010	990
		30,714
		<u>161,700</u>
Total Title I Grants to Local Educational Agencies		193,404
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality)	84.367	43,197
Student Support and Academic Enrichment Program	84.424	8,896
Education Stabilization Fund	84.425D	137,294
Total U.S. Department of Education		<u>733,323</u>
<u>U.S. DEPARTMENT OF TREASURY</u>		
<i>Passed Through the Ohio Department of Education:</i>		
Coronavirus Relief Fund	21.019	55,149
		<u>74,774</u>
Total U.S. Department of Education		129,923
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
<i>Passed Through the Ohio Department of Education:</i>		
<u>Child Nutrition Cluster:</u>		
National School Lunch Program	10.555	362,147
COVID-19 National School Lunch Program		26,658
Non-Cash Assistance		<u>44,156</u>
Total National School Lunch Program		432,961
School Breakfast Program	10.553	115,077
COVID-19 School Breakfast Program		<u>8,673</u>
Total National School Breakfast Program		123,750
Total Child Nutrition Cluster		<u>556,711</u>
Total U.S. Department of Agriculture		556,711
Totals		<u><u>\$1,419,957</u></u>

The accompanying notes are an integral part of this schedule.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Keystone Local School District (the District) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2021 to 2022 programs:

<u>Program Title</u>	<u>Assistance Listing Number</u>	<u>Amount Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$ 7,622
Supporting Effective Instruction State Grant	84.367	14,928
Student Support and Academic Enrichment Program	84.424	3,742
Title I Grants to Local Educational Agencies (Expanding Opportunities Grant)	84.010	3,333

OHIO AUDITOR OF STATE KEITH FABER



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

Keystone Local School District
Lorain County
531 Opportunity Way
LaGrange, Ohio 44050

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Keystone Local School District, Lorain County, Ohio (the District) as of and for the year ended June 30, 2021, 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 17, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

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

Efficient • Effective • Transparent

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

December 17, 2021

OHIO AUDITOR OF STATE KEITH FABER



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

Keystone Local School District
Lorain County
531 Opportunity Way
LaGrange, Ohio 44050

To the Board of Education:

Report on Compliance for each Major Federal Program

We have audited Keystone Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Keystone Local School District's major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Keystone Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Keystone Local School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 17, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District. We conducted our audit to opine on the District's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Keith Faber
Auditor of State
Columbus, Ohio

December 17, 2021

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**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	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 weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	<ul style="list-style-type: none"> • Special Education Cluster, AL 84.027 and 84.173 • Nutrition Cluster, AL 10.555 and 10.553
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Keystone Local School District

Annual Comprehensive Financial Report

*For the Fiscal Year Ended
June 30, 2021*



Board of Education
Keystone Local School District
LaGrange, Ohio



Adam Hines
Treasurer/CFO

ANNUAL
COMPREHENSIVE FINANCIAL REPORT
OF THE
KEYSTONE LOCAL SCHOOL DISTRICT, OHIO
FOR THE
FISCAL YEAR ENDED JUNE 30, 2021

PREPARED BY
TREASURER'S DEPARTMENT
ADAM HINES, TREASURER

531 OPPORTUNITY WAY
LAGRANGE, OHIO 44050

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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KEYSTONE LOCAL SCHOOL DISTRICT

December 17, 2021

Board of Education Members and Residents of the Keystone Local School District:

As the Treasurer of the Keystone Local School District (the “District”), I am pleased to submit to you this Annual Comprehensive Financial Report (ACFR) issued by the District. The ACFR for the fiscal year ended June 30, 2021 is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association (GFOA).

Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with management of the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds as well as the District as a whole. This report will provide the taxpayers of the District with comprehensive financial data in a format that will enable them to gain an understanding of the District's financial affairs. Copies will be made available to all interested parties.

The basic financial statements of the District for the fiscal year ended June 30, 2021, were audited by the Ohio Auditor of State whose opinion thereon is included at the beginning of the Financial Section of this report.

This transmittal letter is designed to provide historical information about the District, as well as complement the required Management’s Discussion and Analysis (MD&A, discussed below). Unless noted otherwise, the financial data in this transmittal letter is presented on the modified accrual basis of accounting. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of MD&A.

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

Profile of the Keystone Local School District

The District and its Facilities

The District is located in Lorain County, Ohio southwest of Cleveland. Encompassing 65 square miles, the District is made up of residents from communities within the townships of LaGrange, Penfield, Carlisle, New Russia, Pittsfield and Elyria, as well as the Village of LaGrange and the City of Elyria. The District is located primarily in residential and agricultural communities. The District’s facilities are comprised of the new Keystone Elementary School built in 2015, Keystone Middle School built in 2013, and Keystone High School built in 2006. Keystone Elementary School, Keystone Middle School and Keystone High School were constructed under the Ohio School Facilities Expedited Local Partnership Program (ELPP). With the completion of the middle school, the District’s share of the OFCC Master Plan was fulfilled, allowing the construction of the new elementary school to be completely financed by the State through the Classroom Facilities Assistance Program (CFAP). The District achieved its vision of offering students a completely new academic campus.

Organizational Structure of the District

The District's Board of Education (the "Board") consists of five members as defined by Section 3313.02 of Ohio Revised Code. The Board serves as the taxing authority, contracting body and policy maker for the District. The Board adopts the annual operating budget and approves all expenditures of District monies.

The Superintendent is the chief administrative officer of the District, responsible for the leadership of both education and support operations. Mr. Daniel White has served as Superintendent of the District since August 1, 2018. The Treasurer/CFO is the chief financial officer of the District, responsible for maintaining records of all financial matters, issuing warrants in payment of liabilities incurred by the District, acting as custodian of all District funds and investing idle funds as specified by Ohio law. Mr. Michael Resar Sr. served as Treasurer/CFO of the District from August 1, 2015 to July 31, 2021. Mr. Adam Hines has served as Treasurer/CFO of the District since August 1, 2021.

Educational Highlights & Strategy

Due to COVID-19 shutting down school in March of 2020, Ohio did not complete spring testing for the 2019-2020. With the inconsistencies of the 2020-2021 school year with different learning modules throughout the state, school districts in Ohio did not receive letter grades on the Ohio School Report Card. The Overall Achievement grade, Progress, and Gap Closing had no data to report for this year. However, the state did release some data such as testing percentages and state comparisons for each grade level and tested area. Keystone was above the state average in 89% of the tested areas. The District ACT participation rate rose from 90% to 93% with a mean score of 19.4 for the 2020-2021 school year. The District assessment data shows significant gaps in learning from last school year to this school year, but Keystone continues to work each day to provide differentiated instruction and interventions to help students close the learning loss gaps caused by the extended time away from school. For the 2021-2022 school year, the District has added many resources for our staff and students to help address the learning gaps as well as the social and emotional needs of our students as they navigate through the pandemic. The District has also invested time and professional development in creating STEM opportunities for our students.

Economic Condition

Of all school districts in Lorain County, the District has one of the lowest cost-per-pupil rates. The District's conservative financial record has given it the ability to operate successfully without new funding from District voters in 20 years. However, the loss of both State and local revenue over the last several years has made it necessary to seek additional operating funds from voters. Therefore, the District placed a 5.95 mill current expense levy on November 2014 ballot that was rejected by the voters. Subsequently, the District passed a 7.95 mill current expense levy on the May 2015 ballot. The District's five-year forecast is updated frequently for changes in State and local economic conditions.

Long-Term Financial Planning

The District prepares a five-year financial forecast annually for use as a tool for long range planning. The five-year forecast contains projected State and local revenues, spending patterns within each area of the budget, and cash balances in the District's operating fund. The five-year forecast provides early warning signs of potential financial problems. The District's current five-year forecast reflects the District-established cash reserve threshold of \$2,500,000.

Long-term projections show total revenue will grow due to the passage of the additional operating funds passed by voters as well as additional revenue generated from the Nexus Pipeline. Local property valuations have begun to increase as a result in increased home sale prices, thereby causing local property tax revenue to increase. Long-term projections for State funding are unpredictable due to a State budget being adopted every two years. The State funding formula has changed numerous times in the last three State budgets. District enrollment is expected to remain consistent, or grow slightly, due to the admission of students through open enrollment and new home construction in the District.

Major Initiatives

The District continues to explore grant opportunities to carry on its upward trend in academic performance without sacrificing financial stability. The District utilized grant funds to upgrade wifi and invested in the purchase of 3 new buses. The District has taken a leading role in utilizing grant funds to finance various initiatives alleviating the general fund from incurring such expenses. The District's various initiatives indicate the District's commitment to proactively seek solutions to avoid financial pitfalls in the future.

Internal Accounting and Budgetary Control

The District's accounting system is organized on a "fund" basis. Each fund is a distinct self-balancing accounting entity. Fund financial reports for general governmental operations are presented on the modified accrual basis whereby revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received.

In developing the 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 assumes that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The District utilizes a fully automated accounting system as well as an automated system for payroll. These systems, coupled with the manual review of each invoice prior to payment and each receipt, ensure that the financial information generated is both accurate and reliable.

In addition to the internal control structure mentioned above, the District maintains budgetary controls. All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled by the Board at the fund level for all funds. Within the District's accounting system, a more stringent management budget is controlled at the object level within each function and fund. Budget transfers between and among budget accounts are approved by the Treasurer. All purchase order requests must be approved by the building principal, or another appropriate supervisor, and certified by the Superintendent and the Treasurer. Necessary funds are then encumbered and purchase orders are released to vendors. Those requests that exceed the available appropriation are rejected until additional appropriations are secured.

The accounting system used by the District provides interim financial reports and transaction information that details year-to-date expenditures and encumbrances versus the original appropriation plus any supplemental appropriations passed to date. In addition to interim financial statements, each administrator and school principal is furnished daily reports showing the status of the budget accounts for which they are responsible.

As an additional safeguard, a blanket bond covers all employees, and a separate, higher limit bond covers certain individuals in policy-making roles.

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

Financial Reporting

The District has reviewed its reporting entity definition in order to ensure conformance with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" as amended by Governmental Accounting Standards Board Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and Governmental Accounting Standards Board Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments and organizations making up the District (the primary government) and its potential component units. Based upon the application of these criteria, the District has no component units and is not itself a component unit. The basic financial statements of the reporting entity include only those of the District (the primary government).

The District participates in certain organizations that are defined as jointly governed organizations and public entity risk pools. These organizations include the Lorain County Joint Vocational School District (JVS), Connect, the Lake Erie Regional Council (LERC), the Ohio Schools Council Association (the “Council”) and the Ohio School Boards Association Workers’ Compensation Group Rating Plan (GRP). These organizations are presented in Note 2.A to the basic financial statements.

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 Keystone Local School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report that conforms to program standards. Such a 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 our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

Acknowledgments

The publication of this report continues in the tradition of providing a high level of accountability of the District’s finances to the taxpayers and other internal and external users. This accomplishment would not have been possible without the support and efforts of the entire staff of the Treasurer's office and various administrators and employees of the District. Assistance from the County Auditor’s Office, surrounding community administrators and other outside agencies made possible the fair presentation of statistical data.

Special appreciation is expressed to the accounting firm of Julian & Grube, Inc., for their assistance in preparing this financial report. Finally, sincere appreciation is extended to the Board of Education for its interest in and support of this project.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Adam Hines".

Mr. Adam Hines
Treasurer/CFO

**Keystone Local School District
List of Principal Officials
As of June 30, 2021**

Board of Education

Patricia Wakefield	President
Carrie O'Boyle	Vice-President
Devin Stang	Member
Kimberly Sturgill	Member
Dennis Walter	Member

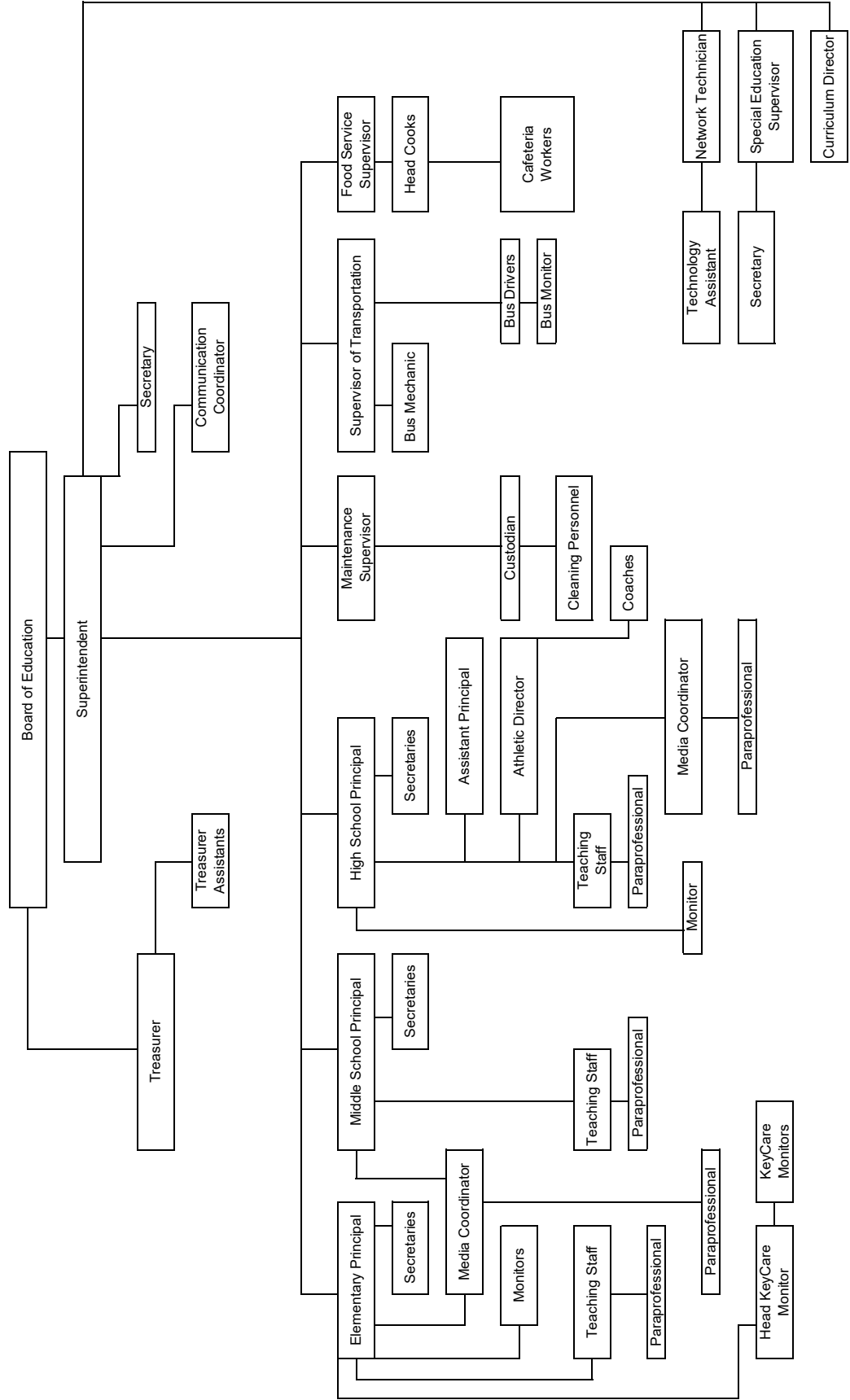
Administration

Daniel White	Superintendent
Amanda Goran	Director of Curriculum & Instruction
Nikki Campbell	Supervisor of Special Education
James Kohler	High School Principal
Gina Gibson	High School Vice-Principal
Antonietta Filut	Middle School Principal
Jacob Alferio	3-5 Elementary School Principal
Maura Neville	K-2 Elementary School Principal
Jonathon Bailey	Athletic Director
Albert Trego	Maintenance Supervisor
Jody White	Supervisor of Food Services
Therese Jackson	Supervisor of Transportation Services

Treasurer/CFO

Michael Resar, Sr.

KEYSTONE LOCAL SCHOOL DISTRICT ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Keystone Local School District
Ohio**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

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OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

Keystone Local School District
Lorain County
531 Opportunity Way
LaGrange, Ohio 44050

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Keystone Local School District, Lorain County, Ohio (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Efficient • Effective • Transparent

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

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

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will also issue our report dated December 17, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 17, 2021

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**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

The discussion and analysis of the Keystone Local School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- During fiscal year 2021, net position of governmental activities increased \$1,220,226 from \$13,077,737 to \$14,297,963. This represents a 9.33% increase from fiscal year 2020's amount.
- General revenues accounted for \$19,173,145 in revenue or 84.96% of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,394,316 in revenue or 15.04% of total revenues of \$22,567,461.
- The District had \$21,347,235 in expenses related to governmental activities; only \$3,394,316 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$19,173,145 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and the bond retirement fund. The general fund had \$17,593,868 in revenues, \$16,611,023 in expenditures and transfers out of \$5,000. During fiscal year 2021, the general fund's fund balance increased \$977,845 from \$6,492,973 to \$7,470,818.
- The bond retirement fund had \$2,002,258 in revenues and \$1,554,209 in expenditures. During fiscal year 2021, the bond retirement fund's fund balance increased \$448,049 from \$3,971,403 to \$4,419,452.

Using these Basic Financial Statements (BFS)

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

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

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District do financially during fiscal year 2021?" The statement of net position and the statement of activities answer this question. These statements include all non-fiduciary 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 year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the 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 District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

The statement of net position and the statement of activities include the District's programs and services, including instruction, support services, extracurricular activities, food service operations and latchkey operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 26. Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the bond retirement fund. All other governmental funds are considered nonmajor.

Governmental Funds

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

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals and/or other governments or organizations. These activities are reported in a custodial fund. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The required supplementary information provides detailed information regarding the District's proportionate share of the net pension liability and net OPEB liability/asset of the retirement systems and a ten year schedule of District's contributions to the retirement systems to fund pension and OPEB obligations.

The District as a Whole

The statement of net position provides the perspective of the District as a whole.

The table below provides a summary of the District's net position at June 30, 2021 and June 30, 2020.

	Net Position	
	Governmental Activities	Governmental Activities
	2021	2020
<u>Assets</u>		
Current and other assets	\$ 28,609,089	\$ 24,621,603
Net OPEB asset	1,045,980	997,969
Capital assets, net	<u>41,034,319</u>	<u>42,097,864</u>
Total assets	<u>70,689,388</u>	<u>67,717,436</u>
<u>Deferred Outflows of Resources</u>	<u>4,928,959</u>	<u>4,753,803</u>
<u>Liabilities</u>		
Current liabilities	1,941,181	2,085,977
Long-term liabilities:		
Due within one year	1,013,983	1,015,214
Due in more than one year:		
Net pension liability	18,882,331	17,144,720
Net OPEB liability	1,522,059	1,646,086
Other amounts	<u>25,195,930</u>	<u>26,105,474</u>
Total liabilities	<u>48,555,484</u>	<u>47,997,471</u>
<u>Deferred Inflows of Resources</u>	<u>12,764,900</u>	<u>11,396,031</u>
<u>Net Position</u>		
Net investment in capital assets	16,614,924	16,702,866
Restricted	7,728,875	6,803,005
Unrestricted (deficit)	<u>(10,045,836)</u>	<u>(10,428,134)</u>
Total net position	<u>\$ 14,297,963</u>	<u>\$ 13,077,737</u>

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The net pension liability (NPL) is the second largest liability reported by the District at June 30, 2021 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The District has also adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the 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.

Governmental Accounting Standards Board 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 to equal the 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 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.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

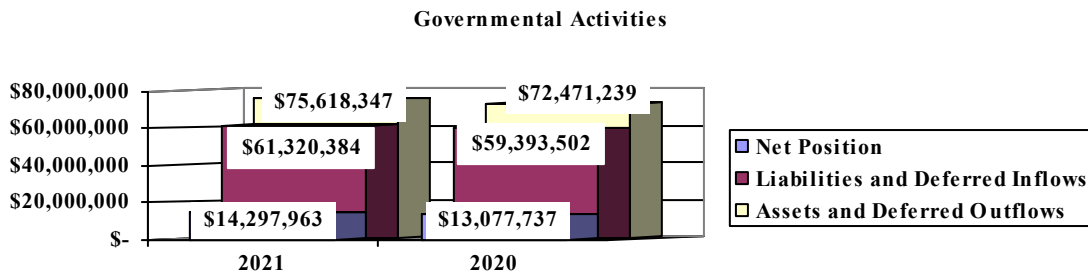
Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position. In accordance with GASB 68 and GASB 75, the 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 asset/liability, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14,297,963.

At fiscal year-end, capital assets represented 58.05% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. The District's net investment in capital assets at June 30, 2021 was \$16,614,924. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$7,728,875 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$10,045,836.

The graph below illustrates the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2021 and June 30, 2020.



**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The table below shows the change in net position for fiscal years 2021 and 2020.

	Change in Net Position		
	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>	Percentage <u>Change</u>
<u>Revenues</u>			
Program revenues:			
Charges for services and sales	\$ 1,289,753	\$ 1,710,247	(24.59) %
Operating grants and contributions	2,071,501	1,436,221	44.23 %
Capital grants and contributions	33,062	750	4,308.27 %
General revenues:			
Property taxes	11,321,822	9,946,214	13.83 %
Grants and entitlements not restricted	7,451,100	6,939,206	7.38 %
Investment earnings	96,195	237,974	(59.58) %
Increase (decrease) in fair value of investments	(57,091)	306,946	(118.60) %
Miscellaneous	361,119	42,085	758.07 %
Total revenues	<u>22,567,461</u>	<u>20,619,643</u>	9.45 %
<u>Expenses</u>			
Program expenses:			
Instruction:			
Regular	9,105,296	8,266,184	10.15 %
Special	2,817,261	2,815,923	0.05 %
Vocational	82,991	77,447	7.16 %
Other	43,824	131,335	(66.63) %
Support services:			
Pupil	930,652	914,590	1.76 %
Instructional staff	754,559	916,165	(17.64) %
Board of education	59,457	53,258	11.64 %
Administration	1,599,296	1,813,712	(11.82) %
Fiscal	639,894	632,721	1.13 %
Operations and maintenance	1,646,373	1,447,298	13.75 %
Pupil transportation	900,509	1,247,082	(27.79) %
Central	236,419	252,023	(6.19) %
Operation of non-instructional services:			
Food service operations	602,035	591,823	1.73 %
Latchkey operations	47,237	83,256	(43.26) %
Other non-instructional services	143,523	108,227	32.61 %
Extracurricular activities	682,283	885,006	(22.91) %
Interest and fiscal charges	1,055,626	1,141,448	(7.52) %
Total expenses	<u>21,347,235</u>	<u>21,377,498</u>	(0.14) %
Change in net position	1,220,226	(757,855)	
Net position at beginning of year	<u>13,077,737</u>	<u>13,835,592</u>	
Net position at end of year	<u>\$ 14,297,963</u>	<u>\$ 13,077,737</u>	9.33 %

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

Governmental Activities

During fiscal year 2021, revenues remained relatively stable, with an increase of 9.45%. Capital grants and contributions increased during the year due to the District receiving a school bus purchase grant during fiscal year 2021. The decrease in investments earnings and decrease in fair market value of investments is primarily a result of lower interest rates on the investments held by the District.

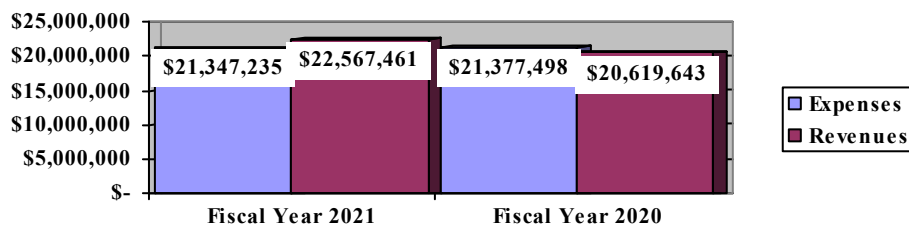
Expenses of the governmental activities decreased \$30,263 or 0.14%. This decrease is primarily the result of benefit changes impacting net pension liability and net OPEB asset liabilities related to the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). The fluctuation in pension and OPEB expense makes it difficult to compare expenditures between years.

Net position of the District's governmental activities increased \$1,220,226. Total governmental expenses of \$21,347,235 were offset by program revenues of \$3,394,316 and general revenues of \$19,173,145. Program revenues supported 15.90% of the total governmental expenses. The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent 83.19% of total governmental revenues.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$12,049,372 or 56.44% of total governmental expenses for fiscal year 2021.

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2021 and 2020.

Governmental Activities - Revenues and Expenses



**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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 fiscal years 2021 and 2020. That is, it identifies the cost of these services supported by tax revenue, unrestricted State grants and entitlements, and other general revenues of the District.

	Governmental Activities			
	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>
Program expenses				
Instruction:				
Regular	\$ 9,105,296	\$ 8,042,893	\$ 8,266,184	\$ 7,059,425
Special	2,817,261	1,807,881	2,815,923	1,877,994
Vocational	82,991	72,304	77,447	67,834
Other	43,824	43,824	131,335	131,335
Support services:				
Pupil	930,652	831,506	914,590	801,612
Instructional staff	754,559	547,389	916,165	857,827
Board of education	59,457	59,457	53,258	53,258
Administration	1,599,296	1,599,296	1,813,712	1,813,712
Fiscal	639,894	639,894	632,721	632,721
Operations and maintenance	1,646,373	1,576,108	1,447,298	1,415,824
Pupil transportation	900,509	815,624	1,247,082	1,205,956
Central	236,419	231,019	252,023	246,623
Operations of non-instructional services:				
Food service operations	602,035	(9,883)	591,823	154,268
Latchkey operations	47,237	(8,758)	83,256	17,669
Other non-instructional services	143,523	42,490	108,227	(2,764)
Extracurricular activities	682,283	606,249	885,006	755,538
Interest and fiscal charges	<u>1,055,626</u>	<u>1,055,626</u>	<u>1,141,448</u>	<u>1,141,448</u>
Total expenses	<u>\$ 21,347,235</u>	<u>\$ 17,952,919</u>	<u>\$ 21,377,498</u>	<u>\$ 18,230,280</u>

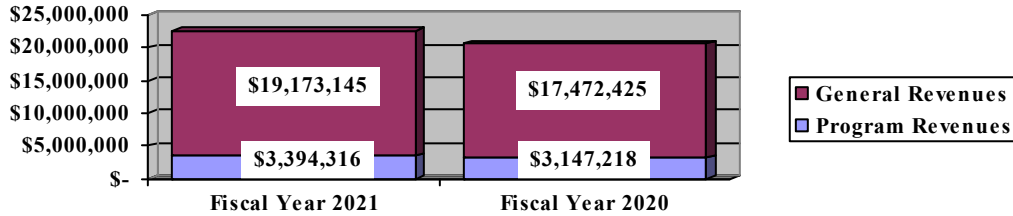
The dependence upon taxes and other general revenues for governmental activities is apparent, as 82.72% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 84.10%. The District's taxpayers and grants and entitlements from the State of Ohio, as a whole, are by far the primary support for the District's students.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The graph below presents the District's governmental activities revenue for fiscal years 2021 and 2020.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$15,039,136, which is \$1,389,096 greater than last fiscal year's total fund balance of \$13,650,040. The table below indicates the fund balance and the total change in fund balance as of June 30, 2021 and June 30, 2020.

	Fund Balance June 30, 2021	Fund Balance June 30, 2020	Change
General	\$ 7,470,818	\$ 6,492,973	\$ 977,845
Bond retirement	4,419,452	3,971,403	448,049
Nonmajor governmental	3,148,866	3,185,664	(36,798)
Total	\$ 15,039,136	\$ 13,650,040	\$ 1,389,096

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**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

General Fund

The District's general fund balance increased \$977,845.

The table that follows assists in illustrating the financial activities of the general fund.

	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 8,819,230	\$ 8,305,024	\$ 514,206	6.19 %
Intergovernmental	7,222,966	6,989,467	233,499	3.34 %
Investment earnings	91,610	172,694	(81,084)	(46.95) %
Tuition and fees	1,111,416	1,199,507	(88,091)	(7.34) %
Change in fair value of investments	(73,943)	281,101	(355,044)	(126.30) %
Other revenues	<u>422,589</u>	<u>357,454</u>	<u>65,135</u>	18.22 %
Total	<u>\$ 17,593,868</u>	<u>\$ 17,305,247</u>	<u>\$ 288,621</u>	1.67 %
<u>Expenditures</u>				
Instruction	\$ 9,831,790	\$ 9,578,019	\$ 253,771	2.65 %
Support services	6,190,171	6,170,889	19,282	0.31 %
Operation of non-instructional services	75,873	88,042	(12,169)	(13.82) %
Extracurricular activities	441,850	447,406	(5,556)	(1.24) %
Debt service	<u>71,339</u>	<u>133,717</u>	<u>(62,378)</u>	(46.65) %
Total	<u>\$ 16,611,023</u>	<u>\$ 16,418,073</u>	<u>\$ 192,950</u>	1.18 %

Overall revenues of the general fund increased \$288,621 or 1.67% during fiscal year 2021. The increase in taxes was primarily due to the timing of taxes available for advance. The decrease in investment earnings and decrease in fair value of investments is due to fluctuation of interest rates and the timing of investment purchases.

Overall expenditures of the general fund remained stable with an increase of \$192,950 or 1.18% during fiscal year 2021.

Bond Retirement Fund

The bond retirement fund had \$2,002,258 in revenues and \$1,554,209 in expenditures. During fiscal year 2021, the bond retirement fund's fund balance increased \$448,049 from \$3,971,403 to \$4,419,452. The increase in fund balance is due to the receipt of property taxes greater than the fiscal year 2021 debt service requirements. The bond retirement fund is funded by property taxes and homestead and rollback revenue. In addition, the bond retirement fund receives investment earnings. The expenditures of the fund are principal and interest payments on the District's general obligation debt along with fiscal fees related to the property tax collection.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

General Fund Budgeting Highlights

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

For the general fund, final budgeted revenues and other financing sources were \$17,763,240, which was less than the original budgeted revenues and other financing sources estimate of \$18,515,210. Actual revenues and other financing sources for fiscal year 2021 were \$17,948,220. This represents a \$184,980 increase from final budgeted amounts.

General fund final appropriations (appropriated expenditures plus other financing uses) were \$17,948,124, which was the same as the original budgeted expenditures. The actual budget basis expenditures and other financing uses for fiscal year 2021 totaled \$17,336,066, which was \$612,058 less than the final budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the District had \$41,034,319 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles.

The following table shows June 30, 2021 balances compared to June 30, 2020.

	Capital Assets at June 30	
	(Net of Depreciation)	
	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Land	\$ 521,816	\$ 521,816
Land improvements	835,021	914,065
Buildings and improvements	37,986,801	39,280,785
Furniture and equipment	1,091,489	1,025,285
Vehicles	599,192	355,913
Total	<u>\$ 41,034,319</u>	<u>\$ 42,097,864</u>

The overall decrease in capital assets of \$1,063,545 is due to capital asset additions of \$567,240, which was less than depreciation expense of \$1,630,785 during fiscal year 2021.

See Note 8 to the basic financial statements for detail on the District's capital assets.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

Debt Administration

At June 30, 2021, the District had \$22,369,113 in general obligation bonds, capital appreciation bonds and accreted interest obligations outstanding. The District also had \$197,697 and \$2,076,211 in capital lease obligations and lease-purchase agreement obligations outstanding, respectively. Of the total debt obligations outstanding at June 30, 2021, \$921,980 is due within one year and \$23,721,041 is due in more than one year.

The following table summarizes the bonds, accreted interest, capital lease obligations and lease-purchase agreement obligations outstanding at June 30, 2021 and June 30, 2020.

Outstanding Debt, at Year End

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
General obligation bonds	\$ 21,410,000	\$ 22,025,000
Capital appreciation bonds	404,965	404,965
Accreted interest	554,148	476,750
Capital lease obligations	197,697	338,064
Lease-purchase agreements	<u>2,076,211</u>	<u>2,267,585</u>
Total	<u>\$ 24,643,021</u>	<u>\$ 25,512,364</u>

See Note 11 to the basic financial statements for detail on the District’s debt administration.

Current Financial Related Activities

Keystone Local School District is tasked with providing a high standard of education, while remaining financially stable. The District’s long-term financial outlook is projected to continue to improve due to the 2015, 7.95 mill operating levy passage. The District is very appreciative of the community’s support and is dedicated to maintaining a high standard of education for our students while demonstrating fiscally responsibility.

During the current fiscal year, general fund revenue exceeded expenses with assistance of COVID funds. Further, the District continues to search for additional areas to save money and become more efficient with the available resources. The ESSER funds will be used to hire supplemental support for student services during the fiscal year 2022, fiscal year 2023 and fiscal year 2024. The funds will not be used in offsetting current salaries and benefits.

The District has been well supported by the community. In calendar year 2003, the community passed a \$17,500,000 bond issue to build a new high school. In calendar year 2010, the community again supported the District by passing a 2.19 “No New Tax” bond issue to finance the construction of its new middle school. The community passed a 7.95 mill continuous levy in May of 2015. The District has refunded over \$13,000,000 in bonds dating back to 2012, saving taxpayers an estimated \$3,000,000.

It is imperative the Board of Education and administration continue to monitor the District forecast and delineate measures to maintain a positive cash balance. At the same time, the District must consider the needs of every student as the most important stakeholder in the sound financial management of the District.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Adam Hines, Treasurer/CFO, Keystone Local School District, 531 Opportunity Way, LaGrange, Ohio 44050, or e-mail at Adam.Hines@Keystoneschools.org.

BASIC
FINANCIAL STATEMENTS

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 12,429,573
Cash with fiscal agent	5,953
Investments with fiscal agent	2,898,099
Receivables:	
Property taxes	13,146,924
Accounts	3,460
Accrued interest	23,285
Intergovernmental	58,702
Prepayments	35,069
Materials and supplies inventory	2,649
Inventory held for resale	5,375
Net OPEB asset	1,045,980
Capital assets:	
Nondepreciable capital assets	521,816
Depreciable capital assets, net	40,512,503
Capital assets, net	41,034,319
Total assets	70,689,388
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	492,206
Pension	3,775,785
OPEB	660,968
Total deferred outflows of resources	4,928,959
Liabilities:	
Accounts payable	117,784
Accrued wages and benefits payable	1,399,685
Intergovernmental payable	71,240
Pension and postemployment benefits payable	273,724
Accrued interest payable	73,748
Matured bonds payable	5,000
Long-term liabilities:	
Due within one year	1,013,983
Due in more than one year:	
Net pension liability	18,882,331
Net OPEB liability	1,522,059
Other amounts due in more than one year	25,195,930
Total liabilities	48,555,484
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	10,205,295
Pension	443,625
OPEB	2,115,980
Total deferred inflows of resources	12,764,900
Net position:	
Net investment in capital assets	16,614,924
Restricted for:	
Capital projects	2,925,224
Debt service	4,489,975
State funded programs	19,992
Federally funded programs	1,092
Food service operations	181,990
Extracurricular activities	68,049
Other purposes	42,553
Unrestricted (deficit)	(10,045,836)
Total net position	\$ 14,297,963

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 9,105,296	\$ 997,277	\$ 65,126	\$ -	\$ (8,042,893)
Special	2,817,261	118,034	891,346	-	(1,807,881)
Vocational	82,991	-	10,687	-	(72,304)
Other	43,824	-	-	-	(43,824)
Support services:					
Pupil	930,652	-	99,146	-	(831,506)
Instructional staff	754,559	-	207,170	-	(547,389)
Board of education	59,457	-	-	-	(59,457)
Administration	1,599,296	-	-	-	(1,599,296)
Fiscal	639,894	-	-	-	(639,894)
Operations and maintenance	1,646,373	1,580	68,685	-	(1,576,108)
Pupil transportation	900,509	-	51,823	33,062	(815,624)
Central	236,419	-	5,400	-	(231,019)
Operation of non-instructional services:					
Food service operations	602,035	50,662	561,256	-	9,883
Latchkey operations	47,237	55,995	-	-	8,758
Other non-instructional services	143,523	-	101,033	-	(42,490)
Extracurricular activities	682,283	66,205	9,829	-	(606,249)
Interest and fiscal charges	1,055,626	-	-	-	(1,055,626)
Totals	\$ 21,347,235	\$ 1,289,753	\$ 2,071,501	\$ 33,062	(17,952,919)

General revenues:

Property taxes levied for:	
General purposes	9,581,558
Debt service	1,417,207
Capital outlay	190,926
Classroom facilities maintenance	132,131
Grants and entitlements not restricted to specific programs	7,451,100
Investment earnings	96,195
Change in fair value of investments	(57,091)
Miscellaneous	361,119
Total general revenues	19,173,145
Change in net position	1,220,226
Net position at beginning of year	13,077,737
Net position at end of year	\$ 14,297,963

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 7,887,667	\$ 1,316,806	\$ 3,225,100	\$ 12,429,573
Cash with fiscal agent	-	5,953	-	5,953
Investments with fiscal agent	-	2,898,099	-	2,898,099
Receivables:				
Property taxes	11,131,210	1,636,899	378,815	13,146,924
Accounts	3,460	-	-	3,460
Accrued interest	21,753	1,532	-	23,285
Interfund loans	5,000	-	-	5,000
Intergovernmental	1,047	-	57,655	58,702
Prepayments	34,714	-	355	35,069
Materials and supplies inventory	-	-	2,649	2,649
Inventory held for resale	-	-	5,375	5,375
Total assets	<u>\$ 19,084,851</u>	<u>\$ 5,859,289</u>	<u>\$ 3,669,949</u>	<u>\$ 28,614,089</u>
Liabilities:				
Accounts payable	\$ 114,508	\$ -	\$ 3,276	\$ 117,784
Accrued wages and benefits payable	1,284,434	-	115,251	1,399,685
Compensated absences payable	42,030	-	-	42,030
Intergovernmental payable	69,645	-	1,595	71,240
Pension and postemployment benefits payable	250,607	-	23,117	273,724
Interfund loans payable	-	-	5,000	5,000
Matured bonds payable	-	5,000	-	5,000
Total liabilities	<u>1,761,224</u>	<u>5,000</u>	<u>148,239</u>	<u>1,914,463</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	8,626,320	1,290,566	288,409	10,205,295
Delinquent property tax revenue not available	1,212,723	142,739	46,461	1,401,923
Intergovernmental revenue not available	-	-	37,974	37,974
Accrued interest not available	13,766	1,532	-	15,298
Total deferred inflows of resources	<u>9,852,809</u>	<u>1,434,837</u>	<u>372,844</u>	<u>11,660,490</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	2,649	2,649
Prepays	34,714	-	355	35,069
Unclaimed funds	1,589	-	-	1,589
Restricted:				
Debt service	-	4,419,452	-	4,419,452
Capital improvements	-	-	2,878,763	2,878,763
Food service operations	-	-	196,293	196,293
Non-public schools	-	-	3,389	3,389
State funded programs	-	-	16,603	16,603
Extracurricular activities	-	-	68,049	68,049
Other purposes	-	-	40,964	40,964
Committed:				
Student and staff support	31,017	-	-	31,017
Termination benefits	11,384	-	-	11,384
Student instruction	6,883	-	-	6,883
Assigned:				
Student instruction	114,563	-	-	114,563
Student and staff support	428,714	-	-	428,714
Extracurricular activities	6,650	-	-	6,650
Health and wellness	27,944	-	-	27,944
Unassigned (deficit)	<u>6,807,360</u>	<u>-</u>	<u>(58,199)</u>	<u>6,749,161</u>
Total fund balances	<u>7,470,818</u>	<u>4,419,452</u>	<u>3,148,866</u>	<u>15,039,136</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 19,084,851</u>	<u>\$ 5,859,289</u>	<u>\$ 3,669,949</u>	<u>\$ 28,614,089</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021

Total governmental fund balances		\$	15,039,136
<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.			41,034,319
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	1,401,923	
Accrued interest receivable		15,298	
Intergovernmental receivable		37,974	
Total			1,455,195
Unamortized premiums on bonds issued are not recognized in the funds.			(822,728)
Unamortized amounts on refundings are not recognized in the funds.			492,206
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(73,748)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		3,775,785	
Deferred inflows - pension		(443,625)	
Net pension liability		(18,882,331)	
Deferred outflows - OPEB		660,968	
Deferred inflows - OPEB		(2,115,980)	
Net OPEB asset		1,045,980	
Net OPEB liability		(1,522,059)	
Total			(17,481,262)
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		(22,369,113)	
Capital lease obligations		(197,697)	
Lease-purchase agreements		(2,076,211)	
Compensated absences		(702,134)	
Total			(25,345,155)
Net position of governmental activities		\$	14,297,963

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 8,819,230	\$ 1,356,530	\$ 293,039	\$ 10,468,799
Intergovernmental	7,222,966	624,071	1,740,666	9,587,703
Investment earnings	91,610	4,805	1,246	97,661
Tuition and fees	1,111,416	-	-	1,111,416
Extracurricular	-	-	66,205	66,205
Rental income	1,580	-	-	1,580
Charges for services	3,895	-	50,662	54,557
Contributions and donations	1,971	-	34,939	36,910
Miscellaneous	415,143	-	1,153	416,296
Change in fair value of investments	(73,943)	16,852	-	(57,091)
Total revenues	<u>17,593,868</u>	<u>2,002,258</u>	<u>2,187,910</u>	<u>21,784,036</u>
Expenditures:				
Current:				
Instruction:				
Regular	7,600,447	-	65,157	7,665,604
Special	2,113,741	-	545,441	2,659,182
Vocational	76,467	-	990	77,457
Other	41,135	-	-	41,135
Support services:				
Pupil	740,052	-	130,683	870,735
Instructional staff	681,316	-	218,993	900,309
Board of education	56,992	-	-	56,992
Administration	1,470,055	-	-	1,470,055
Fiscal	574,736	29,009	3,510	607,255
Operations and maintenance	1,409,580	-	65,772	1,475,352
Pupil transportation	1,050,115	-	32,667	1,082,782
Central	207,325	-	5,400	212,725
Operation of non-instructional services:				
Food service operations	-	-	559,843	559,843
Latchkey operations	47,237	-	-	47,237
Other non-instructional services	28,636	-	106,297	134,933
Extracurricular activities	441,850	-	108,884	550,734
Facilities acquisition and construction	-	-	26,680	26,680
Debt service:				
Principal retirement	60,808	615,000	270,933	946,741
Interest and fiscal charges	10,531	910,200	88,458	1,009,189
Total expenditures	<u>16,611,023</u>	<u>1,554,209</u>	<u>2,229,708</u>	<u>20,394,940</u>
Excess (deficiency) of revenues over (under) expenditures	<u>982,845</u>	<u>448,049</u>	<u>(41,798)</u>	<u>1,389,096</u>
Other financing sources (uses):				
Transfers in	-	-	5,000	5,000
Transfers (out)	(5,000)	-	-	(5,000)
Total other financing sources (uses)	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Net change in fund balances	977,845	448,049	(36,798)	1,389,096
Fund balances at beginning of year	<u>6,492,973</u>	<u>3,971,403</u>	<u>3,185,664</u>	<u>13,650,040</u>
Fund balances at end of year	<u>\$ 7,470,818</u>	<u>\$ 4,419,452</u>	<u>\$ 3,148,866</u>	<u>\$ 15,039,136</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN 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, 2021

Net change in fund balances - total governmental funds	\$	1,389,096
<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	\$ 567,240	
Current year depreciation	<u>(1,630,785)</u>	
Total		(1,063,545)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	853,023	
Earnings on investments	(592)	
Intergovernmental	<u>(69,006)</u>	
Total		783,425
Repayment of bond, capital lease and lease-purchase agreement principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		946,741
In the statement of activities, interest is accrued on outstanding bonds, whereas 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	2,102	
Accreted interest on capital appreciation bonds	(77,398)	
Amortization of bond premiums	93,612	
Amortization of deferred charges	<u>(64,750)</u>	
Total		(46,434)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,399,155	
OPEB	<u>43,235</u>	
Total		1,442,390
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(2,261,473)	
OPEB	<u>42,333</u>	
Total		(2,219,140)
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 governmental funds.		
		<u>(12,307)</u>
Change in net position of governmental activities	\$	<u>1,220,226</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN 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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 10,111,696	\$ 9,194,349	\$ 9,197,721	\$ 3,372
Intergovernmental	6,908,316	7,065,005	7,209,547	144,542
Investment earnings	78,354	71,089	93,312	22,223
Tuition and fees	1,259,448	1,099,750	1,111,416	11,666
Rental income	2,057	1,500	1,580	80
Charges for services	4,140	3,800	3,895	95
Miscellaneous	146,199	277,450	280,401	2,951
Total revenues	<u>18,510,210</u>	<u>17,712,943</u>	<u>17,897,872</u>	<u>184,929</u>
Expenditures:				
Current:				
Instruction:				
Regular	7,677,250	7,677,250	7,721,894	(44,644)
Special	2,393,365	2,393,365	2,256,023	137,342
Vocational	75,420	75,420	77,299	(1,879)
Other	63,979	63,979	46,728	17,251
Support services:				
Pupil	757,713	757,713	739,767	17,946
Instructional staff	833,529	833,529	705,157	128,372
Board of education	75,243	75,243	57,357	17,886
Administration	1,988,152	1,988,152	1,806,289	181,863
Fiscal	680,908	680,908	596,335	84,573
Operations and maintenance	1,549,050	1,549,050	1,553,654	(4,604)
Pupil transportation	1,176,607	1,176,607	1,073,358	103,249
Central	147,871	147,871	144,104	3,767
Extracurricular activities	478,962	478,962	453,663	25,299
Total expenditures	<u>17,898,049</u>	<u>17,898,049</u>	<u>17,231,628</u>	<u>666,421</u>
Excess (deficiency) of revenues over (under) expenditures	<u>612,161</u>	<u>(185,106)</u>	<u>666,244</u>	<u>851,350</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	40,599	40,599	-
Transfers (out)	(50,075)	(50,075)	(99,438)	(49,363)
Advances in	-	2,698	2,698	-
Advances (out)	-	-	(5,000)	(5,000)
Sale of capital assets	5,000	7,000	7,051	51
Total other financing sources (uses)	<u>(45,075)</u>	<u>222</u>	<u>(54,090)</u>	<u>(54,312)</u>
Net change in fund balance	567,086	(184,884)	612,154	797,038
Fund balance at beginning of year	5,767,605	5,767,605	5,767,605	-
Prior year encumbrances appropriated	607,356	607,356	607,356	-
Fund balance at end of year	<u>\$ 6,942,047</u>	<u>\$ 6,190,077</u>	<u>\$ 6,987,115</u>	<u>\$ 797,038</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Custodial</u>
Additions:	
Extracurricular collections for OHSAA	<u>\$ 5,657</u>
Deductions:	
Extracurricular distributions to OHSAA	<u>5,657</u>
Change in net position	-
Net position at beginning of year	<u>-</u>
Net position at end of year	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Keystone Local School District, Lorain County, Ohio (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The District operates under an elected Board of Education, consisting of five members and is responsible for the provision of public education to residents of the District.

The District is staffed by 100 non-certified and 101 certified personnel and 13 administrators to provide services to approximately 1,506 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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 District. For the District, this includes general operations, food service, and student related activities of the District.

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

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

JOINTLY GOVERNED ORGANIZATIONS

Lorain County Joint Vocational School District (JVS)

The Lorain County Joint Vocational School District (JVS) is a distinct subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each participating school district's elected Board, which possesses its own budgeting and taxing authority. Accordingly, the JVS is not part of the District and its operations are not included as part of the reporting entity. Financial information can be obtained by contacting the Treasurer at the Lorain County Joint Vocational School District, 15181 State Route 58, Oberlin, Ohio, 44074.

Connect

The North Coast Council became known as Connect effective April 1, 2016. The new governing Board of Directors, the Educational Service Centers of Northeast Ohio, Lorain and Medina County and the Ohio Schools Council, have accepted the ownership, responsibility, and liability of Connect in order to provide exemplary service to member districts. The Superintendent/Executive Director of the three ESCs and Ohio Schools Council shall serve on Connect's Board of Directors. The purpose of Connect is applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions for member districts. Fiscal information for Connect is available from the Treasurer of the Education Service Center of Northeast Ohio (fiscal agent), located at 6393 Oak Tree Boulevard, Independence, Ohio 44131.

Lake Erie Regional Council (LERC)

The Lake Erie Regional Council (LERC) is a jointly governed organization comprised of fourteen school districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as media center, gas consumption, driver education, food service and insurance. Each member provides operating resources to the LERC on a per-pupil or actual usage charge. The LERC Assembly consists of a Superintendent or designated representative from each participating school district and the fiscal agent. The LERC is governed by a Board of Directors chosen from the general membership. The degree of control exercised by any participating school district is limited to its representation on the Board of Directors. During fiscal year 2021, the District paid \$1,671,667 to the LERC. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, who serves as the fiscal agent, at 1885 Lake Avenue, Elyria, Ohio, 44035.

Ohio Schools Council Association (the "Council")

The Ohio Schools Council Association (the "Council") is a jointly governed organization comprised of one hundred and fifty-seven member districts. The mission of the Council is to identify, plan and provide services to member districts that can be more effectively achieved by cooperative endeavors of member districts than by an individual district operating on its own. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven Superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2021, the District paid \$32,322 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director of the Council, at 6393 Oak Tree Blvd., Independence, Ohio, 44131.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP)

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types. The District has no proprietary funds.

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 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 used to account for the accumulation of resources and payment of general obligation bond principal, interest and related costs.

Other governmental funds of the 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.

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. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial fund accounts for Ohio High School Athletic Association (OHSAA) events.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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 District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the 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 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 District.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

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 on the fund financial statements. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange 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 District, available means expected to be received within sixty days of fiscal year end.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

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

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. See Notes 13 and 14 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources includes 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.

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 District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 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 District unavailable revenue includes, but is not limited to, delinquent property taxes, accrued interest, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 13 and 14 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset. 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 entitlement value of donated commodities received during the year is reported in the operating statement as an expense with a like amount reported as intergovernmental revenue.

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

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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 appropriations 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 primary level of budgetary control is at the fund level for all funds. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

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 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 Lorain County Budget Commission for rate determination.

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 Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the 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 appropriations 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 District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the original and final amended certificates of estimated resources issued during the fiscal year.

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 appropriations resolution is enacted by the Board of Education. Prior to the passage of the annual appropriations measure, the Board may pass a temporary appropriations measure to meet the ordinary expenditures of the District. The appropriations resolution 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 budgetary control. Any revisions that alter the fund level must be approved by the Board of Education.

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

F. Cash and Investments

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

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

During fiscal year 2021, investments were limited to federal agency securities, negotiable certificates of deposit, commercial paper, U.S. Government money market funds, U.S. Treasury Notes (held by a fiscal agent), and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements and non-negotiable certificates of deposit, are reported at cost.

During fiscal year 2021, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The 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 a NAV per share that approximates fair value.

For fiscal year 2021, 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 \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$91,610, which includes \$13,320 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the 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 District's investment accounts at fiscal year-end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, inventories held for resale are presented at the lower of cost or market, expendable supplies held for consumption are reported at cost and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed/expended when used. Inventories are accounted for using the consumption method.

On the 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 current assets.

Inventory consists of expendable supplies held for consumption, donated food, and purchased food.

H. Capital Assets

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

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at acquisition value. The District maintains a capitalization threshold of \$5,000. The 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>
Land improvements	20 - 25 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	8 - 15 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable" and "interfund loans payable". These amounts are eliminated in the governmental activities column on the statement of net position.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

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

The total liability for vacation leave and sick leave payments has been calculated using pay rates in effect at June 30, 2021 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

The entire compensated absences 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. These amounts are recorded in the account "compensated absences payable" in the funds from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences, net pension liability, and retirement incentive obligations that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current year. Bonds payable, capital lease obligations and lease-purchase agreement obligations are recognized as liabilities 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 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 District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the 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.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the 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 District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes. The Treasurer is permitted by Board resolution to assign fund balance related to all District contracts that are not in excess of \$12,000.

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.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

M. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. 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 or liabilities 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 District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for food service operations and special trust activity.

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

N. 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 expense/expenditure is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is considered nonspendable in an amount equal to the carrying value of the asset on the fund financial statements.

O. 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.

P. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenses/expenditures 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. Repayments from funds responsible for particular expenses/expenditures to the funds that initially paid for them are not presented on the basic financial statements.

Q. Bond Issuance Costs/Unamortized Bond Premium and Discount/Accounting Gain or Loss

On the government-wide and fund financial statements, bond issuance costs are expensed/expended during the fiscal year in which they are incurred.

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, 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 of resources on the statement of net position.

On the governmental fund financial statements, bond premiums are recognized in the current period. A reconciliation between the bonds' face value and the amount reported on the statement of net position is presented in Note 11.

R. 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.

S. 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 type of transaction occurred during fiscal year 2021.

T. Fair Value

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2021, the District has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended June 30, 2021. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed until the fiscal year ended June 30, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

For fiscal year 2021, the District has implemented GASB Statement No. 98, "The Annual Comprehensive Financial Report." GASB Statement No. 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in general accepted accounting principles for state and local governments. The implementation of GASB Statement No. 98 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2021 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
IDEA, Part B	\$ 38,652
Title I	16,959
Supporting Effective Instruction	2,588

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 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 District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim deposits are deposits of interim monies. Interim monies are those monies 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 or deposit accounts including passbook accounts.

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;

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 items (1) and (2) above 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 banker's acceptance (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

A. Cash with Fiscal Agents

At June 30, 2021, the District had \$5,000 held by a fiscal agent in a bond and coupon account related to matured bond and interest, and \$953 held by a fiscal agent in a cash account related to the District's sinking fund deposits (See Note 11.C). These amounts are not included in "deposits with financial institutions" below.

B. Investment with Fiscal Agent

At June 30, 2021, the District had \$2,898,099 in U.S. Treasury Notes held by a fiscal agent related to the District's sinking fund deposits (See Note 11.C). This amount is reported as "investments with fiscal agent" on the basic financial statements.

C. Cash on Hand

At June 30, 2021, the District had \$100 in cash on hand. This amount is reported as "equity in pooled cash and investments" on the basic financial statements.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Deposits with Financial Institutions

At June 30, 2021, the carrying amount of all District deposits was \$3,869,815. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2021, \$3,856,238 of the District’s bank balance of \$4,106,238 was exposed to custodial risk as discussed below, because those deposits were uninsured and uncollateralized.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The 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 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. One of the District's financial institutions participates in OPCS and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

E. Investments

As of June 30, 2021, the District had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	Investment Maturities				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
<i>Fair Value:</i>						
FHLB	\$ 944,759	\$ 250,007	\$ -	\$ 240,920	\$ -	\$ 453,832
FHLMC	303,777	-	-	-	200,014	103,763
FNMA	119,058	-	-	-	-	119,058
FFCB	1,240,581	-	-	-	-	1,240,581
FAMC	196,892	-	-	-	-	196,892
US Treasury Note	79,962	-	-	-	-	79,962
Negotiable CDs	3,288,166	-	947,539	625,104	264,359	1,451,164
Commercial Paper	414,954	414,954	-	-	-	-
US Government Money Market	3,532	3,532	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	<u>1,967,977</u>	<u>1,967,977</u>	-	-	-	-
Total	<u>\$ 8,559,658</u>	<u>\$ 2,636,470</u>	<u>\$ 947,539</u>	<u>\$ 866,024</u>	<u>\$ 464,373</u>	<u>\$ 3,645,252</u>

The weighted average maturity of investments is 1.83 years.

The District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities, US Treasury Notes, commercial paper, and negotiable CD's are valued using quoted prices in markets 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 directly or indirectly (Level 2 inputs).

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District’s investment policy limits investment portfolio maturities to five years or less.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: The District's investments in federal agency securities (some of which are held by a fiscal agent) were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investments in commercial paper were rated P-1 by Moody's Investor Services. The District's US government money market and negotiable certificates of deposit are not rated. The District has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the 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 federal agency securities and U.S Treasury securities are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The District 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 District at June 30, 2021:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>Percentage Total %</u>
<i>Fair Value:</i>		
FHLB	\$ 944,759	11.04
FHLMC	303,777	3.55
FNMA	119,058	1.39
FFCB	1,240,581	14.49
FAMC	196,892	2.30
US Treasury Note	79,962	0.94
Negotiable CDs	3,288,166	38.41
Commercial Paper	414,954	4.85
US Government Money Market	3,532	0.04
<i>Amortized Cost:</i>		
STAR Ohio	<u>1,967,977</u>	<u>22.99</u>
Total	<u>\$ 8,559,658</u>	<u>100.00</u>

F. 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 on the statement of net position as of June 30, 2021:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,869,815
Investments	8,559,658
Cash on hand	100
Cash with fiscal agents	5,953
Investments with fiscal agent	<u>2,898,099</u>
Total	<u>\$ 15,333,625</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 15,333,625</u>

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund Balances

Interfund balances at June 30, 2021 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 5,000

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. The interfund balances are not expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

B. Transfers

Interfund transfers for the year ended June 30, 2021, consisted of the following, as reported on the fund financial statement:

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ 5,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in compliance with Ohio Revised Code Sections 3318.12, 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed values as of January 1, 2020, 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 2021 represent the collection of calendar year 2020 taxes. Public utility real and personal property taxes received in calendar year 2021 became a lien on December 31, 2019, were levied after April 1, 2020, 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.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 6 - PROPERTY TAXES - (Continued)

The District receives property taxes from Lorain County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available as an advance at June 30, 2021 was \$1,292,167 in the general fund, \$203,594 in the bond retirement fund and \$43,944 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2020 was \$1,670,658 in the general fund, \$303,685 in the bond retirement fund and \$52,305 in the permanent improvement fund (a nonmajor governmental fund). 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, 2021 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 of resources.

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 of resources.

The assessed values upon which the fiscal year 2021 taxes were collected are:

	2020 Second Half Collections		2021 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 281,669,620	84.70	\$ 287,981,900	83.88
Public utility personal	<u>50,876,570</u>	<u>15.30</u>	<u>55,363,950</u>	<u>16.12</u>
Total	<u>\$ 332,546,190</u>	<u>100.00</u>	<u>\$ 343,345,850</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 57.58		\$ 57.45	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2021 consisted of taxes, accounts (billings for user charged services and student fees), 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 list of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Taxes	\$ 13,146,924
Accounts	3,460
Accrued interest	23,285
Intergovernmental	<u>58,702</u>
Total receivables	<u>\$ 13,232,371</u>

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

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2021</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 521,816	\$ -	\$ -	\$ 521,816
Total capital assets, not being depreciated	<u>521,816</u>	<u>-</u>	<u>-</u>	<u>521,816</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,676,962	-	-	1,676,962
Buildings and improvements	50,241,176	-	-	50,241,176
Furniture and equipment	3,545,529	231,198	-	3,776,727
Vehicles	1,033,035	336,042	(70,884)	1,298,193
Total capital assets, being depreciated	<u>56,496,702</u>	<u>567,240</u>	<u>(70,884)</u>	<u>56,993,058</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(762,897)	(79,044)	-	(841,941)
Buildings and improvements	(10,960,391)	(1,293,984)	-	(12,254,375)
Furniture and equipment	(2,520,244)	(164,994)	-	(2,685,238)
Vehicles	(677,122)	(92,763)	70,884	(699,001)
Total accumulated depreciation	<u>(14,920,654)</u>	<u>(1,630,785)</u>	<u>70,884</u>	<u>(16,480,555)</u>
Governmental activities capital assets, net	<u>\$ 42,097,864</u>	<u>\$ (1,063,545)</u>	<u>\$ -</u>	<u>\$ 41,034,319</u>

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$ 1,040,507
Special	64,587
Vocational	1,010
Support services:	
Pupil	24,032
Instructional staff	21,963
Board of education	1,465
Administration	58,535
Fiscal	19,012
Operations and maintenance	125,111
Pupil transportation	119,611
Central	21,714
Operation of non-instructional services:	
Food service operations	24,372
Other non-instructional services	3,483
Extracurricular activities	105,383
Total depreciation expense	<u>\$ 1,630,785</u>

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 9 - LEASE-PURCHASE AGREEMENTS

A. Columbus Regional Airport Authority

During a prior fiscal year, the District entered into a lease-purchase agreement with Columbus Regional Airport Authority. The lease meets the criteria of a lease-purchase as defined by accounting principles generally accepted in the United States of America, which defines a lease-purchase generally as one which transfers benefits and risks of ownership to the lessee. The lease was used to fund the District's capital improvement project, which was the construction of a new track. Capital assets acquired by the lease-purchase have been capitalized in the amount of \$890,000. Lease-purchase payments have been reflected as debt service expenditures in the permanent improvement fund (a nonmajor governmental fund). Principal payments on the lease-purchase totaled \$69,000 during fiscal year 2021.

The following is a schedule of the future minimum lease payments required under the lease-purchase agreement and the present value of the future minimum lease payments as of June 30, 2021:

Fiscal Year Ending	<u>Amount</u>
<u>June 30,</u>	
2022	\$ 78,992
2023	78,885
2024	<u>78,650</u>
Total minimum lease payments	236,527
Less: amount representing interest	<u>(14,527)</u>
Total	<u>\$ 222,000</u>

B. Keystone High School

During a prior fiscal year, the District entered into a lease-purchase agreement with The Huntington National Bank. The lease meets the criteria of a lease-purchase as defined by accounting principles generally accepted in the United States of America, which defines a lease-purchase generally as one which transfers benefits and risks of ownership to the lessee. The lease is used to fund the District's capital improvement project, which is to construct, improve, furnish and equip Keystone High School. Capital assets acquired by the lease-purchase have been capitalized in the amount of \$2,204,450.

The following is a schedule of the future minimum lease payments required under the lease-purchase agreement and the present value of the future minimum lease payments as of June 30, 2021:

Fiscal Year Ending	<u>Amount</u>
<u>June 30,</u>	
2022	\$ 206,067
2023	206,066
2024	206,066
2025	206,066
2026	206,066
2027 - 2031	1,030,330
2032 - 2033	<u>309,100</u>
Total minimum lease payments	2,369,761
Less: amount representing interest	<u>(515,550)</u>
Total	<u>\$ 1,854,211</u>

**KEYSTONE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE

A. Copier Equipment

During a prior fiscal year, the District entered into capitalized leases for copier equipment. This lease agreement meets the criteria of a capital lease as defined by accounting principles generally accepted in the United States of America, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of copier equipment have been capitalized in the amount of \$328,836. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2021 for this equipment was \$137,012, leaving a current book value of \$191,824. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2021 totaled \$60,808 paid by the general fund.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2021:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 71,340
2023	71,340
2024	<u>71,340</u>
Total minimum lease payments	214,020
Less: amount representing interest	<u>(16,323)</u>
Total	<u>\$ 197,697</u>

B. OSBA Bus

During a prior fiscal year, the District entered into a capitalized lease for buses. This lease agreement meets the criteria of a capital lease as defined by accounting principles generally accepted in the United States of America, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of buses have been capitalized in the amount of \$323,843. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2021 for this equipment was \$128,802 leaving a current book value of \$195,041. A corresponding liability is recorded in the government-wide statements. Principal retirement in fiscal year 2021 totaled \$79,559, which was paid out of the permanent improvement fund.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - LONG-TERM OBLIGATIONS

A. During fiscal year 2021, the following changes occurred in governmental activities long-term obligations.

	Balance			Balance	Amounts
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2021</u>	<u>Due in</u> <u>One Year</u>
Governmental activities:					
General obligation bonds - series 2010					
Current interest bonds	\$ 5,295,000	\$ -	\$ -	\$ 5,295,000	\$ -
Capital appreciation bonds	399,987	-	-	399,987	-
Accreted interest	464,224	73,316	-	537,540	-
Refunding bonds - series 2012					
Current interest bonds	8,065,000	-	(600,000)	7,465,000	645,000
Refunding bonds - series 2013					
Current interest bonds	2,950,000	-	-	2,950,000	-
Refunding bonds - series 2014					
Current interest bonds	5,715,000	-	(15,000)	5,700,000	15,000
Capital appreciation bonds	4,978	-	-	4,978	-
Accreted interest	12,526	4,082	-	16,608	-
Total general obligation bonds	<u>22,906,715</u>	<u>77,398</u>	<u>(615,000)</u>	<u>22,369,113</u>	<u>660,000</u>
Lease-purchase agreement	291,000	-	(69,000)	222,000	71,000
KHS Lease	1,976,585	-	(122,374)	1,854,211	127,694
Capital lease obligation	258,505	-	(60,808)	197,697	63,286
OSBA Bus Lease	79,559	-	(79,559)	-	-
Net pension liability	17,144,720	1,737,611	-	18,882,331	-
Net OPEB liability	1,646,086	-	(124,027)	1,522,059	-
Compensated absences	691,984	130,804	(78,624)	744,164	92,003
Total governmental activities long-term liabilities	<u>\$ 44,995,154</u>	<u>\$ 1,945,813</u>	<u>\$ (1,149,392)</u>	45,791,575	<u>\$ 1,013,983</u>
Unamortized bond premiums				<u>822,728</u>	
Total on statement of net position				<u>\$ 46,614,303</u>	

Series 2010 School Improvement General Obligation Bonds

During fiscal year 2011, the District issued \$11,499,987 in general obligation bonds. The issue was comprised of both current interest bonds, par value \$11,100,000, and capital appreciation bonds, par value \$399,987. The proceeds of these bonds were used for the purpose of improving school facilities. During fiscal year 2014, a portion of the series 2010 general obligation bonds was refunded in the amount of \$5,805,000. The remaining balance of series 2010 current interest bonds matures on December 1, 2028 at an interest rate of 6.75%. The capital appreciation bonds mature on December 1, 2029 (stated interest rate 5.93%), December 1, 2030 (stated interest rate 6.01%), December 1, 2031 (stated interest rate 6.09%), December 1, 2032 (stated interest rate 6.17%), and December 1, 2033 (stated interest rate 6.25%) 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 \$2,190,000. Total accreted interest of \$537,540 for series 2010 has been included on the statement of net position at June 30, 2021. Principal and interest payments are made from the bond retirement fund.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Series 2012 Refunding General Obligation Bonds

On June 6, 2012, the District issued general obligation bonds (series 2012 refunding bonds) to advance refund the callable portion of the series 2004 general obligation bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The refunding issue is comprised of both current interest bonds, par value \$8,460,000, and capital appreciation bonds, par value \$94,726. The interest rates on the current interest bonds range from 2.00%-4.00%. The capital appreciation bonds matured on December 1, 2019 (stated interest rate 25.60%) 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 that matured December 1, 2021 was \$575,000. Principal and interest payments are made from the bond retirement fund.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2028.

The reacquisition price exceeded the net carrying amount of the old debt by \$814,440. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which is less than the remaining life of the refunded debt, as a deferred outflow of resources on the statement of net position.

Series 2013 Refunding General Obligation Bonds

On January 3, 2013, the District issued general obligation bonds (series 2013 refunding bonds) to refund the remaining series 2004 general obligation current interest bonds in the amount of \$4,340,000. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The refunding issue is comprised of both current interest bonds, par value \$4,270,000, and capital appreciation bonds, par value \$69,094. The interest rates on the current interest bonds range from 2.00%-2.50%. The capital appreciation bonds matured on December 1, 2018 (stated interest rate 35.00%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. Principal and interest payments are made from the bond retirement fund.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2030.

The reacquisition price exceeded the net carrying amount of the old debt by \$309,432. 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, as a deferred outflow of resources on the statement of net position.

Series 2014 Refunding General Obligation Bonds

On June 2, 2014, the District issued general obligation bonds (series 2014 refunding bonds) to refund a portion of the series 2010 general obligation current interest bonds in the amount of \$5,805,000. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The refunding issue is comprised of both current interest bonds, par value \$5,800,000, and capital appreciation bonds, par value \$4,978. The interest rates on the current interest bonds range from 2.00%-4.50%. The capital appreciation bonds mature on December 1, 2031 (stated interest rate 22.10%) 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 maturing December 1, 2031 is \$195,000. Total accreted interest of \$16,608 for series 2014 has been included on the statement of net position at June 30, 2021. Principal and interest payments are made from the bond retirement fund.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2040.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The net carrying amount of the old debt exceeded the reacquisition price by \$49,833. 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, as a deferred outflow of resources on the statement of net position.

Lease-Purchase Agreements

See Note 9 for detail on the District's lease-purchase agreements. Principal and interest payments are made from the permanent improvement fund (a nonmajor governmental fund) and building fund.

Capital Lease Obligations

See Note 10 for detail on the District's capital lease obligations. Principal and interest payments are made from the general fund and permanent improvement fund.

Net Pension Liability

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

Net OPEB Liability/Asset

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

Compensated Absences

Compensated absences will be paid from the fund from which the employee is paid which, for the District, is primarily the general fund.

- B.** The following tables summarize the District's future annual debt service requirements to maturity for bonds payable:

Fiscal Year	Current Interest - Refunding Series 2010			Capital Appreciation - Refunding Series 2010		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ -	\$ 357,412	\$ 357,412	\$ -	\$ -	\$ -
2023	-	357,413	357,413	-	-	-
2024	-	357,412	357,412	-	-	-
2025	-	357,413	357,413	-	-	-
2026	-	357,412	357,412	-	-	-
2027 - 2031	5,295,000	893,532	6,188,532	179,534	695,466	875,000
2032 - 2034	-	-	-	220,453	1,094,547	1,315,000
Total	\$ 5,295,000	\$ 2,680,594	\$ 7,975,594	\$ 399,987	\$ 1,790,013	\$ 2,190,000

Fiscal Year	Current Interest - Refunding Series 2012			Current Interest - Refunding Series 2013		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 645,000	\$ 230,975	\$ 875,975	\$ -	\$ 73,750	\$ 73,750
2023	755,000	202,975	957,975	-	73,750	73,750
2024	810,000	171,675	981,675	-	73,750	73,750
2025	870,000	143,512	1,013,512	-	73,750	73,750
2026	985,000	116,775	1,101,775	-	73,750	73,750
2027-2031	3,400,000	159,150	3,559,150	2,950,000	295,875	3,245,875
Total	\$ 7,465,000	\$ 1,025,062	\$ 8,490,062	\$ 2,950,000	\$ 664,625	\$ 3,614,625

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year	Current Interest - Refunding Series 2014			Capital Appreciation - Refunding Series 2014		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 15,000	\$ 222,844	\$ 237,844	\$ -	\$ -	\$ -
2023	15,000	222,375	237,375	-	-	-
2024	15,000	221,775	236,775	-	-	-
2025	20,000	221,075	241,075	-	-	-
2026	20,000	220,275	240,275	-	-	-
2027 - 2031	100,000	1,089,375	1,189,375	-	-	-
2032- 2036	2,825,000	833,805	3,658,805	4,978	190,022	195,000
2037 - 2041	2,690,000	266,563	2,956,563	-	-	-
Total	\$ 5,700,000	\$ 3,298,087	\$ 8,998,087	\$ 4,978	\$ 190,022	\$ 195,000

- C. The series 2010 general obligation school improvement bonds require the District to make mandatory sinking fund deposits beginning December 1, 2011. The sinking fund deposits will result in a balloon principal payment of \$5,295,000 made on December 1, 2028. Sinking fund deposits will be made on December 1, in the following fiscal years and in the following amounts:

Fiscal Year	Amounts	Amounts
	Due	Deposited
2012	\$ 215,000	\$ 215,000
2013	290,000	290,000
2014	290,000	290,000
2015	300,000	300,000
2016	300,000	300,000
2017 - 2021	1,500,000	1,500,000
2022 - 2026	1,500,000	-
2027 - 2029	900,000	-
	\$ 5,295,000	\$ 2,895,000

- D. The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The Code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006.

In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible 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, 2021, are a voted debt margin of \$13,505,614 (including available funds of \$4,419,452) and an unvoted debt margin of \$343,346.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2021, the District contracted with Fitzgibbons, Arnold & Co. for insurance. General and professional liability has a \$2,000,000 aggregate limit for each. Automobile liability has a \$1,000,000 combined single limit of liability. Traveler's Surety & Insurance Co. of America maintains performance bonds of \$50,000 for the Superintendent and the Board members and a \$75,000 performance bond for the Treasurer.

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

B. Employee Health and Dental

The District purchased health, dental and vision coverage through the Lake Erie Regional Council of Governments (LERC), an insurance purchasing pool. The risk of loss transfers to the pool upon payment of the premium. Based upon applicable union contracts, the District pays 85% to 86.5% of the monthly insurance premium for single and family coverage for employees working thirty hours or more. Any employee who is scheduled to work between twenty and thirty hours per week is eligible for this coverage, but they are required to pay a higher premium. The premium is generally paid by the fund that pays the salary for the employee.

C. Workers' Compensation Group Rating Plan

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (See Note 2.A). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* 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 bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description - The 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.

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 start of a COLA for future retirees. For 2021, the COLA was 0.5%.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the 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, 2021, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District's contractually required contribution to SERS was \$320,529 for fiscal year 2021. Of this amount, \$39,329 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, 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.

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) 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 of 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 and after termination of employment.

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

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 2021, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$1,078,626 for fiscal year 2021. Of this amount, \$191,160 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the 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	0.06384020%	0.06025508%	
Proportion of the net pension liability current measurement date	<u>0.06775950%</u>	<u>0.05951526%</u>	
Change in proportionate share	<u>0.00391930%</u>	<u>-0.00073982%</u>	
Proportionate share of the net pension liability	\$ 4,481,756	\$ 14,400,575	\$ 18,882,331
Pension expense	\$ 671,889	\$ 1,589,584	\$ 2,261,473

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ 8,705	\$ 32,314	\$ 41,019
Net difference between projected and actual earnings on pension plan investments	284,499	700,302	984,801
Changes of assumptions	-	773,032	773,032
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	167,259	410,519	577,778
Contributions subsequent to the measurement date	320,529	1,078,626	1,399,155
Total deferred outflows of resources	\$ 780,992	\$ 2,994,793	\$ 3,775,785
	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 92,080	\$ 92,080
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	351,545	351,545
Total deferred inflows of resources	\$ -	\$ 443,625	\$ 443,625

\$1,399,155 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ 118,925	\$ 422,908	\$ 541,833
2023	133,879	266,500	400,379
2024	118,585	498,991	617,576
2025	89,074	284,143	373,217
Total	\$ 460,463	\$ 1,472,542	\$ 1,933,005

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2020, 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 investment expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2020, 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.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Equity	22.50	5.75
International Equity	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

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 earnings 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 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
District's proportionate share of the net pension liability	\$ 6,139,459	\$ 4,481,756	\$ 3,090,912

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation are presented below:

	July 1, 2020
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%

**KEYSTONE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

For the July 1, 2020, 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, 2020 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	<u>100.00 %</u>	

**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 pension liability was 7.45% as of June 30, 2020. 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, 2020. 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, 2020.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the 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 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
District's proportionate share of the net pension liability	\$ 20,503,912	\$ 14,400,575	\$ 9,228,506

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 13 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The 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 Annual Comprehensive 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, 2021, 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, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. 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 2021, the District's surcharge obligation was \$43,235.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$43,235 for fiscal year 2021. Of this amount, \$43,235 is reported as pension and postemployment benefits payable.

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.

**KEYSTONE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, 2021, 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, 2020, 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 District's proportion of the net OPEB liability/asset was based on the 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	0.06545620%	0.06025508%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.07003360%</u>	<u>0.05951526%</u>	
Change in proportionate share	<u>0.00457740%</u>	<u>-0.00073982%</u>	
Proportionate share of the net OPEB liability	\$ 1,522,059	\$ -	\$ 1,522,059
Proportionate share of the net OPEB asset	\$ -	\$ (1,045,980)	\$ (1,045,980)
OPEB expense	\$ 37,034	\$ (79,367)	\$ (42,333)

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 19,992	\$ 67,021	\$ 87,013
Net difference between projected and actual earnings on OPEB plan investments	17,151	36,659	53,810
Changes of assumptions	259,457	17,267	276,724
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	182,190	17,996	200,186
Contributions subsequent to the measurement date	<u>43,235</u>	<u>-</u>	<u>43,235</u>
Total deferred outflows of resources	<u>\$ 522,025</u>	<u>\$ 138,943</u>	<u>\$ 660,968</u>

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 774,075	\$ 208,345	\$ 982,420
Changes of assumptions	38,336	993,505	1,031,841
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>29,191</u>	<u>72,528</u>	<u>101,719</u>
Total deferred inflows of resources	<u>\$ 841,602</u>	<u>\$ 1,274,378</u>	<u>\$ 2,115,980</u>

\$43,235 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2022.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (76,074)	\$ (287,273)	\$ (363,347)
2023	(74,835)	(262,462)	(337,297)
2024	(75,037)	(253,761)	(328,798)
2025	(68,333)	(236,939)	(305,272)
2026	(50,461)	(44,282)	(94,743)
Thereafter	<u>(18,072)</u>	<u>(50,718)</u>	<u>(68,790)</u>
Total	<u>\$ (362,812)</u>	<u>\$ (1,135,435)</u>	<u>\$ (1,498,247)</u>

Actuarial Assumptions - SERS

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

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.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020 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 investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.45%
Prior measurement date	3.13%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	2.63%
Prior measurement date	3.22%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 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.

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.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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	2.00 %	1.85 %
US Equity	22.50	5.75
International Equity	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22%. 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 2.45%, as of June 30, 2020 (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 3.13% was used as of June 30, 2019. 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 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 (1.63%) and higher (3.63%) than the current discount rate (2.63%). 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 (7.00% decreasing to 4.75%).

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,862,963	\$ 1,522,059	\$ 1,251,042
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,198,506	\$ 1,522,059	\$ 1,954,733

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation, compared with July 1, 2019, are presented below:

	July 1, 2020		July 1, 2019	
	Initial	Ultimate	Initial	Ultimate
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%	
Discount rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
Medical				
Pre-Medicare	5.00%	4.00%	5.87%	4.00%
Medicare	-6.69%	4.00%	4.93%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	7.73%	4.00%
Medicare	11.87%	4.00%	9.62%	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, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2019.

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

**KEYSTONE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Asset Class	Target Allocation	Long-Term Expected 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	<u>100.00 %</u>	

**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, 2020. 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, 2020.

Sensitivity of the 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, 2020, 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.

	1% Decrease	Current Discount Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 910,070	\$ 1,045,980

	1% Decrease	Current Trend Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 1,154,136	\$ 1,045,980

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15 - 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, disbursements and encumbrances.

The statement of revenues, 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);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) 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	\$ 612,154
Net adjustment for revenue accruals	(430,745)
Net adjustment for expenditure accruals	71,095
Net adjustment for other sources/uses	49,090
Funds budgeted elsewhere	5,167
Adjustment for encumbrances	671,084
GAAP basis	<u>\$ 977,845</u>

Certain funds that are legally budgeted in separate fund classifications are considered part of the general fund on a GAAP basis. This includes the public school support fund, unclaimed funds, KeyCare fund, employee benefits fund and termination benefits fund.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 16 - CONTINGENCIES

A. Litigation

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

B. Grants

The 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 District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

C. Foundation Funding

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, all ODE adjustments have been made for fiscal year 2021.

NOTE 17 - SET-ASIDES

The 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 and other applicable offsets 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, 2020	\$ -
Current year set-aside requirement	277,201
Current year offsets	(465,399)
Prior year offset from bond proceeds	<u>-</u>
Total	<u>\$ (188,198)</u>
Balance carried forward to fiscal year 2022	<u>\$ -</u>
Set-aside balance June 30, 2021	<u>\$ -</u>

During fiscal years 2004 and 2011, the District issued \$28,999,987 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$27,889,374 at June 30, 2021.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 18 - OTHER COMMITMENTS

The 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. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year End Encumbrances</u>
General fund	\$ 585,463
Nonmajor governmental funds	<u>28,222</u>
Total	<u>\$ 613,685</u>

NOTE 19 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District's investment portfolio and the pension and other employee benefits plan in which the District participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 20 - SUBSEQUENT EVENTS

A. Treasurer Resignation

At the May 3, 2021 special meeting of the Board of Education, the Board approved the resignation of Treasurer/CFO, Michael Resar Sr., effective July 31, 2021. At the June 21, 2021 meeting of the Board of Education, the Board approved the employment of Adam Hines as Treasurer/CFO for a period commencing August 1, 2021 through July 31, 2024.

B. Foundation Funding

For fiscal year 2022, District foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the educating school. For fiscal year 2021, the District reported \$821,533 in revenues and expenditures/expenses related to these programs. Also, during fiscal year 2021, the District reported \$934,906 in tuition and fees from the resident school districts which will be direct funded to the District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each District. The District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

C. Refunding Bonds

In September 2021, the District issued \$14,210,000 in general obligation various purpose improvement refunding bonds.

REQUIRED SUPPLEMENTARY INFORMATION

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.06775950%	0.06384020%	0.06057170%	0.06187920%
District's proportionate share of the net pension liability	\$ 4,481,756	\$ 3,819,671	\$ 3,469,053	\$ 3,697,146
District's covered payroll	\$ 2,231,107	\$ 2,303,533	\$ 2,060,022	\$ 2,061,821
District's proportionate share of the net pension liability as a percentage of its covered payroll	200.88%	165.82%	168.40%	179.31%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

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 District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.06130780%	0.06401860%	0.06877700%	0.06877700%
\$ 4,487,165	\$ 3,652,963	\$ 3,480,765	\$ 4,089,947
\$ 1,911,600	\$ 1,927,291	\$ 1,998,528	\$ 2,048,027
234.73%	189.54%	174.17%	199.70%
62.98%	69.16%	71.70%	65.52%

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.05951526%	0.06025508%	0.05650658%	0.05807199%
District's proportionate share of the net pension liability	\$ 14,400,575	\$ 13,325,049	\$ 12,424,528	\$ 13,795,126
District's covered payroll	\$ 7,297,507	\$ 7,109,636	\$ 6,436,843	\$ 6,336,500
District's proportionate share of the net pension liability as a percentage of its covered payroll	197.34%	187.42%	193.02%	217.71%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

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 District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.05956871%	0.06272226%	0.06769292%	0.06769292%
\$ 19,939,443	\$ 17,334,598	\$ 16,465,261	\$ 19,613,311
\$ 6,302,971	\$ 6,555,057	\$ 6,916,354	\$ 7,108,231
316.35%	264.45%	238.06%	275.92%
66.80%	72.10%	74.70%	69.30%

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 320,529	\$ 312,355	\$ 310,977	\$ 278,103
Contributions in relation to the contractually required contribution	<u>(320,529)</u>	<u>(312,355)</u>	<u>(310,977)</u>	<u>(278,103)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,289,493	\$ 2,231,107	\$ 2,303,533	\$ 2,060,022
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 288,655	\$ 267,624	\$ 254,017	\$ 276,996	\$ 283,447	\$ 282,992
<u>(288,655)</u>	<u>(267,624)</u>	<u>(254,017)</u>	<u>(276,996)</u>	<u>(283,447)</u>	<u>(282,992)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,061,821	\$ 1,911,600	\$ 1,927,291	\$ 1,998,528	\$ 2,048,027	\$ 2,104,030
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,078,626	\$ 1,021,651	\$ 995,349	\$ 901,158
Contributions in relation to the contractually required contribution	<u>(1,078,626)</u>	<u>(1,021,651)</u>	<u>(995,349)</u>	<u>(901,158)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,704,471	\$ 7,297,507	\$ 7,109,636	\$ 6,436,843
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 887,110	\$ 882,416	\$ 917,708	\$ 899,126	\$ 924,070	\$ 904,448
<u>(887,110)</u>	<u>(882,416)</u>	<u>(917,708)</u>	<u>(899,126)</u>	<u>(924,070)</u>	<u>(904,448)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,336,500	\$ 6,302,971	\$ 6,555,057	\$ 6,916,354	\$ 7,108,231	\$ 6,957,292
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.07003360%	0.06545620%	0.06163060%	0.06290550%	0.06215680%
District's proportionate share of the net OPEB liability	\$ 1,522,059	\$ 1,646,086	\$ 1,709,799	\$ 1,688,218	\$ 1,771,699
District's covered payroll	\$ 2,231,107	\$ 2,303,533	\$ 2,060,022	\$ 2,061,821	\$ 1,911,600
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	68.22%	71.46%	83.00%	81.88%	92.68%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	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 District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/asset	0.05951526%	0.06025508%	0.05650658%	0.05807199%	0.05956871%
District's proportionate share of the net OPEB liability/(asset)	\$ (1,045,980)	\$ (997,969)	\$ (908,003)	\$ 2,265,755	\$ 3,185,750
District's covered payroll	\$ 7,297,507	\$ 7,109,636	\$ 6,436,843	\$ 6,336,500	\$ 6,302,971
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.33%	14.04%	14.11%	35.76%	50.54%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	174.70%	176.00%	47.10%	37.30%

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 District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 43,235	\$ 43,665	\$ 51,623	\$ 44,346
Contributions in relation to the contractually required contribution	<u>(43,235)</u>	<u>(43,665)</u>	<u>(51,623)</u>	<u>(44,346)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,289,493	\$ 2,231,107	\$ 2,303,533	\$ 2,060,022
Contributions as a percentage of covered payroll	1.89%	1.96%	2.24%	2.15%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 34,805	\$ 31,573	\$ 51,271	\$ 37,625	\$ 33,408	\$ 40,445
<u>(34,805)</u>	<u>(31,573)</u>	<u>(51,271)</u>	<u>(37,625)</u>	<u>(33,408)</u>	<u>(40,445)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,061,821	\$ 1,911,600	\$ 1,927,291	\$ 1,998,528	\$ 2,048,027	\$ 2,104,030
1.69%	1.65%	2.66%	1.88%	1.63%	1.92%

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,704,471	\$ 7,297,507	\$ 7,109,636	\$ 6,436,843
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ 72,180	\$ 71,082	\$ 69,573
-	-	-	(72,180)	(71,082)	(69,573)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,336,500	\$ 6,302,971	\$ 6,555,057	\$ 6,916,354	\$ 7,108,231	\$ 6,957,292
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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 2019-2021.

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 2018-2021.

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 2019-2021.

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 years 2019-2021.

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 2017-2021.

(Continued)

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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%. For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.

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 increased 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. For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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) 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. For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

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**COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MAJOR FUNDS

General Fund

The general fund is used to account for resources traditionally associated with a school district that are not required legally or by sound financial management to be accounted for in another fund. These activities include, but are not limited to, general instruction, pupil services, operation and maintenance of facilities, student transportation, and administration.

Since there is only one general fund and the legal level of budgetary control is not greater than that presented in the basic financial statements, no additional financial statements are presented here.

Bond Retirement Fund

This fund is used to account for bond levy proceeds that are accumulated for the future repayment of principal and interest on the general obligation debt of the District.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN 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, 2021

	<u>Budgeted Amounts</u>		Variance with Final Budget- Over (Under)
	<u>Final</u>	<u>Actual</u>	
Bond Retirement			
Total Revenues and Other Sources	\$ 2,062,036	\$ 2,075,335	\$ 13,299
Total Expenditures and Other Uses	<u>1,825,200</u>	<u>1,554,209</u>	<u>270,991</u>
Net Change in Fund Balances	236,836	521,126	284,290
Fund Balance, July 1	<u>3,683,064</u>	<u>3,683,064</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 3,919,900</u>	<u>\$ 4,204,190</u>	<u>\$ 284,290</u>

**KEYSTONE LOCAL SCHOOL DISTRICT
COMBINING STATEMENTS - NONMAJOR FUNDS**

Nonmajor Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to capital projects) that are restricted or committed to expenditure for specified purposes. The title of each special revenue fund is descriptive of the activities accounted for therein. The nonmajor special revenue funds are:

Food Services Fund

This fund is used to record financial transactions related to food service operations.

School Trusts Fund

This fund is used to account for trust agreements in which principal and income are used to support District programs.

Other Local Grants Fund

This fund is used to account for the proceeds of specific revenue sources, except for State and federal grants that are legally restricted to expenditures for specified purposes.

Classroom Facilities Maintenance Fund

This fund accounts for the accumulation of earmarked proceeds from an existing permanent improvement levy that are to be used for the maintenance of facilities.

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 typically includes those student activities which consist of a student body, student president, student treasurer and faculty advisor.

Student Activity Fund

A fund provided 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 the athletic programs and the drama program.

Auxiliary Services Fund

A fund provided to account for monies that provide services and materials to pupils attending non-public schools within the District.

Data Communication Fund

A fund provided to account for money for Ohio Educational Computer Network Connections.

Vocational Education Enhancement Fund

This fund is provided to account for Federal monies received for expenses relating to the development of secondary vocational educational programs.

Student Wellness and Success Fund

A fund provided to account for state monies that are restricted for specific purposes related to student wellness including mental health services, services for homeless youth, community liaisons, physical health care services, mentoring programs, family engagement and support services, city connects programming, and professional development regarding competence.

Miscellaneous State Grants Fund

A fund provided to account for State funds not classified elsewhere.

Elementary and Secondary School Emergency Relief (ESSER) Fund

A fund used to account for a federal grant awarded as emergency relief to address the impact that Novel Coronavirus Disease 2019 (COVID-19) has had, and continues to have, on elementary and secondary schools across the nation.

Coronavirus Relief Fund (CRF)

A fund used to accounts for grants provided by the Coronavirus Aid Relief and Economic Security Acts (CARES) Act to support the District's response to the COVID-19 pandemic.

**KEYSTONE LOCAL SCHOOL DISTRICT
COMBINING STATEMENTS - NONMAJOR FUNDS**

Nonmajor Special Revenue Funds (Continued)

IDEA Part B Fund

A fund that accounts for federal funds used 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 preschool, elementary, and secondary levels.

Title I Fund

To account for funds intended to: 1) establish or improve programs designed to meet the special needs of migratory agricultural workers or migratory fishers and 2) enable State education agencies to coordinate their migrant education programs and local projects with similar programs and projects in other states, including the transfer of school records or other information about migratory children.

Supporting Effective Instruction

This fund accounts for a federal grant aimed at reducing class sizes throughout the District.

Miscellaneous Federal Grants Fund

To account for federal grants not classified elsewhere.

The following funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis):

Unclaimed Monies Fund

This fund accounts for revenues and expenses involved in securing unclaimed funds.

Public School Support Fund

A fund provided to account for special local revenue sources, other than taxes or expendable trusts (i.e., profits from vending machines), that are assigned to expenditures for specified purposes approved by Board of Education resolution. Such expenditures may include curricular and extracurricular related purchases.

KeyCare Fund

This fund accounts for parental fees collected and expended in conjuncture with the District's before and after school child care program.

Employee Benefits Fund

This fund accounts for internal activity related to the acquisition of the District's employee benefits.

Termination Benefits Fund

This fund acquires and distributes monies for retirees and other qualifying individuals leaving the District in accordance with the District's severance policy.

Nonmajor Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The nonmajor capital projects funds are:

Permanent Improvement Fund

To account for the construction and acquiring of permanent improvements.

Building Fund

To account for the acquisition, construction, or improvement of capital facilities.

Classroom Facilities Fund

The classroom facilities fund is used to account for financial resources and expenditures related to the school facilities construction project.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 390,282	\$ 2,834,818	\$ 3,225,100
Receivables:			
Property taxes	-	378,815	378,815
Intergovernmental	57,655	-	57,655
Prepayments	355	-	355
Materials and supplies inventory	2,649	-	2,649
Inventory held for resale	5,375	-	5,375
Total assets	\$ 456,316	\$ 3,213,633	\$ 3,669,949
Liabilities:			
Accounts payable	\$ 3,276	\$ -	\$ 3,276
Accrued wages and benefits payable	115,251	-	115,251
Intergovernmental payable	1,595	-	1,595
Pension and postemployment obligation payable	23,117	-	23,117
Interfund loans payable	5,000	-	5,000
Total liabilities	148,239	-	148,239
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	-	288,409	288,409
Delinquent property tax revenue not available	-	46,461	46,461
Intergovernmental revenue not available	37,974	-	37,974
Total deferred inflows of resources	37,974	334,870	372,844
Fund balances:			
Nonspendable:			
Materials and supplies inventory	2,649	-	2,649
Prepays	355	-	355
Restricted:			
Capital improvements	-	2,878,763	2,878,763
Food service operations	196,293	-	196,293
Non-public schools	3,389	-	3,389
State funded programs	16,603	-	16,603
Extracurricular activities	68,049	-	68,049
Other purposes	40,964	-	40,964
Unassigned (deficit)	(58,199)	-	(58,199)
Total fund balances	270,103	2,878,763	3,148,866
Total liabilities, deferred inflows of resources and fund balances	\$ 456,316	\$ 3,213,633	\$ 3,669,949

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
From local sources:			
Property taxes	\$ 132,131	\$ 160,908	\$ 293,039
Intergovernmental	1,708,798	31,868	1,740,666
Investment earnings	874	372	1,246
Extracurricular	66,205	-	66,205
Charges for services	50,662	-	50,662
Contributions and donations	34,939	-	34,939
Miscellaneous	1,153	-	1,153
Total revenues	1,994,762	193,148	2,187,910
Expenditures:			
Current:			
Instruction:			
Regular	65,157	-	65,157
Special	545,441	-	545,441
Vocational	990	-	990
Support services:			
Pupil	130,683	-	130,683
Instructional staff	218,993	-	218,993
Fiscal	-	3,510	3,510
Operations and maintenance	65,772	-	65,772
Pupil transportation	32,667	-	32,667
Central	5,400	-	5,400
Operation of non-instructional services:			
Food service operations	559,843	-	559,843
Other non-instructional services	106,297	-	106,297
Extracurricular activities	108,884	-	108,884
Facilities acquisition and construction	24,939	1,741	26,680
Debt service:			
Principal retirement	51,082	219,851	270,933
Interest and fiscal charges	51,952	36,506	88,458
Total expenditures	1,968,100	261,608	2,229,708
Excess (deficiency) of revenues over (under) expenditures	26,662	(68,460)	(41,798)
Other financing sources:			
Transfers in	5,000	-	5,000
Total other financing sources	5,000	-	5,000
Net change in fund balances	31,662	(68,460)	(36,798)
Fund balances, July 1	238,441	2,947,223	3,185,664
Fund balances, June 30	\$ 270,103	\$ 2,878,763	\$ 3,148,866

KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2021

	<u>Food Services</u>	<u>School Trusts</u>	<u>Other Local Grants</u>	<u>Classroom Facilities Maintenance</u>
Assets:				
Equity in pooled cash and investments	\$ 236,275	\$ 9,558	\$ 31,406	\$ 554
Receivables:				
Intergovernmental	-	-	-	-
Prepayments	355	-	-	-
Materials and supplies inventory	2,649	-	-	-
Inventory held for resale	5,375	-	-	-
Total assets	<u>\$ 244,654</u>	<u>\$ 9,558</u>	<u>\$ 31,406</u>	<u>\$ 554</u>
Liabilities:				
Accounts payable	\$ 839	\$ -	\$ -	\$ 554
Accrued wages and benefits payable	32,981	-	-	-
Intergovernmental payable	402	-	-	-
Pension and postemployment obligation payable	11,135	-	-	-
Interfund loans payable	-	-	-	-
Total liabilities	<u>45,357</u>	<u>-</u>	<u>-</u>	<u>554</u>
Deferred inflows of resources:				
Intergovernmental revenue not available	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	2,649	-	-	-
Prepays	355	-	-	-
Restricted:				
Food service operations	196,293	-	-	-
Non-public schools	-	-	-	-
State funded programs	-	-	-	-
Extracurricular activities	-	-	-	-
Other purposes	-	9,558	31,406	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficits)	<u>199,297</u>	<u>9,558</u>	<u>31,406</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 244,654</u>	<u>\$ 9,558</u>	<u>\$ 31,406</u>	<u>\$ 554</u>

Student Managed Activity	Student Activity	Auxiliary Services	Student Wellness and Success	Miscellaneous State Grants	IDEA Part B
\$ 49,001	\$ 20,931	\$ 3,389	\$ 5,473	\$ 11,130	\$ 13,112
-	-	-	-	-	28,620
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 49,001</u>	<u>\$ 20,931</u>	<u>\$ 3,389</u>	<u>\$ 5,473</u>	<u>\$ 11,130</u>	<u>\$ 41,732</u>
\$ 12	\$ 1,871	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	52,356
-	-	-	-	-	759
-	-	-	-	-	7,694
-	-	-	-	-	-
<u>12</u>	<u>1,871</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,809</u>
-	-	-	-	-	19,575
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,575</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	3,389	-	-	-
-	-	-	5,473	11,130	-
48,989	19,060	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(38,652)
<u>48,989</u>	<u>19,060</u>	<u>3,389</u>	<u>5,473</u>	<u>11,130</u>	<u>(38,652)</u>
<u>\$ 49,001</u>	<u>\$ 20,931</u>	<u>\$ 3,389</u>	<u>\$ 5,473</u>	<u>\$ 11,130</u>	<u>\$ 41,732</u>

KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS (CONCLUDED)
 JUNE 30, 2021

	<u>Title I</u>	<u>Supporting Effective Instruction</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets:				
Equity in pooled cash and investments	\$ 7,041	\$ 2,412	\$ -	\$ 390,282
Receivables:				
Intergovernmental	25,355	2,588	1,092	57,655
Prepayments	-	-	-	355
Materials and supplies inventory	-	-	-	2,649
Inventory held for resale	-	-	-	5,375
Total assets	<u>\$ 32,396</u>	<u>\$ 5,000</u>	<u>\$ 1,092</u>	<u>\$ 456,316</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 3,276
Accrued wages and benefits payable	29,914	-	-	115,251
Intergovernmental payable	434	-	-	1,595
Pension and postemployment obligation payable	4,288	-	-	23,117
Interfund loans payable	-	5,000	-	5,000
Total liabilities	<u>34,636</u>	<u>5,000</u>	<u>-</u>	<u>148,239</u>
Deferred inflows of resources:				
Intergovernmental revenue not available	14,719	2,588	1,092	37,974
Total deferred inflows of resources	<u>14,719</u>	<u>2,588</u>	<u>1,092</u>	<u>37,974</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	-	2,649
Prepays	-	-	-	355
Restricted:				
Food service operations	-	-	-	196,293
Non-public schools	-	-	-	3,389
State funded programs	-	-	-	16,603
Extracurricular activities	-	-	-	68,049
Other purposes	-	-	-	40,964
Unassigned (deficit)	<u>(16,959)</u>	<u>(2,588)</u>	<u>-</u>	<u>(58,199)</u>
Total fund balances	<u>(16,959)</u>	<u>(2,588)</u>	<u>-</u>	<u>270,103</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 32,396</u>	<u>\$ 5,000</u>	<u>\$ 1,092</u>	<u>\$ 456,316</u>

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**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Food Services</u>	<u>School Trusts</u>	<u>Other Local Grants</u>	<u>Classroom Facilities Maintenance</u>
Revenues:				
From local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ 132,131
Intergovernmental	560,462	-	10,200	-
Investment earnings	794	-	-	-
Extracurricular	-	-	-	-
Charges for services	50,662	-	-	-
Contributions and donations	-	25,439	9,500	-
Miscellaneous	-	-	-	-
Total revenues	<u>611,918</u>	<u>25,439</u>	<u>19,700</u>	<u>132,131</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	26,000	2,447	-
Special	-	-	-	-
Vocational	-	-	-	-
Support services:				
Pupil	-	-	6,662	-
Instructional staff	-	-	-	-
Operations and maintenance	-	-	-	4,158
Pupil transportation	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services:				
Food service operations	559,843	-	-	-
Other non-instructional services	-	-	-	-
Extracurricular activities	-	-	7,169	-
Facilities acquisition and construction	-	-	-	24,939
Debt service:				
Principal retirement	-	-	-	51,082
Interest and fiscal charges	-	-	-	51,952
Total expenditures	<u>559,843</u>	<u>26,000</u>	<u>16,278</u>	<u>132,131</u>
Excess (deficiency) of revenues over (under) expenditures	<u>52,075</u>	<u>(561)</u>	<u>3,422</u>	<u>-</u>
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	52,075	(561)	3,422	-
Fund balances (deficit), July 1	<u>147,222</u>	<u>10,119</u>	<u>27,984</u>	<u>-</u>
Fund balances (deficit), June 30	<u>\$ 199,297</u>	<u>\$ 9,558</u>	<u>\$ 31,406</u>	<u>\$ -</u>

Student Managed Activity	Student Activity	Auxiliary Services	Data Communication	Vocational Education Enhancement	Student Wellness and Success
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	97,377	5,400	6,386	87,905
-	-	80	-	-	-
17,714	48,491	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,153	-	-	-	-
<u>17,714</u>	<u>49,644</u>	<u>97,457</u>	<u>5,400</u>	<u>6,386</u>	<u>87,905</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	120,843
-	-	-	-	6,386	-
-	-	-	-	-	-
-	-	-	5,400	-	-
-	-	-	-	-	-
-	-	102,721	-	-	-
22,237	79,478	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>22,237</u>	<u>79,478</u>	<u>102,721</u>	<u>5,400</u>	<u>6,386</u>	<u>120,843</u>
<u>(4,523)</u>	<u>(29,834)</u>	<u>(5,264)</u>	<u>-</u>	<u>-</u>	<u>(32,938)</u>
-	5,000	-	-	-	-
-	5,000	-	-	-	-
(4,523)	(24,834)	(5,264)	-	-	(32,938)
<u>53,512</u>	<u>43,894</u>	<u>8,653</u>	<u>-</u>	<u>-</u>	<u>38,411</u>
<u>\$ 48,989</u>	<u>\$ 19,060</u>	<u>\$ 3,389</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,473</u>

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONCLUDED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Miscellaneous State Grants	Elementary and Secondary School Emergency Relief	Coronavirus Relief	IDEA Part B
Revenues:				
From local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	40,508	137,294	129,923	372,688
Investment earnings	-	-	-	-
Extracurricular	-	-	-	-
Charges for services	-	-	-	-
Contributions and donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	40,508	137,294	129,923	372,688
Expenditures:				
Current:				
Instruction:				
Regular	-	24,226	10,357	-
Special	-	-	-	351,882
Vocational	-	-	-	-
Support services:				
Pupil	-	-	3,178	-
Instructional staff	-	109,492	55,149	-
Operations and maintenance	375	-	61,239	-
Pupil transportation	32,667	-	-	-
Central	-	-	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	-
Other non-instructional services	-	3,576	-	-
Extracurricular activities	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	33,042	137,294	129,923	351,882
Excess (deficiency) of revenues over (under) expenditures	7,466	-	-	20,806
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances	7,466	-	-	20,806
Fund balances (deficit), July 1	3,664	-	-	(59,458)
Fund balances (deficit), June 30	\$ 11,130	\$ -	\$ -	\$ (38,652)

Title I	Supporting Effective Instruction	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 132,131
211,081	40,609	8,965	1,708,798
-	-	-	874
-	-	-	66,205
-	-	-	50,662
-	-	-	34,939
-	-	-	1,153
<u>211,081</u>	<u>40,609</u>	<u>8,965</u>	<u>1,994,762</u>
-	-	2,127	65,157
193,559	-	-	545,441
990	-	-	990
-	-	-	130,683
-	41,197	6,769	218,993
-	-	-	65,772
-	-	-	32,667
-	-	-	5,400
-	-	-	559,843
-	-	-	106,297
-	-	-	108,884
-	-	-	24,939
-	-	-	51,082
-	-	-	51,952
<u>194,549</u>	<u>41,197</u>	<u>8,896</u>	<u>1,968,100</u>
<u>16,532</u>	<u>(588)</u>	<u>69</u>	<u>26,662</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
16,532	(588)	69	31,662
(33,491)	(2,000)	(69)	238,441
<u>\$ (16,959)</u>	<u>\$ (2,588)</u>	<u>\$ -</u>	<u>\$ 270,103</u>

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**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN 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, 2021

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
Food Services			
Total Revenues and Other Sources	\$ 496,975	\$ 567,762	\$ 70,787
Total Expenditures and Other Uses	<u>577,721</u>	<u>526,050</u>	<u>51,671</u>
Net Change in Fund Balances	(80,746)	41,712	122,458
Fund Balance, July 1	179,925	179,925	-
Prior Year Encumbrances Appropriated	<u>3,721</u>	<u>3,721</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 102,900</u>	<u>\$ 225,358</u>	<u>\$ 122,458</u>
School Trusts			
Total Revenues and Other Sources	\$ 25,439	\$ 30,714	\$ 5,275
Total Expenditures and Other Uses	<u>34,750</u>	<u>33,275</u>	<u>1,475</u>
Net Change in Fund Balances	(9,311)	(2,561)	6,750
Fund Balance, July 1	6,369	6,369	-
Prior Year Encumbrances Appropriated	<u>5,750</u>	<u>5,750</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 2,808</u>	<u>\$ 9,558</u>	<u>\$ 6,750</u>
Other Local Grants			
Total Revenues and Other Sources	\$ 18,050	\$ 19,700	\$ 1,650
Total Expenditures and Other Uses	<u>38,734</u>	<u>20,919</u>	<u>17,815</u>
Net Change in Fund Balances	(20,684)	(1,219)	19,465
Fund Balance, July 1	<u>27,984</u>	<u>27,984</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 7,300</u>	<u>\$ 26,765</u>	<u>\$ 19,465</u>

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN 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, 2021

	<u>Budgeted Amounts</u>		Variance with Final Budget- Over (Under)
	<u>Final</u>	<u>Actual</u>	
Classroom Facilities Maintenance			
Total Revenues and Other Sources	\$ 132,131	\$ 132,131	\$ -
Total Expenditures and Other Uses	<u>132,131</u>	<u>131,577</u>	<u>554</u>
Net Change in Fund Balances	-	554	554
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 554</u>	<u>\$ 554</u>
Student Managed Activity			
Total Revenues and Other Sources	\$ 15,450	\$ 17,714	\$ 2,264
Total Expenditures and Other Uses	<u>43,319</u>	<u>22,751</u>	<u>20,568</u>
Net Change in Fund Balances	(27,869)	(5,037)	22,832
Fund Balance, July 1	52,719	52,719	-
Prior Year Encumbrances Appropriated	<u>1,319</u>	<u>1,319</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 26,169</u>	<u>\$ 49,001</u>	<u>\$ 22,832</u>
Student Activity			
Total Revenues and Other Sources	\$ 54,042	\$ 54,644	\$ 602
Total Expenditures and Other Uses	<u>82,250</u>	<u>81,443</u>	<u>807</u>
Net Change in Fund Balances	(28,208)	(26,799)	1,409
Fund Balance, July 1	43,644	43,644	-
Prior Year Encumbrances Appropriated	<u>250</u>	<u>250</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 15,686</u>	<u>\$ 17,095</u>	<u>\$ 1,409</u>

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN 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, 2021

	<u>Budgeted Amounts</u>		Variance with Final Budget- Over (Under)
	<u>Final</u>	<u>Actual</u>	
Auxiliary Services			
Total Revenues and Other Sources	\$ 97,456	\$ 97,457	\$ 1
Total Expenditures and Other Uses	<u>106,273</u>	<u>106,271</u>	<u>2</u>
Net Change in Fund Balances	(8,817)	(8,814)	3
Fund Balance, July 1	8,647	8,647	-
Prior Year Encumbrances Appropriated	<u>169</u>	<u>169</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ (1)</u></u>	<u><u>\$ 2</u></u>	<u><u>\$ 3</u></u>
Data Communication			
Total Revenues and Other Sources	\$ 5,400	\$ 5,400	\$ -
Total Expenditures and Other Uses	<u>5,400</u>	<u>5,400</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></u>	<u><u>\$ -</u></u>
Vocational Education Enhancement			
Total Revenues and Other Sources	\$ 8,000	\$ 6,386	\$ (1,614)
Total Expenditures and Other Uses	<u>8,000</u>	<u>6,386</u>	<u>1,614</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></u>	<u><u>\$ -</u></u>

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN 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, 2021

	<u>Budgeted Amounts</u>		Variance with Final Budget- Over (Under)
	<u>Final</u>	<u>Actual</u>	
Student Wellness and Success			
Total Revenues and Other Sources	\$ 87,905	\$ 87,905	\$ -
Total Expenditures and Other Uses	<u>126,316</u>	<u>120,843</u>	<u>5,473</u>
Net Change in Fund Balances	(38,411)	(32,938)	5,473
Fund Balance, July 1	<u>38,411</u>	<u>38,411</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 5,473</u>	<u>\$ 5,473</u>
Miscellaneous State Grants			
Total Revenues and Other Sources	\$ 40,508	\$ 40,508	\$ -
Total Expenditures and Other Uses	<u>44,172</u>	<u>40,113</u>	<u>4,059</u>
Net Change in Fund Balances	(3,664)	395	4,059
Fund Balance, July 1	<u>3,664</u>	<u>3,664</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 4,059</u>	<u>\$ 4,059</u>
Elementary and Secondary School Emergency Relief			
Total Revenues and Other Sources	\$ 137,294	\$ 137,294	\$ -
Total Expenditures and Other Uses	<u>137,294</u>	<u>137,294</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>

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN 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, 2021

	<u>Budgeted Amounts</u>		Variance with Final Budget- Over (Under)
	<u>Final</u>	<u>Actual</u>	
Coronavirus Relief Fund			
Total Revenues and Other Sources	\$ 129,923	\$ 129,923	\$ -
Total Expenditures and Other Uses	<u>129,923</u>	<u>129,923</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></u>	<u><u>\$ -</u></u>
IDEA Part B			
Total Revenues and Other Sources	\$ 392,262	\$ 363,643	\$ (28,619)
Total Expenditures and Other Uses	<u>392,262</u>	<u>350,531</u>	<u>41,731</u>
Net Change in Fund Balances	-	13,112	13,112
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ 13,112</u></u>	<u><u>\$ 13,112</u></u>
Title I			
Total Revenues and Other Sources	\$ 233,422	\$ 200,445	\$ (32,977)
Total Expenditures and Other Uses	<u>233,422</u>	<u>193,404</u>	<u>40,018</u>
Net Change in Fund Balances	-	7,041	7,041
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ 7,041</u></u>	<u><u>\$ 7,041</u></u>

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN 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, 2021

	<u>Budgeted Amounts</u>		Variance with Final Budget- Over (Under)
	<u>Final</u>	<u>Actual</u>	
Supporting Effective Instruction			
Total Revenues and Other Sources	\$ 63,125	\$ 45,609	\$ (17,516)
Total Expenditures and Other Uses	<u>63,125</u>	<u>43,197</u>	<u>19,928</u>
Net Change in Fund Balances	-	2,412	2,412
Fund Balance (deficit), July 1	(3,500)	(3,500)	-
Prior Year Encumbrances Appropriated	<u>3,500</u>	<u>3,500</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 2,412</u>	<u>\$ 2,412</u>
Miscellaneous Federal Grants			
Total Revenues and Other Sources	\$ 13,799	\$ 8,965	\$ (4,834)
Total Expenditures and Other Uses	<u>13,799</u>	<u>8,965</u>	<u>4,834</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>

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN 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, 2021

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
Unclaimed Monies			
Total Revenues and Other Sources	\$ 1,000	\$ 2,040	\$ 1,040
Total Expenditures and Other Uses	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Net Change in Fund Balances	-	1,040	1,040
Fund Balance, July 1	<u>549</u>	<u>549</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 549</u>	<u>\$ 1,589</u>	<u>\$ 1,040</u>
Public School Support			
Total Revenues and Other Sources	\$ 15,525	\$ 16,407	\$ 882
Total Expenditures and Other Uses	<u>37,010</u>	<u>31,387</u>	<u>5,623</u>
Net Change in Fund Balances	(21,485)	(14,980)	6,505
Fund Balance, July 1	36,600	36,600	-
Prior Year Encumbrances Appropriated	<u>3,010</u>	<u>3,010</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 18,125</u>	<u>\$ 24,630</u>	<u>\$ 6,505</u>
KeyCare			
Total Revenues and Other Sources	\$ 80,678	\$ 80,995	\$ 317
Total Expenditures and Other Uses	<u>80,000</u>	<u>79,373</u>	<u>627</u>
Net Change in Fund Balances	678	1,622	944
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 678</u>	<u>\$ 1,622</u>	<u>\$ 944</u>

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN 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, 2021

	<u>Budgeted Amounts</u>		Variance with Final Budget- Over (Under)
	<u>Final</u>	<u>Actual</u>	
Employee Benefits			
Total Revenues and Other Sources	\$ 65,545	\$ 65,545	\$ -
Total Expenditures and Other Uses	<u>102,928</u>	<u>97,046</u>	<u>5,882</u>
Net Change in Fund Balances	(37,383)	(31,501)	5,882
Fund Balance (deficit), July 1	(3,522)	(3,522)	-
Prior Year Encumbrances Appropriated	<u>40,905</u>	<u>40,905</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 5,882</u>	<u>\$ 5,882</u>
Termination Benefits			
Total Revenues and Other Sources	\$ 60,000	\$ 60,000	\$ -
Total Expenditures and Other Uses	<u>60,000</u>	<u>12,609</u>	<u>47,391</u>
Net Change in Fund Balances	-	47,391	47,391
Fund Balance, July 1	<u>6,023</u>	<u>6,023</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 6,023</u>	<u>\$ 53,414</u>	<u>\$ 47,391</u>

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**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2021

	Permanent Improvement	Building	Classroom Facilities	Total Nonmajor Capital Projects Funds
Assets:				
Equity in pooled cash and investments	\$ 231,274	\$ 648,190	\$ 1,955,354	\$ 2,834,818
Receivables:				
Property taxes	378,815	-	-	378,815
Total assets	\$ 610,089	\$ 648,190	\$ 1,955,354	\$ 3,213,633
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	\$ 288,409	\$ -	\$ -	\$ 288,409
Delinquent property tax revenue not available	46,461	-	-	46,461
Total deferred inflows of resources	334,870	-	-	334,870
Fund balances:				
Restricted:				
Capital improvements	275,219	648,190	1,955,354	2,878,763
Total fund balances	275,219	648,190	1,955,354	2,878,763
Total liabilities, deferred inflows of resources and fund balances	\$ 610,089	\$ 648,190	\$ 1,955,354	\$ 3,213,633

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Classroom Facilities</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 160,908	\$ -	\$ -	\$ 160,908
Intergovernmental	31,868	-	-	31,868
Investment earnings	-	-	372	372
Total revenues	<u>192,776</u>	<u>-</u>	<u>372</u>	<u>193,148</u>
Expenditures:				
Support services:				
Fiscal	3,510	-	-	3,510
Facilities acquisition and construction	1,741	-	-	1,741
Debt service:				
Principal retirement	148,559	71,292	-	219,851
Interest and fiscal charges	14,059	22,447	-	36,506
Total expenditures	<u>167,869</u>	<u>93,739</u>	<u>-</u>	<u>261,608</u>
Net change in fund balances	24,907	(93,739)	372	(68,460)
Fund balances, July 1	250,312	741,929	1,954,982	2,947,223
Fund balances, June 30	<u>\$ 275,219</u>	<u>\$ 648,190</u>	<u>\$ 1,955,354</u>	<u>\$ 2,878,763</u>

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN 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, 2021

	<u>Budgeted Amounts</u>		Variance with Final Budget- Over (Under)
	<u>Final</u>	<u>Actual</u>	
Permanent Improvement			
Total Revenues and Other Sources	\$ 333,268	\$ 333,268	\$ -
Total Expenditures and Other Uses	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net Change in Fund Balances	33,268	33,268	-
Fund Balance, July 1	<u>198,006</u>	<u>198,006</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 231,274</u>	<u>\$ 231,274</u>	<u>\$ -</u>
Building			
Total Expenditures and Other Uses	<u>\$ 741,929</u>	<u>\$ 93,739</u>	<u>\$ 648,190</u>
Net Change in Fund Balances	(741,929)	(93,739)	648,190
Fund Balance, July 1	<u>741,929</u>	<u>741,929</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 648,190</u>	<u>\$ 648,190</u>
Classroom Facilities			
Total Revenues and Other Sources	\$ 356	\$ 372	\$ 16
Total Expenditures and Other Uses	<u>1,955,336</u>	<u>-</u>	<u>1,955,336</u>
Net Change in Fund Balances	(1,954,980)	372	1,955,352
Fund Balance, July 1	<u>1,954,982</u>	<u>1,954,982</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 2</u>	<u>\$ 1,955,354</u>	<u>\$ 1,955,352</u>

STATISTICAL SECTION

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**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

STATISTICAL SECTION

This part of the Keystone Local School District's annual comprehensive 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.	130-143
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	144-149
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.	150-153
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.	154-155
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.	156-162

Sources: Sources are noted on the individual schedules.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

	<u>2021</u>	<u>2020</u>	<u>2019 (d)</u>	<u>2018</u>
Governmental activities				
Net investment in capital assets	\$ 16,614,924	\$ 16,702,866	\$ 17,649,760	\$ 19,128,020
Restricted	7,728,875	6,803,005	6,463,681	5,475,194
Unrestricted (deficit)	<u>(10,045,836)</u>	<u>(10,428,134)</u>	<u>(10,277,849)</u>	<u>(13,246,028)</u>
Total governmental activities net position	<u>\$ 14,297,963</u>	<u>\$ 13,077,737</u>	<u>\$ 13,835,592</u>	<u>\$ 11,357,186</u>

Source: School District financial records.

- Notes:** (a) Amounts have been restated to reflect the implementation of GASB Statements 63 and 65 in fiscal year 2013.
 (b) Amounts have been restated to reflect the implementation of GASB Statement 68 in fiscal year 2015.
 (c) Amounts have been restated to reflect the implementation of GASB Statement 75 in fiscal year 2017.
 (d) Amounts have been restated to reflect the implementation of GASB Statement 84 in fiscal year 2019.

<u>2017 (c)</u>	<u>2016</u>	<u>2015</u>	<u>2014 (b)</u>	<u>2013</u>	<u>2012 (a)</u>
\$ 19,396,434	\$ 20,670,900	\$ 15,980,229	\$ 6,260,303	\$ 3,218,793	\$ 3,118,131
5,846,570	5,786,670	10,513,353	19,303,893	23,173,283	2,671,345
(23,584,996)	(19,669,595)	(21,156,996)	(20,969,425)	3,066,465	3,883,911
<u>\$ 1,658,008</u>	<u>\$ 6,787,975</u>	<u>\$ 5,336,586</u>	<u>\$ 4,594,771</u>	<u>\$ 29,458,541</u>	<u>\$ 9,673,387</u>

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Expenses				
Governmental activities:				
Instruction:				
Regular	\$ 9,105,296	\$ 8,266,184	\$ 6,904,657	\$ 4,025,466
Special	2,817,261	2,815,923	2,180,434	1,291,446
Vocational	82,991	77,447	43,760	9,178
Other	43,824	131,335	102,998	9,580
Support services:				
Pupil	930,652	914,590	754,305	407,000
Instructional staff	754,559	916,165	873,713	489,301
Board of education	59,457	53,258	18,982	38,496
Administration	1,599,296	1,813,712	1,477,129	698,398
Fiscal	639,894	632,721	515,630	360,634
Operations and maintenance	1,646,373	1,447,298	1,626,120	1,320,970
Pupil transportation	900,509	1,247,082	859,225	545,713
Central	236,419	252,023	231,066	195,057
Operation of non-instructional services:				
Food service operations	602,035	591,823	547,805	422,909
Latchkey operations	47,237	83,256	83,289	65,296
Other non-instructional services	143,523	108,227	137,706	-
Extracurricular activities	682,283	885,006	531,060	293,905
Interest and fiscal charges	1,055,626	1,141,448	1,262,004	1,183,108
Bond issuance costs	-	-	-	-
Total governmental activities expenses	<u>21,347,235</u>	<u>21,377,498</u>	<u>18,149,883</u>	<u>11,356,457</u>

Source: School District financial records.

Note: (a) Amounts have been restated to reflect the implementation of GASB Statements 63 and 65 in fiscal year 2013.

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012 (a)</u>
\$	8,308,039	\$ 7,284,769	\$ 7,480,329	\$ 8,574,984	\$ 8,089,685	\$ 7,812,891
	2,232,820	2,026,102	2,110,500	2,211,408	1,908,297	1,752,181
	61,791	55,856	53,748	55,253	73,140	106,481
	40,307	49,881	94,524	93,531	102,219	100,517
	869,824	847,757	884,804	1,000,941	982,553	1,018,365
	543,362	593,048	525,268	450,809	438,155	507,328
	36,830	51,846	49,765	44,537	31,080	51,535
	1,408,658	1,311,080	1,359,148	1,415,995	1,328,357	1,170,114
	536,526	509,138	569,229	470,323	486,395	497,950
	1,696,599	1,419,131	1,250,935	1,455,702	1,489,655	1,273,567
	979,817	835,930	975,122	1,006,710	922,047	963,081
	322,421	237,935	262,348	345,561	347,854	478,171
	552,148	559,389	562,684	579,067	533,896	542,523
	81,953	107,112	70,659	69,748	61,874	54,577
	130,152	55,424	54,400	56,790	121,521	62,265
	612,758	487,692	469,386	463,359	456,214	522,179
	1,146,379	1,136,027	1,209,134	1,401,336	1,292,291	1,363,542
	-	-	-	136,589	97,895	121,118
	<u>19,560,384</u>	<u>17,568,117</u>	<u>17,981,983</u>	<u>19,832,643</u>	<u>18,763,128</u>	<u>18,398,385</u>

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

Program Revenues	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Governmental activities:				
Charges for services and sales:				
Instruction:				
Regular	\$ 997,277	\$ 1,172,452	\$ 1,214,207	\$ 1,331,202
Special	118,034	98,269	112,810	140,998
Support services:				
Pupil	-	36,125	41,308	16,387
Instructional staff	-	-	-	-
Operations and maintenance	1,580	2,610	2,830	5,110
Operation of non-instructional services:				
Food service operations	50,662	205,736	278,846	279,029
Latchkey operations	55,995	65,587	62,948	66,614
Extracurricular activities	66,205	129,468	90,368	81,637
Operating grants and contributions:				
Instruction:				
Regular	65,126	34,307	32,221	35,472
Special	891,346	839,660	787,445	786,866
Vocational	10,687	9,613	9,613	9,613
Other	-	-	-	-
Support services:				
Pupil	99,146	76,853	7,991	19,999
Instructional staff	207,170	58,338	64,917	55,517
Administration	-	-	-	-
Fiscal	-	-	-	-
Operations and maintenance	68,685	28,114	-	-
Pupil transportation	51,823	41,126	45,500	40,472
Central	5,400	5,400	5,400	5,400
Operation of non-instructional services:				
Food service operations	561,256	231,819	261,864	254,249
Other non-instructional services	101,033	110,991	92,980	81,060
Extracurricular activities	9,829	-	17,945	1,249
Capital grants and contributions:				
Instruction:				
Regular	-	-	-	-
Support services:				
Fiscal	-	-	-	-
Operations and maintenance	-	750	-	-
Pupil transportation	33,062	-	-	-
Central	-	-	-	-
Extracurricular activities	-	-	-	-
Total governmental program revenues	<u>3,394,316</u>	<u>3,147,218</u>	<u>3,129,193</u>	<u>3,210,874</u>
Net (Expense)/Revenue				
Governmental activities	<u>\$ (17,952,919)</u>	<u>\$ (18,230,280)</u>	<u>\$ (15,020,690)</u>	<u>\$ (8,145,583)</u>

Source: School District financial records.

Note: (a) Amounts have been restated to reflect the implementation of GASB Statements 63 and 65 in fiscal year 2013.

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012 (a)</u>
\$	1,131,879	\$ 1,350,001	\$ 1,384,027	\$ 1,364,746	\$ 1,134,614	\$ 932,268
	212,497	20,689	113,002	122,879	78,169	72,099
	14,378	14,228	34,014	19,725	13,264	16,096
	-	-	-	569	233	647
	4,510	3,140	4,333	3,488	5,222	7,817
	258,099	316,062	302,418	310,241	304,011	342,533
	71,744	98,586	88,699	71,374	69,584	66,420
	81,918	72,874	76,494	77,708	75,616	83,892
	21,083	25,856	30,369	2,000	8,432	31,040
	837,707	797,233	843,280	812,388	630,854	602,357
	9,542	6,282	12,860	12,692	12,863	12,863
	4,067	-	7,821	9,508	23,638	19,839
	90,939	117,066	135,073	127,683	101,992	133,264
	59,319	53,629	54,270	96,284	82,318	91,219
	-	-	-	-	22,413	13,695
	-	-	356	1,064	-	4,644
	-	-	-	-	-	-
	57,852	77,062	63,697	63,579	62,690	64,427
	5,400	5,400	5,400	5,400	5,400	5,400
	280,143	253,124	248,907	247,746	234,298	240,032
	102,423	66,156	48,078	66,177	76,031	76,568
	-	37	134	253	834	4,053
	12,509	5,628	17,067	77,151	148,917	5,625
	-	-	-	571	2,857	461
	-	-	-	-	791	2,845
	30,970	-	-	3,608	-	8,154
	-	-	-	1,286	10,226	307
	-	-	1,900	101	-	-
	<u>3,286,979</u>	<u>3,283,053</u>	<u>3,472,199</u>	<u>3,498,221</u>	<u>3,105,267</u>	<u>2,838,565</u>
	<u>\$ (16,273,405)</u>	<u>\$ (14,285,064)</u>	<u>\$ (14,509,784)</u>	<u>\$ (16,334,422)</u>	<u>\$ (15,657,861)</u>	<u>\$ (15,559,820)</u>

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

General Revenues and Other Changes in Net Position

Governmental activities:	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Property taxes levied for:				
General purposes	\$ 9,581,558	\$ 8,309,729	\$ 7,529,274	\$ 8,307,763
Debt service	1,417,207	1,372,679	1,331,770	1,498,320
Capital outlay	190,926	131,675	111,068	132,109
Special revenue	-	132,131	-	-
Classroom facilities maintenance	132,131	-	132,131	132,131
Grants and entitlements not restricted to specific programs	7,451,100	6,939,206	7,372,048	7,398,159
Grants and entitlements not restricted to capital projects	-	-	-	-
Grants and entitlements restricted for Ohio Facilities Construction Commission	-	-	-	-
Investment earnings	96,195	544,920	151,607	53,796
Increase (decrease) in fair value of investments	(57,091)	-	-	-
Miscellaneous	361,119	42,085	820,737	322,483
Total governmental activities	<u>19,173,145</u>	<u>17,472,425</u>	<u>17,448,635</u>	<u>17,844,761</u>
 Change in Net Position				
Governmental activities	<u>\$ 1,220,226</u>	<u>\$ (757,855)</u>	<u>\$ 2,427,945</u>	<u>\$ 9,699,178</u>

Source: School District financial records.

Note: (a) Amounts have been restated to reflect the implementation of GASB Statements 63 and 65 in fiscal year 2013.

	2017	2016	2015	2014	2013	2012 (a)
\$	6,935,066	\$ 6,404,044	\$ 4,982,929	\$ 5,060,622	\$ 5,095,630	\$ 5,596,868
	1,260,754	1,242,881	1,149,955	1,106,042	1,154,297	1,388,241
	87,676	91,270	86,053	89,017	90,534	243,854
	-	-	132,131	132,131	132,131	-
	132,131	132,131	-	-	-	-
	7,317,187	7,238,844	1,447,644	7,279,900	7,377,981	7,570,683
	-	257,130	-	-	-	-
	-	-	7,112,230	-	21,293,978	-
	30,652	99,196	50,430	43,593	35,057	52,105
	-	-	-	725	(35,232)	-
	302,616	270,957	290,227	285,758	298,639	277,789
	<u>16,066,082</u>	<u>15,736,453</u>	<u>15,251,599</u>	<u>13,997,788</u>	<u>35,443,015</u>	<u>15,129,540</u>
	<u>\$ (207,323)</u>	<u>\$ 1,451,389</u>	<u>\$ 741,815</u>	<u>\$ (2,336,634)</u>	<u>\$ 19,785,154</u>	<u>\$ (430,280)</u>

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Fund:				
Nonspendable	\$ 36,303	\$ 32,699	\$ 33,206	\$ 37,492
Committed	49,284	125,756	101,034	171,953
Assigned	577,871	479,973	878,837	198,019
Unassigned	<u>6,807,360</u>	<u>5,854,545</u>	<u>5,178,275</u>	<u>5,259,214</u>
Total general fund	<u>\$ 7,470,818</u>	<u>\$ 6,492,973</u>	<u>\$ 6,191,352</u>	<u>\$ 5,666,678</u>
All Other Governmental Funds:				
Nonspendable	\$ 3,004	\$ 4,090	\$ 2,626	\$ 5,180
Restricted	7,623,513	7,247,995	6,533,800	8,452,286
Committed	-	-	75	75
Assigned	-	-	-	-
Unassigned (deficit)	<u>(58,199)</u>	<u>(95,018)</u>	<u>(59,899)</u>	<u>(60,132)</u>
Total all other governmental funds	<u>7,568,318</u>	<u>7,157,067</u>	<u>6,476,602</u>	<u>8,397,409</u>
Total governmental funds	<u>\$ 15,039,136</u>	<u>\$ 13,650,040</u>	<u>\$ 12,667,954</u>	<u>\$ 14,064,087</u>

Source: School District financial records.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 14,779	\$ 13,126	\$ 18,334	\$ 18,207	\$ 17,201	\$ 15,660
65,932	63,887	-	164,341	-	123,199
212,458	345,602	626,859	1,385,208	787,742	1,583,917
<u>3,191,833</u>	<u>1,851,986</u>	<u>468,779</u>	<u>-</u>	<u>2,100,172</u>	<u>2,426,172</u>
<u>\$ 3,485,002</u>	<u>\$ 2,274,601</u>	<u>\$ 1,113,972</u>	<u>\$ 1,567,756</u>	<u>\$ 2,905,115</u>	<u>\$ 4,148,948</u>
\$ 2,513	\$ 3,475	\$ 3,072	\$ 13,858	\$ 29,406	\$ 9,110
6,315,934	6,276,963	4,163,973	13,691,353	8,002,317	7,130,006
75	75	43,823	162,405	125,427	7,392
-	7,475	7,475	-	-	-
<u>(31,352)</u>	<u>(110,705)</u>	<u>(69,876)</u>	<u>-</u>	<u>(414)</u>	<u>(18,644)</u>
<u>6,287,170</u>	<u>6,177,283</u>	<u>4,148,467</u>	<u>13,867,616</u>	<u>8,156,736</u>	<u>7,127,864</u>
<u>\$ 9,772,172</u>	<u>\$ 8,451,884</u>	<u>\$ 5,262,439</u>	<u>\$ 15,435,372</u>	<u>\$ 11,061,851</u>	<u>\$ 11,276,812</u>

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues				
From local sources:				
Property taxes	\$ 10,468,799	\$ 9,945,564	\$ 9,073,428	\$ 9,991,615
Intergovernmental - intermediate	10,200	850	6,050	1,825
Intergovernmental - state	7,615,920	7,366,318	7,607,999	7,549,017
Intergovernmental - federal	1,961,583	862,349	1,045,866	1,116,806
Investment earnings	97,661	234,222	226,506	117,286
Tuition and fees	1,052,940	1,199,507	1,252,538	1,397,494
Classroom materials and fees	58,476	59,617	67,502	73,671
Extracurricular	66,205	129,284	90,368	98,024
Rental income	1,580	2,610	2,830	5,110
Charges for services	50,662	203,992	278,846	279,029
Contract services	3,895	11,597	6,977	1,035
Contributions and donations	36,910	57,725	31,810	41,246
Other local revenues	416,296	285,558	370,867	394,056
Increase (decrease) in fair value of investments	(57,091)	306,946	(72,315)	(63,458)
Total revenues	<u>21,784,036</u>	<u>20,666,139</u>	<u>19,989,272</u>	<u>21,002,756</u>
Expenditures				
Current:				
Instruction:				
Regular	7,665,604	7,291,156	7,321,145	7,123,003
Special	2,659,182	2,567,783	2,457,737	2,203,937
Vocational	77,457	72,260	53,256	33,840
Other	41,135	124,491	126,914	39,659
Support services:				
Pupil	870,735	808,224	865,392	805,971
Instructional staff	900,309	836,726	940,498	735,404
Board of education	56,992	48,490	38,942	49,281
Administration	1,470,055	1,598,600	1,645,870	1,371,369
Fiscal	607,255	566,670	556,715	519,754
Operations and maintenance	1,475,352	1,417,645	1,385,847	1,479,891
Pupil transportation	1,082,782	857,762	884,085	858,289
Central	212,725	186,385	222,325	196,919
Operation of non-instructional services:				
Food service operations	559,843	511,388	573,226	579,547
Latchkey operations	47,237	83,256	83,289	86,059
Other non-instructional services	134,933	95,116	157,489	31,961
Extracurricular activities	550,734	553,603	537,334	468,683
Facilities acquisition and construction	26,680	289,799	2,300,681	637,450
Capital outlay	-	-	258,505	313,443
Debt service:				
Principal retirement	946,741	457,329	550,788	732,244
Interest and fiscal charges	1,009,189	1,035,213	1,052,297	962,030
Bond issuance costs	-	-	-	-
Accreted interest	-	480,274	395,906	-
Total expenditures	<u>20,394,940</u>	<u>19,882,170</u>	<u>22,408,241</u>	<u>19,228,734</u>
Excess (deficiency) of revenues over (under) expenditures	1,389,096	783,969	(2,418,969)	1,774,022

Source: School District financial records.

	2017	2016	2015	2014	2013	2012
\$	8,410,104	\$ 7,852,706	\$ 6,303,999	\$ 6,634,748	\$ 6,439,549	\$ 6,770,183
	45,829	-	2,000	5,945	10,072	40,007
	7,545,135	9,931,469	11,015,544	18,135,373	13,622,903	7,480,036
	1,260,083	992,614	1,077,754	1,269,354	1,315,723	1,697,573
	80,955	60,444	51,833	39,406	37,462	53,694
	1,272,717	1,257,511	1,400,718	1,406,341	1,131,481	930,521
	67,806	69,191	91,236	76,813	76,865	69,433
	95,421	87,102	110,408	98,002	89,061	98,937
	4,510	3,140	4,333	3,488	5,222	7,817
	255,092	316,062	300,242	310,241	304,063	338,593
	3,851	2,644	2,596	4,471	4,437	3,911
	34,355	38,407	41,416	86,146	164,791	29,069
	378,244	411,998	382,376	365,898	375,655	350,349
	(48,772)	43,718	15,958	725	(35,232)	-
	<u>19,405,330</u>	<u>21,067,006</u>	<u>20,800,413</u>	<u>28,436,951</u>	<u>23,542,052</u>	<u>17,870,123</u>
	6,944,381	6,696,401	6,818,686	7,750,680	7,405,709	7,105,699
	2,145,385	2,004,220	2,096,101	2,163,747	1,907,667	1,751,605
	59,501	56,084	54,021	54,032	103,756	105,314
	42,753	46,671	96,894	93,301	102,449	100,517
	845,423	841,714	877,540	974,684	1,017,645	1,009,267
	520,460	583,704	517,132	433,119	435,122	503,978
	35,466	51,078	49,067	43,390	31,246	51,535
	1,340,610	1,298,025	1,351,835	1,405,049	1,337,377	1,159,162
	513,268	505,966	566,005	456,726	480,505	497,353
	1,368,712	1,290,153	1,222,222	1,360,731	1,169,841	1,209,641
	889,646	795,391	918,687	926,320	854,319	961,052
	288,443	216,348	241,275	322,824	337,655	471,051
	531,697	545,600	548,108	560,705	524,803	541,275
	81,953	107,112	70,659	69,748	61,874	54,577
	124,216	53,383	54,394	55,454	121,604	62,265
	478,797	412,850	392,282	381,453	382,930	448,895
	281,579	841,629	13,527,529	5,328,458	5,910,747	6,503,643
	-	396,598	-	-	-	-
	614,363	537,774	522,070	493,703	325,825	258,397
	978,389	993,458	1,048,839	1,189,306	1,245,939	1,481,585
	-	-	-	136,589	97,895	121,118
	-	-	-	-	-	-
	<u>18,085,042</u>	<u>18,274,159</u>	<u>30,973,346</u>	<u>24,200,019</u>	<u>23,854,908</u>	<u>24,397,929</u>
	1,320,288	2,792,847	(10,172,933)	4,236,932	(312,856)	(6,527,806)

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Other Financing Sources (Uses)				
Insurance and judgment settlements	\$ -	\$ 139,833	\$ 694,000	\$ -
Sale of capital assets	-	7,823	-	-
Transfers in	5,000	594,075	-	-
Transfers (out)	(5,000)	(594,075)	-	-
Premium on refunding bonds	-	-	-	-
Sale of refunding bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Lease transaction	-	-	328,836	2,517,893
Total other financing sources (uses)	<u>-</u>	<u>147,656</u>	<u>1,022,836</u>	<u>2,517,893</u>
Net change in fund balances	<u>\$ 1,389,096</u>	<u>\$ 931,625</u>	<u>\$ (1,396,133)</u>	<u>\$ 4,291,915</u>
Capital expenditures	\$ 567,240	\$ 3,365,715	\$ 2,281,037	\$ 742,076
Debt service as a percentage of noncapital expenditures	9.86%	9.04%	7.96%	9.16%

Source: School District financial records.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	35	583,491	41,900	28,100	41,800
-	(35)	(583,491)	(41,900)	(28,100)	(41,800)
-	-	-	173,237	408,233	935,832
-	-	-	5,804,978	4,339,094	8,554,726
-	-	-	(5,841,626)	(4,649,432)	(9,369,440)
-	396,598	-	-	-	-
-	<u>396,598</u>	-	<u>136,589</u>	<u>97,895</u>	<u>121,118</u>
<u>\$ 1,320,288</u>	<u>\$ 3,189,445</u>	<u>\$ (10,172,933)</u>	<u>\$ 4,373,521</u>	<u>\$ (214,961)</u>	<u>\$ (6,406,688)</u>
\$ 127,733	\$ 1,176,074	\$ 13,547,338	\$ 5,316,946	\$ 5,662,247	\$ 6,537,372
8.87%	8.96%	9.01%	8.91%	8.64%	9.74%

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

Collection Year	Real Property (a)		Public Utility (b)		Total Direct Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2021	\$ 287,981,900	\$ 822,805,429	\$ 55,363,950	\$ 158,182,714	57.45
2020	281,669,620	804,770,343	50,876,570	145,361,629	57.58
2019	274,395,420	783,986,914	16,835,490	48,101,400	57.85
2018	244,326,240	698,074,971	13,772,600	39,350,286	58.20
2017	242,204,300	692,012,286	13,072,100	37,348,857	58.39
2016	240,076,130	685,931,800	12,483,050	35,665,857	58.27
2015	228,293,890	652,268,257	11,894,870	33,985,343	50.24
2014	227,675,030	650,500,086	11,427,140	32,648,971	49.87
2013	226,640,100	647,543,143	11,875,840	33,930,971	49.82
2012	252,957,500	722,735,714	11,305,270	32,300,771	50.10

Source: School District financial records.

Notes:

- (a) The assessed value of real property is fixed at 35% of true value and is determined pursuant to the State Tax Commissioner.
- (b) Assumes public utilities are assessed at true value which is 35%.

Total		
Assessed Value	Estimated Actual Value	%
\$ 343,345,850	\$ 980,988,143	35.00%
332,546,190	950,131,971	35.00%
291,230,910	832,088,314	35.00%
258,098,840	737,425,257	35.00%
255,276,400	729,361,143	35.00%
252,559,180	721,597,657	35.00%
240,188,760	686,253,600	35.00%
239,102,170	683,149,057	35.00%
238,515,940	681,474,114	35.00%
264,262,770	755,036,486	35.00%

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

Tax Year/ Collection Year	Lorain County	City of Elyria	Village of LaGrange	Township of Carlisle	Township of Elyria	Township of LaGrange	Township of New Russia
2020/2021	15.58	7.08	8.60	7.25	9.78	7.71	4.05
2019/2020	15.08	7.50	8.60	7.25	10.28	7.71	4.05
2018/2019	15.08	7.50	8.60	7.25	10.28	6.71	4.05
2017/2018	15.08	7.50	8.60	7.25	10.28	6.71	4.05
2016/2017	15.08	6.10	8.20	7.75	8.78	7.21	4.55
2015/2016	15.08	6.10	8.20	7.25	8.78	7.21	4.55
2014/2015	14.48	6.10	8.20	7.25	8.78	7.21	4.55
2013/2014	14.48	6.10	6.30	7.25	8.78	8.01	4.55
2012/2013	13.66	6.10	6.30	7.25	8.78	8.01	4.55
2011/2012	13.69	6.10	6.30	7.25	7.78	8.01	3.40

Source: Lorain County Auditor's Office.

		Keystone Local School District				
		Voted				
Township of Penfield	Township of Pittsfield	General	Bond	Permanent Improvement	Unvoted	Total
10.25	9.40	45.93	4.90	2.00	4.62	57.45
10.28	9.40	45.93	5.03	2.00	4.62	57.58
10.28	9.40	45.93	5.30	2.00	4.62	57.85
10.28	9.40	45.93	5.65	2.00	4.62	58.20
10.78	9.90	45.93	5.84	2.00	4.62	58.39
10.53	9.90	45.93	5.72	2.00	4.62	58.27
10.28	9.65	37.98	5.64	2.00	4.62	50.24
10.28	9.65	37.98	5.27	2.00	4.62	49.87
10.28	9.65	37.98	5.22	2.00	4.62	49.82
10.28	8.50	37.98	5.50	2.00	4.62	50.10

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

PRINCIPAL PROPERTY TAX PAYERS
DECEMBER 31, 2020 AND DECEMBER 31, 2011

December 31, 2020			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Nexus Gas Transmission LLC	\$ 33,002,060	1	13.80%
Columbia Gas Transmission	12,403,300	2	5.19%
Ohio Edison - FirstEnergy Company	3,296,620	3	1.38%
Jade Realty LLC	3,179,450	4	1.33%
Lorain-Medina Rural Electric Cooperative, Inc.	2,572,180	5	1.08%
Lorain County Landfill LLC	1,988,120	6	0.83%
K&K Tompkins Real Estate LLC	1,591,730	7	0.67%
Gordon Farms Partnership, LLP	1,560,360	8	0.65%
Twin Lake Homes, LTD	1,278,700	9	0.53%
Elyria Country Club	1,202,230	10	0.50%
Total	\$ 62,074,750		25.96%

December 31, 2011			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Columbia Gas Transmission	\$ 4,952,010	1	1.87%
Ohio Edison - FirstEnergy Company	2,486,530	2	0.94%
Grey Hawk	2,089,190	3	0.79%
Durham Ridge Investments	1,687,070	4	0.64%
Sentinel Square LLC	1,221,270	5	0.46%
Elyria Country Club	1,026,750	6	0.39%
Twin Lake Homes, LTD	929,650	7	0.35%
Lorain Medina Rural Electric	918,970	8	0.35%
Manufacturers Holding, Inc.	660,590	9	0.25%
Zeager Realty LTD	616,980	10	0.23%
Total	\$ 16,589,010		6.27%

Source: Lorain County Auditor's Office.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Tax Year/ Collection Year	Current Levy	Current Collection	Percent of Current Levy Collected	Delinquent Collection	Total Collection	Total Collection as a Percent of Total Levy
2020/2021	\$ 12,801,090	\$ 11,903,688	92.99%	\$ 408,480	\$ 12,312,168	96.18%
2019/2020	12,386,663	10,615,917	85.70%	107,032	10,722,949	86.57%
2018/2019	10,243,481	9,669,919	94.40%	77,734	9,747,653	95.16%
2017/2018	9,662,907	9,332,778	96.58%	98,269	9,431,047	97.60%
2016/2017	9,589,659	9,212,765	96.07%	93,141	9,305,906	97.04%
2015/2016	9,445,300	8,182,209	86.63%	154,804	8,337,014	88.27%
2014/2015	7,318,014	7,058,536	96.45%	122,162	7,180,698	98.12%
2013/2014	7,182,548	6,903,521	96.12%	134,258	7,037,779	97.98%
2012/2013	7,164,228	7,406,100	103.38%	236,907	7,643,007	106.68%
2011/2012	7,461,429	7,550,080	101.19%	337,127	7,887,207	105.71%

Source: Lorain County Auditor's Office.

Note:

The Total Collection as a Percent of Total Levy column includes percentages in excess of 100% due to timing issues with the collection of property taxes.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			(a) Total Primary Government	(b) Percentage of Personal Income	(b) Per Capita	(b) Per ADM
	General Obligation Bonds	Lease- Purchase Agreement	Capital Leases				
2021	\$ 23,191,841	\$ 2,076,211	\$ 197,697	\$ 25,465,749	1.80%	\$ 391	\$ 16,910
2020	23,823,055	2,267,585	338,064	26,428,704	1.13%	334	17,106
2019	24,370,545	2,450,862	502,390	27,323,797	1.17%	345	17,754
2018	24,765,850	2,624,450	401,660	27,791,960	1.29%	353	17,896
2017	25,115,043	481,000	249,461	25,845,504	1.20%	329	16,610
2016	25,487,548	540,000	324,824	26,352,372	1.26%	332	16,637
2015	25,830,722	596,000	44,086	26,470,808	1.27%	333	16,701
2014	26,120,057	650,000	127,156	26,897,213	1.30%	338	15,831
2013	26,236,737	702,000	203,859	27,142,596	1.39%	342	16,292
2012	26,036,550	752,000	274,684	27,063,234	1.39%	351	15,948

Sources:

- (a) See notes to the financial statements regarding the District's outstanding debt information.
- (b) See schedule "Demographic and Economic Statistics, Last Ten Years" for personal income, population and enrollment information.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			(c) Percentage of Actual Taxable Value of Property	(b) Net Bonded Debt Per Capita
	(a) General Obligation Bonds	Debt Service Available Net Position	Net Bonded Debt		
2021	\$ 23,191,841	\$ 4,489,975	\$ 18,701,866	1.91%	\$ 287
2020	23,823,055	3,506,275	20,316,780	2.14%	257
2019	24,370,545	2,911,755	21,458,790	2.58%	271
2018	24,765,850	2,375,242	22,390,608	3.04%	285
2017	25,115,043	2,336,702	22,778,341	3.12%	290
2016	25,487,548	2,011,762	23,475,786	3.25%	295
2015	25,830,722	1,779,306	24,051,416	3.50%	303
2014	26,120,057	1,634,556	24,485,501	3.58%	308
2013	26,236,737	1,538,510	24,698,227	3.62%	311
2012	26,036,550	1,325,294	24,711,256	3.27%	320

Sources:

- (a) See notes to the financial statements regarding the District's outstanding debt information.
- (b) See schedule "Demographic and Economic Statistics, Last Ten Years" for population information.
- (c) See schedule "Assessed Valuation and Estimated Actual Value of Taxable Property, Last Ten Years" for assessed valuation information.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2021

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Keystone Local School District	\$ 25,465,749	100.00%	\$ 25,465,749
Overlapping debt:			
Lorain County	66,300,000	3.92%	2,598,960
City of Elyria	17,135,000	0.37%	63,400
Lorain County Joint Vocational School District	1,759,335	4.89%	86,031
Total overlapping debt	<u>85,194,335</u>		<u>2,748,391</u>
 Total direct and overlapping debt	 <u>\$ 110,660,084</u>		 <u>\$ 28,214,140</u>

Source: Ohio Municipal Advisory Council.

Note: Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the District by the total assessed valuation of the subdivision. The valuations used were for the 2014 collection year.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	Voted Debt Limit	Total Debt Applicable to Limit (a)	Debt Service Available Balance	Net Debt Applicable to Limit	Voted Legal Debt Margin (b)	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2021	\$ 30,901,127	\$ 21,814,965	\$ 4,419,452	\$ 17,395,513	\$ 13,505,614	56.29%
2020	29,929,157	22,429,965	3,971,403	18,458,562	11,470,595	61.67%
2019	26,210,782	22,539,691	3,718,005	18,821,686	7,389,096	71.81%
2018	23,228,896	22,688,785	3,345,534	19,343,251	3,885,645	83.27%
2017	22,974,876	23,198,785	2,847,180	20,351,605	2,623,271	88.58%
2016	22,730,326	23,678,785	2,547,099	21,131,686	1,598,640	92.97%
2015	21,616,988	24,088,785	2,132,376	21,956,409	(339,421)	101.57%
2014	21,519,195	24,413,745	1,871,469	22,542,276	(1,023,081)	104.75%
2013	21,466,435	24,633,807	1,644,833	22,988,974	(1,522,539)	107.09%
2012	23,783,649	24,839,713	1,313,200	23,526,513	257,136	98.92%

Source: School District financial records.

Notes: 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.

(a) Total Debt Applicable to Limit excludes accreted interest on capital appreciation bonds.

(b) The District has been authorized in certain years by the Ohio Superintendent of Public Instruction to exceed its overall limitation because it has been designated as a "special needs" school district.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (a)</u>	<u>Per Capita Personal Income (b)</u>	<u>Total Personal Income</u>	<u>School Enrollment (c)</u>	<u>Unemployment Rates (d)</u>		
					<u>Lorain County</u>	<u>Ohio</u>	<u>United States</u>
2021	65,211	\$ 21.75	\$ 1,418,339	1,506	6.4%	5.2%	5.9%
2020	79,101	29.58	2,339,808	1,545	13.7%	5.6%	6.9%
2019	79,101	29.58	2,339,808	1,539	4.2%	4.1%	3.3%
2018	78,650	27.49	2,162,089	1,553	4.6%	4.5%	4.0%
2017	78,650	27.49	2,162,089	1,556	6.3%	4.7%	4.1%
2016	79,466	26.24	2,085,188	1,584	5.4%	4.8%	4.8%
2015	79,466	26.24	2,085,188	1,585	4.8%	4.2%	4.8%
2014	79,466	26.05	2,070,089	1,699	6.9%	5.3%	6.3%
2013	79,451	24.62	1,956,084	1,666	8.2%	7.2%	7.6%
2012	77,178	25.20	1,944,886	1,697	7.7%	7.2%	8.2%

Sources:

- (a) Population of Lorain from U.S. Census Bureau
- (b) U.S. Census Bureau
- (c) Enrollment figures are taken from District records.
- (d) Ohio Department of Job and Family Services

Note: Per Capita Personal Income and Total Personal Income are in units of thousands.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

PRINCIPAL EMPLOYERS
DECEMBER 31, 2020 AND DECEMBER 31, 2011

December 31, 2020		
Employer	Employees	Rank
Keystone Local School District	231	1
Keystone Pointe	148	2
West Roofing Systems, Inc.	79	3
Rural Lorain County Water Authority	35	4
Greyhawk Land Holdings, LLC.	53	5
Micron Manufacturing	49	6
SpaceBound, Inc.	49	7
Panel Master, LLC.	43	8
LaGrange IGA	34	9
Mader Machine, Inc.	27	10
Total	748	

December 31, 2011		
Employer	Employees	Rank
Keystone Local School District	206	1
Keystone Pointe	150	2
West Roofing Systems, Inc.	110	3
Inservco Insurance Services, Inc.	70	4
Micron Manufacturing	67	5
Greyhawk Land Holdings, LLC.	44	6
SpaceBound, Inc.	42	7
LaGrange IGA	41	8
McDonald's	32	9
Varbros LLC	17	10
Total	779	

Source: Individual employers.

Note: Information related to total employment within the District was unavailable at both December 31, 2020 and December 31, 2011. Therefore, the above totals by employer could not be expressed as a percentage of total employment.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Instruction:										
Regular and special										
Enrollment (students)	1,506	1,545	1,539	1,553	1,556	1,584	1,585	1,699	1,666	1,697
Graduates	150	123	125	128	129	125	124	142	127	137
Support services:										
Board of education										
Regular meetings per year	12	13	14	13	13	16	22	22	23	22
Special meetings per year	9	3	3	8	1	1	10	3	-	4
Fiscal										
Nonpayroll checks issued	1,716	2,056	2,378	2,515	2,571	2,416	2,375	2,879	2,689	2,622
Operations and maintenance										
Square footage maintained	252,042	252,042	252,042	394,528	394,528	308,518	308,518	311,518	311,518	252,370
Pupil transportation										
Average students transported daily (a)	287	602	581	658	660	666	691	682	678	674
Food service operations										
Meals served to students	108,605	102,722	100,966	102,707	103,623	139,180	128,021	123,596	120,147	122,412
Number of students with free or reduced lunches	424	411	465	439	484	464	562	505	491	472

Source: District records.

Note:

(a) Figure includes public and nonpublic riders.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

STAFFING STATISTICS
FULL TIME EQUIVALENTS (FTE) BY TYPE AND FUNCTION
LAST TEN FISCAL YEARS

Type	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Office - administrative	13.00	13.00	13.00	12.00	13.00	12.00	13.00	12.50	11.20	10.25
Professional - educational	98.00	97.00	96.75	96.50	97.90	96.00	94.92	101.56	101.30	103.85
Professional - other	3.00	3.00	6.00	6.00	15.02	19.18	21.32	18.27	20.05	21.64
Technical	2.97	2.97	3.00	4.00	5.43	4.93	4.93	3.93	1.00	1.00
Office - clerical	31.83	29.17	25.52	24.48	10.74	11.74	10.74	10.74	10.74	12.65
Craft and trade	4.00	4.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Service worker/laborer	45.59	43.24	44.63	34.75	46.31	40.82	37.81	37.39	37.64	39.50
Total	198.39	192.38	189.90	178.73	189.40	185.67	183.72	185.39	182.93	189.89
Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Instruction:										
Regular	77.00	75.00	79.00	76.50	77.50	77.00	76.00	76.00	75.00	79.50
Special	14.00	16.00	16.00	18.50	17.00	17.00	13.85	17.56	17.49	14.54
Vocational	1.00	1.00	0.75	0.50	1.00	1.00	1.00	1.00	1.00	1.00
Other	1.00	-	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Support services:										
Pupil	8.00	7.00	9.00	5.04	8.32	7.00	7.00	7.50	8.31	11.31
Instructional staff	22.82	20.55	15.25	13.65	20.20	19.18	21.32	18.70	17.55	19.14
Administration	14.82	14.82	21.27	21.27	23.74	22.07	22.74	22.24	20.94	21.90
Fiscal	3.80	3.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Operations and maintenance	15.95	17.32	15.06	12.80	13.13	12.13	11.50	12.63	12.13	12.13
Pupil transportation	18.45	16.34	14.02	14.30	12.81	12.46	13.09	13.79	13.75	13.51
Central	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Operation of non-instructional services:										
Food service operations	9.86	10.06	9.32	7.34	6.27	8.90	8.25	8.04	8.70	9.21
Other non-instructional	10.69	9.49	7.23	5.83	5.43	4.93	4.97	3.93	4.06	3.65
Total	198.39	192.38	189.90	178.73	189.40	185.67	183.72	185.39	182.93	189.89

Source: School District records.

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Land	\$ 521,816	\$ 521,816	\$ 483,652	\$ 483,652
Construction in progress	-	-	2,004,881	178,359
Land improvements	835,021	914,065	1,672,464	1,842,578
Buildings and improvements	37,986,801	39,280,785	38,924,744	39,847,414
Furniture and equipment	1,091,489	1,025,285	583,529	400,780
Vehicles	599,192	355,913	404,227	481,147
Total governmental activities capital assets, net	<u>\$ 41,034,319</u>	<u>\$ 42,097,864</u>	<u>\$ 44,073,497</u>	<u>\$ 43,233,930</u>

Source: School District financial records.

2017	2016	2015	2014	2013	2012
\$ 483,652	\$ 521,816	\$ 521,816	\$ 521,816	\$ 521,816	\$ 521,816
-	-	19,585,236	6,126,383	891,987	6,988,082
1,788,743	1,985,768	2,141,917	2,309,837	2,477,758	2,645,679
40,720,263	42,311,648	22,964,019	23,894,921	24,776,211	13,792,480
530,173	677,116	311,474	437,877	576,162	520,826
248,819	192,995	246,187	230,968	270,613	339,719
<u>\$ 43,771,650</u>	<u>\$ 45,689,343</u>	<u>\$ 45,770,649</u>	<u>\$ 33,521,802</u>	<u>\$ 29,514,547</u>	<u>\$ 24,808,602</u>

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Keystone High School (2006)				
Square feet	106,884	106,884	106,884	106,884
Capacity (students)	625	625	625	625
Enrollment	452	523	519	535
Keystone Middle School (1964)				
Square feet	(c)	(c)	(c)	(c)
Capacity (students)	(c)	(c)	(c)	(c)
Enrollment	(c)	(c)	(c)	(c)
Keystone Middle School (2013)				
Square feet	59,148	59,148	59,148	59,148
Capacity (students)	370	370	370	370
Enrollment	386	377	367	348
Keystone Elementary School (1891)				
Square feet	(c)	(c)	(c)	(c)
Capacity (students)	(c)	(c)	(c)	(c)
Enrollment	(c)	(c)	(c)	(c)
Keystone Elementary School (2016)				
Square feet	86,010	86,010	86,010	86,010
Capacity (students)	708	708	708	708
Enrollment	668	645	653	670
Total enrollment by year	1,506	1,545	1,539	1,553

Source: School District records.

Notes: Year of original construction is in parentheses.

In cases in which enrollment numbers are larger than capacity, the District has utilized portable classrooms, which are not included in the square footage amounts.

- (a) The new Keystone Middle School was constructed during fiscal year 2013. However, as of June 30, 2013 the District began maintaining the old middle school building despite it having no student population.
- (b) The new Keystone Elementary School was constructed during fiscal year 2016. However, as of June 30, 2016 the District began maintaining the old elementary school building despite it having no student population.
- (c) The District no longer owns the property. The 301 Liberty Street Facility was sold to the Village of LaGrange in January of 2017.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
106,884	106,884	106,884	106,884	106,884	106,884
625	625	625	625	625	625
573	537	532	585	574	579
(c)	85,390	85,390	85,390	85,390	85,390
(c)	440	440	440	440	440
(c)	(a)	(a)	(a)	(a)	547
59,148	59,148	59,148	59,148	59,148	(a)
370	370	370	370	370	(a)
370	366	392	397	400	(a)
(c)	57,096	57,096	57,096	57,096	57,096
(c)	381	381	381	381	381
(c)	(b)	661	717	692	571
86,010	86,010	(b)	(b)	(b)	(b)
708	708	(b)	(b)	(b)	(b)
613	681	(b)	(b)	(b)	(b)
1,556	1,584	1,585	1,699	1,666	1,697

**KEYSTONE LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	General Government		Governmental Activities			Percent Change	Teaching Staff	Pupil/Teacher Ratio
	Expenditures (a)	Cost Per Pupil	Expenses (a)	Cost Per Pupil	Enrollment (b)			
2021	\$ 18,439,010	\$ 12,244	\$ 20,291,609	\$ 13,474	1,506	-2.52%	101	14.90
2020	17,909,354	11,592	20,236,050	13,098	1,545	0.39%	101	15.29
2019	20,805,156	13,519	16,887,879	10,973	1,539	-0.90%	99	15.54
2018	17,534,460	11,291	10,173,349	6,551	1,553	-0.19%	98	15.85
2017	16,492,290	10,599	18,414,005	11,834	1,556	-1.77%	98	15.88
2016	16,742,927	10,570	16,432,090	10,374	1,584	-0.06%	96	16.50
2015	29,402,437	18,550	16,772,849	10,582	1,585	-6.71%	98	16.17
2014	22,380,421	13,173	18,294,718	10,768	1,699	1.98%	112	15.17
2013	22,185,249	13,316	17,372,942	10,428	1,666	-1.83%	111	15.01
2012	22,536,829	13,280	16,913,725	9,967	1,697	0.71%	108	15.71

Source: School District financial records.

Notes:

- (a) Debt Service totals have been excluded.
- (b) Enrollment figures are taken from District records.

OHIO AUDITOR OF STATE KEITH FABER



KEYSTONE LOCAL SCHOOL DISTRICT

LORAIN 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 1/25/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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