

**KINGS LOCAL SCHOOL DISTRICT**  
WARREN COUNTY, OHIO

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Education  
Kings Local School District  
1797 King Ave  
Kings Mills, OH 45034

We have reviewed the *Independent Auditor's Report* of the Kings Local School District, Warren County, prepared by Julian & Grube, Inc., for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber  
Auditor of State  
Columbus, Ohio

January 18, 2022

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**KINGS LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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## Independent Auditor's Report

Kings Local School District  
Warren County  
1797 King Avenue  
Kings Mills, Ohio 45034

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 the Kings Local School District, Warren County, Ohio, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Kings Local School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

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

***Emphasis of Matter***

As described in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Kings Local School District. Our opinions are not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2021, on our consideration of the Kings Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Kings Local School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Kings Local School District's internal control over financial reporting and compliance.

*Julian & Grube, Inc.*

Julian & Grube, Inc.  
December 10, 2021



**Kings Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*(Unaudited)*

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

### **Financial Highlights**

Key financial highlights for 2021 are as follows:

- In total, net position decreased \$624,640.
- Net pension liability increased \$6,589,068, mainly due to changes in assumptions and benefits by the Statewide pension systems.
- General revenues of governmental activities accounted for \$59,999,828 in revenue or 85 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$10,352,530 or 15 percent of total revenues of \$70,352,358.

### **Using this Basic Financial Statement Report**

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

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

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

#### *Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources, using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

**Kings Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*(Unaudited)*

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These two statements report the School District's net position and changes to the net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

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

### ***Fund Financial Statements***

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

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

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

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

Table 1 provides a summary of the School District's net position for 2021 compared to 2020:

**Kings Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*(Unaudited)*

Table 1  
Net Position  
Governmental Activities

	2021	2020	Change
<b>Assets:</b>			
Current and Other Assets	\$69,126,458	\$67,903,542	\$1,222,916
Net OPEB Asset	3,701,168	3,466,782	234,386
Capital Assets	46,876,210	46,874,287	1,923
Total Assets	<u>119,703,836</u>	<u>118,244,611</u>	<u>1,459,225</u>
<b>Deferred Outflows of Resources:</b>			
Deferred Charge on Refunding	3,117,326	3,364,556	(247,230)
Pension	12,932,371	13,645,395	(713,024)
OPEB	2,331,750	1,662,445	669,305
Total Deferred Outflows of Resources	<u>18,381,447</u>	<u>18,672,396</u>	<u>(290,949)</u>
<b>Liabilities:</b>			
Current and Other Liabilities	6,891,076	6,364,875	526,201
Long-term Liabilities:			
Due Within One Year	3,253,067	3,157,356	95,711
Due in More Than One year:			
Net Pension Liability	66,913,159	60,324,091	6,589,068
Net OPEB Liability	5,443,488	6,037,781	(594,293)
Other Amounts	45,853,270	48,706,333	(2,853,063)
Total Liabilities	<u>128,354,060</u>	<u>124,590,436</u>	<u>3,763,624</u>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	39,852,464	40,740,296	(887,832)
Payment in Lieu of Taxes	1,617,532	1,508,217	109,315
Pension	325,829	2,761,275	(2,435,446)
OPEB	7,275,716	6,032,461	1,243,255
Total Deferred Inflows of Resources	<u>49,071,541</u>	<u>51,042,249</u>	<u>(1,970,708)</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	9,213,535	7,634,160	1,579,375
Restricted	8,631,408	7,407,164	1,224,244
Unrestricted (Deficit)	(57,185,261)	(53,757,002)	(3,428,259)
Total Net Position (Deficit)	<u>(\$39,340,318)</u>	<u>(\$38,715,678)</u>	<u>(\$624,640)</u>

The net pension liability (NPL) is the largest single liability reported by the School 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 School District has also adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows and the net OPEB asset related to pension and OPEB.

**Kings Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*(Unaudited)*

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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 (asset) to equal the School District's proportionate share of each plan's collective:

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

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

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

**Kings Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*(Unaudited)*

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

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

Total assets increased \$1,459,225. Current and other assets increased \$1,222,916 mainly due to an increase in property taxes receivable associated with an increase in property values. Property values increased due to property that was previously in a tax increment financing district becoming fully taxable. However, cash and cash equivalents decreased due to current year cash basis expenditures exceeding revenues.

Total liabilities increased \$3,763,624. Net Pension Liability increased \$6,589,068 due to changes in assumptions and changes in benefit terms by the Statewide pension systems.

Unrestricted net position for governmental activities decreased \$3,428,259, due to changes in assumptions and benefits associated with the Statewide pension systems which resulted in a significant increase in the net pension liability.

In order to further understand what makes up the changes in net position for the current fiscal year, the following table gives readers further details regarding the results of activities for 2021 and 2020.

**Kings Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
(Unaudited)

Table 2  
Changes in Net Position  
Governmental Activities

	2021	2020	Change
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$2,585,691	\$3,687,574	(\$1,101,883)
Operating Grants	7,766,839	5,459,699	2,307,140
Total Program Revenues	<u>10,352,530</u>	<u>9,147,273</u>	<u>1,205,257</u>
General Revenues			
Property Taxes	44,365,498	38,668,968	5,696,530
Grants and Entitlements	12,798,081	12,516,697	281,384
Other	2,836,249	4,154,871	(1,318,622)
Total General Revenues	<u>59,999,828</u>	<u>55,340,536</u>	<u>4,659,292</u>
Total Revenues	<u>70,352,358</u>	<u>64,487,809</u>	<u>5,864,549</u>
<b>Program Expenses</b>			
Instruction	42,082,448	39,488,665	2,593,783
Support Services:			
Pupils and Instructional Staff	6,430,514	6,262,433	168,081
Board of Education, Administration, Fiscal, and Business	5,868,647	5,719,669	148,978
Operation and Maintenance of Plant	4,989,938	5,087,465	(97,527)
Pupil Transportation	4,250,245	4,173,537	76,708
Central	1,042,392	1,107,126	(64,734)
Operation of Non-Instructional Services	3,305,132	4,704,791	(1,399,659)
Extracurricular Activities	1,513,435	1,478,896	34,539
Interest and Fiscal Charges	1,494,247	1,784,875	(290,628)
Total Expenses	<u>70,976,998</u>	<u>69,807,457</u>	<u>1,169,541</u>
Increase (Decrease) in Net Position	(624,640)	(5,319,648)	4,695,008
Net Position (Deficit) Beginning of Year	(38,715,678)	(33,396,030)	(5,319,648)
Net Position (Deficit) End of Year	<u>(\$39,340,318)</u>	<u>(\$38,715,678)</u>	<u>(\$624,640)</u>

**Governmental Activities**

The School District's revenues are mainly from two sources. Property taxes levied for general, debt service, and capital projects purposes, and grants and entitlements. These two main revenue sources comprised 81 percent of the School District's total revenues for governmental activities.

The School District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners), the effective tax rate would become .5 mills, and the owner would still pay \$35.00.

**Kings Local School District**  
*Management's Discussion and Analysis*  
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(Unaudited)

Thus, Ohio school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 63 percent of total revenue for governmental activities for the School District in fiscal year 2021. Property tax revenue increased from the prior fiscal year due to property that was previously in a tax increment financing district becoming fully taxable as well as an increase in the collection of delinquent property taxes.

Instruction and support services comprise 59 percent and 32 percent, respectively, of governmental program expenses. Overall, expenses increased \$1,169,541 primarily due to changes in assumptions and benefits by the Statewide pension systems which caused pension and OPEB expenses to increase again in fiscal year 2021, causing the appearance of an increase in overall expenses. The total cost of services increased by 1.68 percent year over year. The modest increase can be attributed to the interruption of some services due to COVID-19.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
Instruction	\$42,082,448	\$39,488,665	\$35,888,506	\$35,025,169
Support Services:				
Pupil and Instructional Staff	6,430,514	6,262,433	5,886,535	6,019,967
Board of Education, Administration, Fiscal, and Business	5,868,647	5,719,669	5,868,647	5,719,669
Operation and Maintenance	4,989,938	5,087,465	4,834,514	5,024,243
Pupil Transportation	4,250,245	4,173,537	4,099,238	4,031,762
Central	1,042,392	1,107,126	1,031,592	1,107,126
Operation of Non-Instructional Services	3,305,132	4,704,791	188,193	803,593
Extracurricular Activities	1,513,435	1,478,896	1,332,996	1,143,780
Interest and Fiscal Charges	1,494,247	1,784,875	1,494,247	1,784,875
Total Expenses	<u>\$70,976,998</u>	<u>\$69,807,457</u>	<u>\$60,624,468</u>	<u>\$60,660,184</u>

**Kings Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*(Unaudited)*

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## **The School District's Funds**

Information about the School District's major funds is presented in the fund financial statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$70,497,404, total expenditures of \$69,348,856, and net other financing sources and uses of funds of \$452,425. The net change in fund balances for the year was an increase of \$1,600,973.

The General Fund balance increased \$571,725 due to revenues exceeding expenditures. General Fund revenues increased in fiscal year 2021, mainly due to the increase in property tax revenue. Property tax revenue increased due to the increase in property values as well as property that was previously in a tax increment financing district being taxable now. Expenditures also increased, which was mainly due to increased salaries and benefits. A base wage increase of 1.0 percent for staff for the period of March 1 to June 30, longevity increases, additional staffing for student enrollment growth, and a 7.5 percent increase medical insurance premium were the primary factors affecting the increase in salary and benefits.

The Debt Service Fund balance increased \$100,843 due to the property tax and intergovernmental revenue exceeding the principal and interest payments made during the fiscal year. The increase in fund balance was despite reducing the effective tax rate from 4.20 mills to 3.50 mills.

## **General Fund Budgeting Highlights**

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

During the course of fiscal year 2021, the School District amended its General Fund budget numerous times. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets while providing flexibility for site management. The School District revised the budget in an attempt to deal with unexpected changes in revenues and expenditures.

A review of the budgetary comparison statement for the General Fund reflects an increase of \$3,053,658 in revenues from the original budget to the final budget. This increase is the result of an increase in expected property tax revenue. Property tax revenue collections usually exceed the budgeted amounts because the County Auditor conservatively certifies property tax estimates at 98 percent of the current taxes.

The increase in expenditures from the original to the final budget was \$1,242,497. This increase is comprised of various changes to several expenditure line items, mostly regular instruction.

Actual expenditures were \$1,494,830 less than the final budgeted amount, with the largest variances in regular instruction and pupil transportation. These savings came from services not used, such as utilities, substitute personnel, nursing services for handicap students, out of district tuition and field trips.



**Kings Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*(Unaudited)*

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**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2021, the School District had \$46,876,210 invested in land, construction in progress, land improvements, buildings, equipment, and vehicles. Table 4 shows fiscal year 2021 balances compared to fiscal year 2020:

Table 4  
 Capital Assets at June 30  
 (Net of Depreciation)

	Governmental Activities	
	2021	2020
Land	\$3,194,466	\$3,194,466
Construction in Progress	330,947	0
Land Improvements	699,337	809,139
Building and Improvements	40,855,016	41,654,214
Furniture and Equipment	1,735,263	1,138,146
Vehicles	61,181	78,322
Total Capital Assets	<u>\$46,876,210</u>	<u>\$46,874,287</u>

Net capital assets decreased from the prior fiscal year. Current year depreciation and deductions exceeded current year additions, resulting in a net decrease for the fiscal year. The School District continues its ongoing commitment to maintaining and improving its capital assets, which is supported by a 3.0 mill Permanent Improvement Levy, originally passed in 1990 and replaced in 2015 to become a continuing levy. For more information on the School District's capital assets, see Note 8 to the Basic Financial Statements.

**Debt**

At June 30, 2021, the School District had \$42,663,802 in bonds payable, \$2,781,062 due within one year. The 2015 HB 264 Energy Improvement bonds have \$1,805,000 in bonds outstanding and are paid from the General Fund. The \$33,825,000 outstanding, non-direct placement general obligation bonds are paid from the debt service fund using property tax levies, which are restricted to expenditures associated with the repayment of the debt.

For more information on the School District's debt obligations, see Note 13 to the Basic Financial Statements.

**Kings Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*(Unaudited)*

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

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cary Furniss, Treasurer at Kings Local School District, 1797 King Avenue, Kings Mills, Ohio 45034. Or email at [Cfurniss@kingslocal.net](mailto:Cfurniss@kingslocal.net).

**Kings Local School District***Statement of Net Position**June 30, 2021*

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$21,388,158
Inventory Held for Resale	14,126
Materials and Supplies Inventory	7,279
Accrued Interest Receivable	30,562
Accounts Receivable	82,802
Intergovernmental Receivable	671,606
Property Taxes Receivable	45,314,393
Payment in Lieu of Taxes Receivable	1,617,532
Net OPEB Asset	3,701,168
Nondepreciable Capital Assets	3,525,413
Depreciable Capital Assets, Net	<u>43,350,797</u>
<i>Total Assets</i>	<u>119,703,836</u>
<b>Deferred Outflows of Resources:</b>	
Deferred Charge on Refunding	3,117,326
Pension	12,932,371
OPEB	<u>2,331,750</u>
<i>Total Deferred Outflows of Resources</i>	<u>18,381,447</u>
<b>Liabilities:</b>	
Accounts Payable	197,703
Accrued Wages and Benefits Payable	5,279,388
Contracts Payable	330,947
Intergovernmental Payable	907,646
Employee Withholding Liability	15,044
Accrued Interest Payable	103,434
Matured Compensated Absences Payable	56,914
Long-Term Liabilities:	
Due Within One Year	3,253,067
Due In More Than One Year:	
Net Pension Liability	66,913,159
Net OPEB Liability	5,443,488
Other Amounts	<u>45,853,270</u>
<i>Total Liabilities</i>	<u>128,354,060</u>
<b>Deferred Inflows of Resources:</b>	
Property Taxes	39,852,464
Payment in Lieu of Taxes	1,617,532
Pension	325,829
OPEB	<u>7,275,716</u>
<i>Total Deferred Inflows of Resources</i>	<u>49,071,541</u>
<b>Net Position:</b>	
Net Investment in Capital Assets	9,213,535
Restricted for:	
Capital Projects	2,480,543
Debt Service	4,895,493
Individuals	8,710
Student Managed Activities	128,505
Food Service	720,316
Local, State, and Federal Grants	397,841
Unrestricted (Deficit)	<u>(57,185,261)</u>
<i>Total Net Position (Deficit)</i>	<u>(\$39,340,318)</u>

See accompanying notes to the basic financial statements

**Kings Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2021

	Program Revenues			Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Revenue and Changes in Net Position
				Total Governmental Activities
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$30,255,997	\$1,267,450	\$1,317,583	(\$27,670,964)
Special	11,534,930	443,009	3,165,900	(7,926,021)
Student Intervention Services	291,521	0	0	(291,521)
Support Services:				
Pupils	5,026,256	0	543,979	(4,482,277)
Instructional Staff	1,404,258	0	0	(1,404,258)
Board of Education	62,988	0	0	(62,988)
Administration	4,340,273	0	0	(4,340,273)
Fiscal	1,206,613	0	0	(1,206,613)
Business	258,773	0	0	(258,773)
Operation and Maintenance of Plant	4,989,938	6,000	149,424	(4,834,514)
Pupil Transportation	4,250,245	0	151,007	(4,099,238)
Central	1,042,392	0	10,800	(1,031,592)
Operation of Non-Instructional Services	3,305,132	691,372	2,425,567	(188,193)
Extracurricular Activities	1,513,435	177,860	2,579	(1,332,996)
Interest and Fiscal Charges	1,494,247	0	0	(1,494,247)
<i>Total Governmental Activities</i>	<u>\$70,976,998</u>	<u>\$2,585,691</u>	<u>\$7,766,839</u>	<u>(60,624,468)</u>
<b>General Revenues:</b>				
Property Taxes Levied for:				
General Purposes				39,321,122
Debt Service				3,694,884
Capital Outlay				1,349,492
Grants and Entitlements not Restricted to Specific Programs				12,798,081
Gifts and Donations not Restricted to Specific Programs				144,642
Payment in Lieu of Taxes				1,617,532
Investment Earnings				57,800
Miscellaneous				1,016,275
<i>Total General Revenues</i>				<u>59,999,828</u>
Change in Net Position				(624,640)
<i>Net Position (Deficit) Beginning of Year</i>				<u>(38,715,678)</u>
<i>Net Position (Deficit) End of Year</i>				<u>(\$39,340,318)</u>

See accompanying notes to the basic financial statements

**Kings Local School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2021*

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$13,231,076	\$4,553,921	\$3,603,161	\$21,388,158
Inventory Held for Resale	0	0	14,126	14,126
Materials and Supplies Inventory	0	0	7,279	7,279
Accrued Interest Receivable	30,562	0	0	30,562
Accounts Receivable	82,802	0	0	82,802
Interfund Receivable	409,775	0	0	409,775
Intergovernmental Receivable	17,044	0	654,562	671,606
Property Taxes Receivable	40,264,751	3,657,550	1,392,092	45,314,393
Payment in Lieu of Taxes Receivable	1,617,532	0	0	1,617,532
<i>Total Assets</i>	<u>55,653,542</u>	<u>8,211,471</u>	<u>5,671,220</u>	<u>69,536,233</u>
<b>Liabilities:</b>				
Accounts Payable	87,701	0	110,002	197,703
Accrued Wages and Benefits Payable	4,914,054	0	365,334	5,279,388
Contracts Payable	0	0	330,947	330,947
Intergovernmental Payable	832,032	0	75,614	907,646
Employee Withholding Liability	12,637	0	2,407	15,044
Matured Compensated Absences Payable	56,914	0	0	56,914
Interfund Payable	0	0	409,775	409,775
<i>Total Liabilities</i>	<u>5,903,338</u>	<u>0</u>	<u>1,294,079</u>	<u>7,197,417</u>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	35,417,746	3,212,544	1,222,174	39,852,464
Payment in Lieu of Taxes	1,617,532	0	0	1,617,532
Unavailable Revenue	248,543	13,463	187,235	449,241
<i>Total Deferred Inflows of Resources</i>	<u>37,283,821</u>	<u>3,226,007</u>	<u>1,409,409</u>	<u>41,919,237</u>
<b>Fund Balances:</b>				
Nonspendable	0	0	7,279	7,279
Restricted	0	4,985,464	3,388,976	8,374,440
Committed	11,000	0	0	11,000
Assigned	6,627,997	0	0	6,627,997
Unassigned (Deficit)	5,827,386	0	(428,523)	5,398,863
<i>Total Fund Balances</i>	<u>12,466,383</u>	<u>4,985,464</u>	<u>2,967,732</u>	<u>20,419,579</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$55,653,542</u>	<u>\$8,211,471</u>	<u>\$5,671,220</u>	<u>\$69,536,233</u>

See accompanying notes to the basic financial statements

**Kings Local School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2021*

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Total Governmental Funds Balances \$20,419,579

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

Capital assets used in governmental activities are not financial  
 resources and, therefore, are not reported in the funds. 46,876,210

Some of the School District's revenues will be collected after fiscal  
 year-end, but are not available soon enough to pay for the current period's  
 expenditures and, therefore, are reported as unavailable revenue in the funds.

Delinquent Property Taxes	175,306
Intergovernmental	182,143
Interest	21,814
Accounts Receivable	69,978

Total 449,241

In the Statement of Activities, interest is accrued on outstanding  
 bonds, whereas in governmental funds, an interest expenditure  
 is reported when due. (103,434)

Deferred outflows of resources include deferred charges on  
 refunding, which do not provide current financial resources and,  
 therefore, are not reported in the funds. 3,117,326

The net pension liability and net OPEB liability (asset) are not due and payable in the  
 current period; therefore, the liabilities (asset) and related deferred inflows/outflows  
 are not reported in the governmental funds:

Net OPEB Asset	3,701,168
Deferred Outflows - Pension	12,932,371
Deferred Outflows - OPEB	2,331,750
Net Pension Liability	(66,913,159)
Net OPEB Liability	(5,443,488)
Deferred Inflows - Pension	(325,829)
Deferred Inflows - OPEB	(7,275,716)

Total (60,992,903)

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

General Obligation Bonds Payable	(35,630,000)
Bond Premiums	(4,495,891)
Accretion on Capital Appreciation Bonds	(2,537,911)
Financed Purchase Agreements Payable	(341,850)
Compensated Absences	(6,100,685)
Total	(49,106,337)

*Net Position of Governmental Activities* (\$39,340,318)

See accompanying notes to the basic financial statements

**Kings Local School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2021*

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property Taxes	\$39,333,214	\$3,699,750	\$1,350,251	\$44,383,215
Intergovernmental	14,234,502	441,805	6,007,983	20,684,290
Investment Earnings	58,713	0	3,701	62,414
Tuition and Fees	1,707,625	0	525,235	2,232,860
Rent	6,000	0	0	6,000
Extracurricular Activities	8,640	0	152,033	160,673
Contributions and Donations	144,142	0	6,679	150,821
Charges for Services	20,903	0	162,421	183,324
Payment in Lieu of Taxes	1,617,532	0	0	1,617,532
Miscellaneous	740,177	0	276,098	1,016,275
<i>Total Revenues</i>	<u>57,871,448</u>	<u>4,141,555</u>	<u>8,484,401</u>	<u>70,497,404</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	26,723,112	0	1,510,036	28,233,148
Special	9,379,809	0	1,361,080	10,740,889
Student Intervention Services	269,207	0	0	269,207
Support Services:				
Pupils	4,378,757	0	327,399	4,706,156
Instructional Staff	1,252,596	0	40,700	1,293,296
Board of Education	46,435	0	0	46,435
Administration	3,972,519	0	16,000	3,988,519
Fiscal	1,077,829	39,714	18,810	1,136,353
Business	220,752	0	0	220,752
Operation and Maintenance of Plant	3,330,242	0	142,911	3,473,153
Pupil Transportation	4,115,276	0	0	4,115,276
Central	1,019,630	0	13,092	1,032,722
Operation of Non-Instructional Services	126,323	0	2,986,531	3,112,854
Extracurricular Activities	1,197,228	0	288,230	1,485,458
Capital Outlay	0	0	951,682	951,682
Debt Service:				
Principal Retirement	465,666	1,610,000	0	2,075,666
Interest and Fiscal Charges	76,292	2,390,998	0	2,467,290
<i>Total Expenditures</i>	<u>57,651,673</u>	<u>4,040,712</u>	<u>7,656,471</u>	<u>69,348,856</u>
<i>Excess of Revenues Over Expenditures</i>	<u>219,775</u>	<u>100,843</u>	<u>827,930</u>	<u>1,148,548</u>
<b>Other Financing Sources (Uses):</b>				
Inception of Financed Purchase Agreement	451,950	0	0	451,950
Proceeds from Sale of Capital Assets	0	0	475	475
Transfers In	0	0	100,000	100,000
Transfers Out	(100,000)	0	0	(100,000)
<i>Total Other Financing Sources (Uses)</i>	<u>351,950</u>	<u>0</u>	<u>100,475</u>	<u>452,425</u>
<i>Net Change in Fund Balances</i>	571,725	100,843	928,405	1,600,973
<i>Fund Balances Beginning of Year</i>	<u>11,894,658</u>	<u>4,884,621</u>	<u>2,039,327</u>	<u>18,818,606</u>
<i>Fund Balances End of Year</i>	<u>\$12,466,383</u>	<u>\$4,985,464</u>	<u>\$2,967,732</u>	<u>\$20,419,579</u>

See accompanying notes to the basic financial statements

**Kings Local School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2021*

Net Change in Fund Balances - Total Governmental Funds		\$1,600,973
<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. This is the amount by which capital outlay exceeded depreciation in the current period:		
Capital Asset Additions	1,845,227	
Current Year Depreciation	<u>(1,841,630)</u>	
Total		3,597
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.		
Proceeds from Sale of Capital Assets	(475)	
Loss on Disposal of Capital Assets	<u>(1,199)</u>	
Total		(1,674)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	(17,717)	
Intergovernmental	(125,549)	
Interest	(4,614)	
Tuition and Fees	<u>2,834</u>	
Total		(145,046)
Accretion and amortization of bond premiums, the deferred charge on refunding debt, as well as accrued interest payable on the bonds are not reported in the funds, but are allocated as an expense over the life of the debt in the Statement of Activities:		
Accrued Interest	19,305	
Amortization of Deferred Charge on Refunding	(247,230)	
Amortization of Premium on Bonds	534,090	
Accretion of Capital Appreciation Bonds	<u>(488,122)</u>	
Total		(181,957)
Repayment of bond and financed purchase principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Bond Payments	1,780,000	
Financed Purchase Agreement Payments	295,666	
Accretion Paid on Capital Appreciation Bonds	<u>1,155,000</u>	
Total		3,230,666
Inception of financed purchase agreements are reported as other financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide statements, however, issuing debt increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
Inception of Financed Purchase Agreement		(451,950)
Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.		
Pension	4,870,950	
OPEB	<u>152,241</u>	
Total		5,023,191
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	(9,737,596)	
OPEB	<u>102,488</u>	
Total		(9,635,108)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		<u>(67,332)</u>
Change in Net Position of Governmental Activities		<u><u>(\$624,640)</u></u>
See accompanying notes to the basic financial statements		



**Kings Local School District**  
*Statement of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2021*

	Budget Amounts			Variance With Final Budget Over/Under
	Original	Final	Actual	
<b>Revenues:</b>				
Property Taxes	\$34,044,000	\$36,150,681	\$36,150,681	\$0
Intergovernmental	13,756,824	14,149,439	14,227,921	78,482
Investment Earnings	240,000	240,000	230,397	(9,603)
Tuition and Fees	1,178,000	1,496,362	1,705,566	209,204
Rent	1,000	27,000	30,000	3,000
Contributions and Donations	100,000	10,000	76,218	66,218
Charges for Services	24,500	24,500	20,903	(3,597)
Payments in Lieu of Taxes	1,484,000	1,484,000	1,617,532	133,532
Miscellaneous	25,000	325,000	344,370	19,370
<i>Total Revenues</i>	<u>50,853,324</u>	<u>53,906,982</u>	<u>54,403,588</u>	<u>496,606</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	26,129,724	27,019,167	26,566,454	452,713
Special	9,519,261	9,556,723	9,414,842	141,881
Student Intervention Services	269,130	253,855	236,696	17,159
Support Services:				
Pupil	4,481,349	4,470,293	4,337,848	132,445
Instructional Staff	1,330,445	1,294,595	1,266,529	28,066
Board of Education	76,165	75,913	46,435	29,478
Administration	4,023,169	4,109,092	4,052,177	56,915
Fiscal	1,023,420	1,087,010	1,083,494	3,516
Business	224,750	225,985	222,723	3,262
Operation and Maintenance of Plant	3,460,920	3,609,539	3,463,039	146,500
Pupil Transportation	4,362,090	4,500,497	4,127,733	372,764
Central	1,138,210	1,080,440	1,038,646	41,794
Operation of Non-Instructional Services	17,000	22,008	20,715	1,293
Extracurricular Activities	1,277,047	1,270,060	1,203,016	67,044
Debt Service:				
Principal Retirement	170,000	170,000	170,000	0
Interest and Fiscal Charges	56,700	56,700	56,700	0
<i>Total Expenditures</i>	<u>57,559,380</u>	<u>58,801,877</u>	<u>57,307,047</u>	<u>1,494,830</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(6,706,056)</u>	<u>(4,894,895)</u>	<u>(2,903,459)</u>	<u>1,991,436</u>
<b>Other Financing Sources (Uses):</b>				
Refund of Prior Year Expenditures	10,000	198,601	204,518	5,917
Advances In	0	0	498,006	498,006
Advances Out	0	0	(409,775)	(409,775)
Transfers Out	0	(150,000)	(100,000)	50,000
<i>Total Other Financing Sources (Uses)</i>	<u>10,000</u>	<u>48,601</u>	<u>192,749</u>	<u>144,148</u>
<i>Net Change in Fund Balance</i>	<u>(6,696,056)</u>	<u>(4,846,294)</u>	<u>(2,710,710)</u>	<u>2,135,584</u>
<i>Fund Balance at Beginning of Year</i>	14,501,737	14,501,737	14,501,737	0
<i>Prior Year Encumbrances Appropriated</i>	<u>331,469</u>	<u>331,469</u>	<u>331,469</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$8,137,150</u></u>	<u><u>\$9,986,912</u></u>	<u><u>\$12,122,496</u></u>	<u><u>\$2,135,584</u></u>

See accompanying notes to the basic financial statements

**Kings Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**Note 1 – Description of the School District and Reporting Entity**

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

The School District was established in the 1950s through the consolidation of existing land area and school districts. The School District serves an area of approximately twenty-three square miles. It is located in Warren County and includes portions of Deerfield, Union, and Hamilton Townships and has territory in portions of the City of Mason, City of Lebanon, and Village of South Lebanon.

**Reporting Entity**

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

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

The following activities are included within the reporting entity:

*Parochial School* - Within the School District's boundaries, St. Margaret of York operates as a private school. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. This activity is reflected as a nonmajor special revenue fund for financial reporting purposes.

The School District participates in two jointly governed organizations and one insurance purchasing pool. These organizations are presented in Note 15 to the Basic Financial Statements. These organizations are:

**Kings Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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Jointly Governed Organizations:

Southwest Ohio Computer Association  
Warren County Career Center

Insurance Purchasing Pool:

Ohio School Boards Association Workers' Compensation  
Group Rating Plan

**Note 2 – Summary of Significant Accounting Policies**

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

**Basis of Presentation**

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

**Government-wide Financial Statements**

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

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

**Kings Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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Fund Financial Statements

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

**Fund Accounting**

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

Governmental Funds

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

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

Debt Service Fund - The Debt Service Fund is used to account for and report the accumulation of resources restricted for the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the School District is obligated in some manner for the payment.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial Funds are used to report fiduciary

**Kings Local School District**  
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activities that are not required to be reported in a trust fund. The School District has one custodial fund which is used to account for Ohio High School Athletic Association (OHSAA) monies. There was no activity during fiscal year 2021 in this fund.

**Measurement Focus**

Government-wide Financial Statements

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

Fund Financial Statements

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

Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

**Basis of Accounting**

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

**Kings Local School District**  
*Notes to the Basic Financial Statements*  
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Revenues - Exchange and Non-exchange Transactions

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

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

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

Deferred Inflows/Outflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charge on refunding, pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11, respectively.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, payment in lieu of taxes, pension, OPEB plans and unavailable revenue. Property taxes and payment in lieu of 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 on both the government-wide statement of net position and governmental fund financial statements.

**Kings Local School District**  
*Notes to the Basic Financial Statements*  
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Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, interest, intergovernmental grants, and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund on page 16. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 10 and 11, respectively)

Expenditures/Expenses

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

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

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

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

**Cash and Cash Equivalents**

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

During fiscal year 2021, the School District's investments were limited to STAR Ohio, First American Treasury Mutual Fund, Commercial Paper, Municipal Bonds, Federal Farm Credit Bank Notes, Federal Home Loan Bank Notes, Federal National Mortgage Association Notes, US Treasury Notes, and Negotiable Certificates of Deposit.

Investments, except for STAR Ohio and commercial paper, are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund's current share price. The School District's commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

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

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, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transactions to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of investment earnings. Interest credited to the General Fund during fiscal year 2021 was \$58,713, which included \$22,392 assigned from other School District funds.

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

**Interfund Balances**

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

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which the services are consumed. The School District had no prepaid items as of June 30, 2021.

**Inventory**

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



**Kings Local School District**  
*Notes to the Basic Financial Statements*  
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**Capital Assets**

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

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

All reported capital assets, except land 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>	<u>Governmental Activities Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	25 - 50 years
Furniture and Equipment	5 - 15 years
Vehicles	5 - 15 years

**Compensated Absences**

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after 5 years of service.

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

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

**Accrued Liabilities and Long-Term Obligations**

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

**Fund Balance**

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned

**Kings Local School District**  
*Notes to the Basic Financial Statements*  
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fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education. In the General Fund, assigned amounts include amounts to be assigned by principals for extracurricular activities. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Treasurer assigned fund balance to cover a gap between estimated revenue and appropriations in the 2022 appropriation budget.

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

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

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

**Internal Activity**

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

Internal allocations of overhead expenses from one function to another, or within the same function, are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

**Kings Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**Budgetary Process**

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

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

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

**Bond Premiums and Compounded Interest on Capital Appreciation Bonds**

For governmental activities, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the compounded interest accrued during the fiscal year. Bond premiums and the compounded interest on the capital appreciation bonds are presented as an addition to the face amount of the bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds were issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent. Accretion on the capital appreciation bonds is not reported. Interest on the capital appreciation bonds is recorded as an expenditure when the debt becomes due.

**Kings Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**Deferred Charge on Refunding**

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This deferred amount is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows/inflows of resources on the Statement of Net Position.

**Estimates**

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

**Note 3 – Change in Accounting Principles**

**Change in Accounting Principles**

For fiscal year 2021, the School District implemented Governmental Accounting Standards Board (GASB) Statement *No. 83, Certain Asset Retirement Obligations*. GASB Statement 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. These changes had no effect on the financial statements.

For fiscal year 2021, the School District also implemented GASB Statement *No. 90, Majority Equity Interests*. GASB Statement 90 defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. These changes were incorporated in the School District's fiscal year 2021 financial statements; however, there was no effect on beginning net position/fund balance.

For fiscal year 2021, the School District also implemented the Governmental Accounting Standards Board's *Implementation Guide No. 2019-1*. These changes were incorporated in the School District's fiscal year 2021 financial statements; however, there was no effect on beginning net position/fund balance.

For fiscal year 2021, the School District also implemented the Governmental Accounting Standards Board's *Implementation Guide No. 2019-3*. These changes were incorporated in the School District's fiscal year 2021 financial statements; however, there was no effect on beginning net position/fund balance.

**Kings Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**Note 4 – Budgetary Basis of Accounting**

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

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

1. Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).
4. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).
5. Budgetary revenues and expenditures of the Uniform School Supplies Fund and the Underground Storage Tank Fund are classified to the General Fund for GAAP reporting.
6. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Net Change in Fund Balance	
GAAP Basis	\$571,725
Adjustments:	
Revenue Accruals	(3,627,188)
Expenditure Accruals	785,883
Encumbrances	(615,721)
Increase in Fair Value of Investments - 2020	372,006
Increase in Fair Value of Investments - 2021	(201,199)
Perspective Difference:	
Public School Support Fund	(84,447)
Advances	88,231
Budget Basis	(\$2,710,710)

**Kings Local School District**  
*Notes to the Basic Financial Statements*  
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**Note 5 – Deposits and Investments**

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

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

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

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

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

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

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

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

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

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



**Kings Local School District**  
*Notes to the Basic Financial Statements*  
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**Investments**

At June 30, 2021, the School District had the following investments:

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Maturity</u>	<u>S&amp;P/ Moody's Rating</u>	<u>Percent of Total Investments</u>
Net Asset Value per Share:				
STAR Ohio	\$7,901,486	Less than one year	AAAm	N/A
Amortized Cost:				
Commercial Paper	4,016,271	Less than one year	P-1	18.70%
Fair Value - Level 1 Inputs:				
First American Treasury Mutual Fund	3,743	Less than one year	N/A	N/A
Fair Value - Level 2 Inputs:				
Municipal Bonds	565,986	Less than four years	Aa2	N/A
Federal Farm Credit Bank Notes	400,646	Less than one year	Aaa	N/A
Federal Home Loan Bank Notes	398,275	Less than four years	Aaa	N/A
Federal National Mortgage Association Notes	494,871	Less than five years	Aaa	N/A
Federal Home Loan Mortgage Corporation Notes	371,929	Less than five years	Aaa	N/A
US Treasury Notes	689,138	Less than three years	Aaa	N/A
Negotiable Certificates of Deposit	6,635,896	Less than four years	N/A	30.90%
Total Fair Value - Level 2 Inputs	9,556,741			
Total Investments	\$21,478,241			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2021. The First American Treasury Mutual Fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

*Interest Rate Risk*

As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. To date, no investments have been purchased with a life greater than five years.

**Kings Local School District**  
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*Credit Risk*

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

*Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policy does not address this risk beyond the requirements in State Statutes.

**Note 6 – Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien 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 currently is assessed at varying percentages of true value.

The School District receives property taxes from Warren County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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Accrued property taxes receivable includes real property and public utility property taxes that 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 - property taxes.

The amount available as an advance at June 30, 2021, was \$5,286,623 and is recognized as revenue: \$4,690,254 in the General Fund, \$431,543 in the Debt Service Fund, and \$164,826 in the nonmajor governmental funds. The amount available as an advance at June 30, 2020, was \$1,507,721 in the General Fund, \$166,065 in the Debt Service Fund, and \$53,005 in the nonmajor governmental funds.

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

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

	2020 Second - Half Collections		2021 First - Half Collections	
	Amount	Percentage	Amount	Percentage
Real Estate	\$928,849,040	97.52%	\$1,015,300,960	97.52%
Public Utility Personal	23,633,970	2.48%	25,818,880	2.48%
Total Assessed Value	<u>\$952,483,010</u>	<u>100.00%</u>	<u>\$1,041,119,840</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$75.93		\$75.23	

**Payments in Lieu of Taxes**

The School District is party to Tax Increment Financing (TIF) agreements. Municipalities, townships, and counties can enter into TIF agreements which lock in real property at its unimproved value for up to 30 years in a defined TIF district. Some TIF agreements also require the TIF government to allocate service payments to school districts and other governments to help offset the property taxes these governments would have received had the improvements to real property not been exempted. The Service payments that the School District receives as part of TIF agreements are presented on the financial statements as Payment in Lieu of Taxes.

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**Note 7 – Receivables**

Receivables at June 30, 2021, consisted of accrued interest, accounts (student fees, sales, and reimbursements), interfund, intergovernmental grants, property taxes, and payment in lieu of taxes. 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. All receivable amounts, except delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

The School District receives payment in lieu of taxes from multiple Tax Increment Financing Agreements that were entered into between the School District and corporations. These payments will be received based on each individual agreement.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities:	
IDEA-B Special Education	\$193,017
Title III Language for English Learners	14,160
Title I-A	52,361
IDEA Early Childhood Special Education	3,959
Title II-A Supporting Effective Instruction	20,947
Title IV-A	13,748
Diversifying The Education Experience	9,500
Food Service Grants	345,799
Medicaid Reimbursement	15,544
University of Cincinnati	1,500
Emergency School Relief	1,071
Total Intergovernmental Receivables	\$671,606

**Note 8 – Capital Assets**

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

	Balance 6/30/2020	Additions	Deductions	Balance 6/30/2021
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$3,194,466	\$0	\$0	\$3,194,466
Construction in Progress	0	330,947	0	330,947
Total Capital Assets Not Being Depreciated	\$3,194,466	\$330,947	\$0	\$3,525,413

(continued)

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	Balance 6/30/2020	Additions	Deductions	Balance 6/30/2021
<b>Governmental Activities:</b>				
Capital Assets Being Depreciated:				
Land Improvements	\$5,030,715	\$0	\$0	\$5,030,715
Buildings and Improvements	69,535,622	548,416	0	70,084,038
Furniture and Equipment	4,556,929	965,864	(417,785)	5,105,008
Vehicles	1,185,825	0	0	1,185,825
Total Capital Assets Being Depreciated	<u>80,309,091</u>	<u>1,514,280</u>	<u>(417,785)</u>	<u>81,405,586</u>
Less Accumulated Depreciation:				
Land Improvements	(4,221,576)	(109,802)	0	(4,331,378)
Buildings and Improvements	(27,881,408)	(1,347,614)	0	(29,229,022)
Furniture and Equipment	(3,418,783)	(367,073)	416,111	(3,369,745)
Vehicles	(1,107,503)	(17,141)	0	(1,124,644)
Total Accumulated Depreciation	<u>(36,629,270)</u>	<u>(1,841,630) *</u>	<u>416,111</u>	<u>(38,054,789)</u>
Total Capital Assets Being Depreciated, Net	<u>43,679,821</u>	<u>(327,350)</u>	<u>(1,674)</u>	<u>43,350,797</u>
Governmental Activities Capital Assets, Net	<u>\$46,874,287</u>	<u>\$3,597</u>	<u>(\$1,674)</u>	<u>\$46,876,210</u>

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

Instruction:	
Regular	\$279,098
Special	797
Support Services:	
Administration	2,642
Fiscal	417
Operation and Maintenance of Plant	1,404,800
Pupil Transportation	134,969
Operation of Non-Instructional Services	13,706
Extracurricular Activities	5,201
Total Depreciation Expense	<u>\$1,841,630</u>

**Note 9 – Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the School District contracted with Wright Specialty for fleet insurance, cyber, and liability insurance. Property is also protected by Wright Specialty.

Settled claims have not exceeded the commercial coverage in any of the past three years. There has been no significant reduction in coverage since last year.

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**Workers' Compensation**

For fiscal year 2021, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience, and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement provides administrative, cost control, and actuarial services to the GRP.

**Note 10 – Defined Benefit Pension Plans**

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

**Net Pension/Net OPEB Liability**

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

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

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

Age and service requirements for retirement are as follows:

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

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

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

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An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$1,153,612 for fiscal year 2021. Of this amount, \$25,306 is reported as an intergovernmental payable.

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

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.



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Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$3,717,338 for fiscal year 2021. Of this amount, \$645,632 is reported as an intergovernmental payable.

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**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 School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Current Measurement Date	0.24125540%	0.21059302%	
Prior Measurement Date	<u>0.23457500%</u>	<u>0.20931637%</u>	
Change in Proportionate Share	<u>0.00668040%</u>	<u>0.00127665%</u>	
Proportionate Share of the Net			
Pension Liability	\$15,957,141	\$50,956,018	\$66,913,159
Pension Expense	\$2,057,078	\$7,680,518	\$9,737,596

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$30,996	\$114,333	\$145,329
Changes of assumptions	0	2,735,354	2,735,354
Net difference between projected and actual earnings on pension plan investments	1,012,955	2,477,997	3,490,952
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	294,501	1,395,285	1,689,786
School District contributions subsequent to the measurement date	<u>1,153,612</u>	<u>3,717,338</u>	<u>4,870,950</u>
Total Deferred Outflows of Resources	<u>\$2,492,064</u>	<u>\$10,440,307</u>	<u>\$12,932,371</u>
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	<u>\$0</u>	<u>\$325,829</u>	<u>\$325,829</u>

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\$4,870,950 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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	\$222,280	\$2,232,255	\$2,454,535
2023	376,810	1,352,108	1,728,918
2024	422,222	1,642,390	2,064,612
2025	317,140	1,170,387	1,487,527
Total	\$1,338,452	\$6,397,140	\$7,735,592

**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:

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Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	1.85%
US Stocks	22.50	5.75
Non-US Stocks	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>	

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$21,859,334	\$15,957,141	\$11,005,088

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3.0 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

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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.

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

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

\* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent 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 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

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

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	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$72,552,498	\$50,956,018	\$32,654,799

**Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2021, one member of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

**Note 11 – Defined Benefit OPEB Plans**

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

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

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

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

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Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$152,241.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$152,241 for fiscal year 2021, which is reported as an intergovernmental payable.

**Plan Description – State Teachers Retirement System of Ohio (STRS)**

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

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



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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.25046800%	0.21059302%	
Prior Measurement Date	<u>0.24009090%</u>	<u>0.20931637%</u>	
Change in Proportionate Share	<u>0.01037710%</u>	<u>0.00127665%</u>	
 Proportionate Share of the:			
Net OPEB (Asset)	\$0	(\$3,701,168)	(\$3,701,168)
Net OPEB Liability	\$5,443,488	\$0	\$5,443,488
OPEB Expense	\$58,426	(\$160,914)	(\$102,488)

At June 30, 2021, the School 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>
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$71,494	\$237,153	\$308,647
Changes of assumptions	927,925	61,097	989,022
Net difference between projected and actual earnings on pension plan investments	61,335	129,711	191,046
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	451,975	238,819	690,794
School District contributions subsequent to the measurement date	<u>152,241</u>	<u>0</u>	<u>152,241</u>
Total Deferred Outflows of Resources	<u>\$1,664,970</u>	<u>\$666,780</u>	<u>\$2,331,750</u>
 <b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$2,768,395	\$737,219	\$3,505,614
Changes of assumptions	137,109	3,515,488	3,652,597
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>117,505</u>	<u>0</u>	<u>117,505</u>
Total Deferred Inflows of Resources	<u>\$3,023,009</u>	<u>\$4,252,707</u>	<u>\$7,275,716</u>

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\$152,241 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	(\$314,401)	(\$896,597)	(\$1,210,998)
2023	(309,964)	(808,799)	(1,118,763)
2024	(310,686)	(777,996)	(1,088,682)
2025	(284,460)	(760,908)	(1,045,368)
2026	(212,808)	(163,075)	(375,883)
2027	(77,961)	(178,552)	(256,513)
Total	(\$1,510,280)	(\$3,585,927)	(\$5,096,207)

**Actuarial Assumptions – SERS**

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below:

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Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.63 percent
Prior Measurement Date	3.22 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent 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 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2020, was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019, was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of

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2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent 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 percent, 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. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

***Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates*** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (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.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1 % Increase (3.63%)
School District's proportionate share of the net OPEB liability	\$6,662,696	\$5,443,488	\$4,474,222

  

	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$4,286,334	\$5,443,488	\$6,990,903

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

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Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.00 percent initial, 4 percent ultimate
Medicare	-6.69 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	6.50 percent initial, 4 percent ultimate
Medicare	11.87 initial, 4 percent ultimate

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

Actuarial assumptions used in the June 30, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

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

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

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**Discount Rate** The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1 % Increase (8.45%)
School District's proportionate share of the net OPEB asset	(\$3,220,258)	(\$3,701,168)	(\$4,109,205)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$4,083,877)	(\$3,701,168)	(\$3,234,974)

**Note 12 – Employee Benefits**

**Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn 10 to 20 days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators do not earn vacation time, with the exception of the Superintendent, Treasurer, High School Principal, Business Manager, Athletic Director, Food Service Director, and Preschool Director.

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Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 300 days for certified and classified employees and 45 days beyond contract year for administrators. Upon retirement, certified and classified employees are paid for one-fourth of their accrued, but unused sick leave credit to a maximum of 65 days with 5 to 11 years of service, or 87 days with more than 12 years of service. Upon retirement, administrators are paid for one-half of their accrued, but unused sick leave.

**Health Care Benefits**

The School District provides medical, dental, vision, and life insurance benefits to most employees. Depending upon the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies with the employee, depending on the terms of the union contract.

**Note 13 – Long-Term Obligations**

The changes in the School District’s long-term obligations during fiscal year 2021 were as follows:

	Amount Outstanding 6/30/20	Additions	Deductions	Amount Outstanding 6/30/21	Amounts Due in One Year
<u>Governmental Activities:</u>					
General Obligation Bonds:					
Direct Placements:					
2015 HB264 Bonds 3.00%					
Bonds	\$1,975,000	\$0	\$170,000	\$1,805,000	\$175,000
Premium	20,864	0	2,177	18,687	0
Total Direct Placements	<u>1,995,864</u>	<u>0</u>	<u>172,177</u>	<u>1,823,687</u>	<u>175,000</u>
Non-Direct Placements:					
2004 School Improvement Refunding 2.00-4.125%					
Capital Appreciation Bonds	305,000	0	160,000	145,000	145,000
Interest Accretion	1,965,127	145,935	1,100,000	1,011,062	1,011,062
2013A School Improvement Refunding					
Current Interest 3.25-5.00%	6,845,000	0	800,000	6,045,000	1,090,000
Capital Appreciation Bond	760,000	0	0	760,000	0
Interest Accretion	747,540	134,753	0	882,293	0
Premium	1,385,798	0	135,758	1,250,040	0
2013B School Improvement Refunding					
Current Interest 3.50-5.00%	6,520,000	0	285,000	6,235,000	100,000
Capital Appreciation Bond	235,000	0	50,000	185,000	0
Interest Accretion	459,641	102,749	55,000	507,390	0
Premium	\$1,050,204	\$0	\$175,035	\$875,169	\$0

(continued)

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	Amount Outstanding 6/30/20	Additions	Deductions	Amount Outstanding 6/30/21	Amounts Due in One Year
<u>Governmental Activities:</u>					
Non-Direct Placements:					
2015 School Improvement Refunding 4.00-5.00%					
Bonds	\$6,010,000	\$0	\$0	\$6,010,000	\$0
Premium	707,569	0	64,324	643,245	0
2020 School Improvement Refunding					
Current Interest 2.69-3.25%	14,040,000	0	315,000	13,725,000	260,000
Capital Appreciation Bond	720,000	0	0	720,000	0
Interest Accretion	32,481	104,685	0	137,166	0
Premium	1,865,546	0	156,796	1,708,750	0
Total Non-Direct Placements	43,648,906	488,122	3,296,913	40,840,115	2,606,062
Total General Obligation Bonds	45,644,770	488,122	3,469,090	42,663,802	2,781,062
<u>Other Long-Term Obligations:</u>					
Net Pension Liability:					
SERS	14,035,034	1,922,107	0	15,957,141	0
STRS	46,289,057	4,666,961	0	50,956,018	0
Total Net Pension Liability	60,324,091	6,589,068	0	66,913,159	0
Net OPEB Liability:					
SERS	6,037,781	0	594,293	5,443,488	0
Compensated Absences	6,033,353	1,839,842	1,772,510	6,100,685	321,300
Financed Purchases	185,566	451,950	295,666	341,850	150,705
Total Other Long-Term Obligations	72,580,791	8,880,860	2,662,469	78,799,182	472,005
Total Governmental Activities Long-Term Obligations	\$118,225,561	\$9,368,982	\$6,131,559	\$121,462,984	\$3,253,067

On February 6, 2015, the School District issued \$2,735,000 in General Obligation bonds for the purpose on making energy conservation improvements to the School District's various buildings. The bonds were issued to pay three percent interest and with final maturity on December 1, 2029. The bonds were directly placed with the Huntington Investment Company. The bonds will be paid from the General Fund.

School Improvement Bonds – On various occasions, the School District issued general obligation bonds for the purpose of additions and improvements to school buildings in the School District. The maturity dates of the bonds vary through December 1, 2033. The interest rates vary from 2.00% to 5.00%.

In April 2004, the School District issued \$7,660,000 in School Improvement Refunding Bonds for the purpose of advance refunding a portion of the 1994 School Improvement Bonds and 1995 School Improvement Bonds, \$7,350,000 were serial bonds and \$305,000 were capital appreciation bonds. The bonds were issued for an 18 year period, with final maturity on December 1, 2021.



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The remaining \$145,000 capital appreciation bond mature in fiscal year 2022 with a final maturity of \$1,310,000. The bonds will be paid from the Debt Service Fund.

In February 2013, the School District issued \$22,365,000 in the Series 2013A School Improvement Bonds for the purpose of advance refunding a portion of the 1995 School Improvement Bonds, the 2000 School Improvement Bonds, and the 2007 School Improvement Bonds. \$21,605,000 were serial bonds, and \$760,000 were capital appreciation bonds. Also in February 2013, the School District issued \$18,420,000 in the Series 2013B School Improvement Bonds for the purpose of advance refunding a portion of the 2004 School Improvement Bonds. \$18,185,000 were serial bonds, and \$235,000 were capital appreciation bonds. The bonds were issued for a 20-year period, with final maturity in December 2033.

The capital appreciation bond for the Series 2013A School Improvement Bonds will mature in fiscal year 2027 in the amount of \$2,745,000. The remaining \$185,000 capital appreciation bond for the Series 2013B School Improvement Bonds will mature in fiscal year 2024 with a final maturity amount of \$1,075,000. The bonds will be paid from the Debt Service Fund.

In July of 2015, the School District issued \$6,010,000 Series 2015 School Improvement General Obligation refunding bonds. The bonds were issued for the purposes of refunding a portion of the School District's General Obligation Bonds, Series 2007 and additions to school facilities, site acquisition, and providing equipment. The bonds will mature on December 1, 2030. The bonds will be paid from the Debt Service Fund.

In January of 2020, the School District issued \$14,760,000 in School Improvement Refunding Bonds for the purpose of refunding a portion of the 2013A School Improvement Refunding Bonds, in order to take advantage of lower interest rates. These bonds are paid from the Debt Service fund and will mature in December 2033. The capital appreciation bonds will mature in fiscal year 2032 in the amount of \$3,365,000.

Financed Purchase Agreements – During fiscal year 2021 and in prior years, the School District entered into financed purchase agreements for computer equipment. The School District is purchasing the equipment from Dell. These agreements meets the criteria of a financed purchase which is defined as a financed purchase which transfers ownership to the lessee. The prior years finance purchase agreement was paid off during fiscal year 2021. Financed purchase payments are reflected as debt service expenditures in the fund financial statements. Principal payments made during fiscal year 2021 totaled \$295,666 from the General fund.

The agreements provides for minimum annual financed purchase payments as follows:

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Fiscal Year Ended June 30,	Computer Equipment
2022	\$157,713
2023	99,973
2024	99,973
Total Minimum Finance Payments	357,659
Less: Amount Representing Interest	(15,809)
Present Value of Net Minimum Finance Payments	\$341,850

Compensated absences will be paid from the General Fund, and the Food Service, Latchkey/Preschool and Auxiliary Services special revenue funds. General obligation bonds will be paid from the General and Debt Service funds. There is no repayment schedule for the net pension/OPEB liabilities. However, employer pension/OPEB contributions are made from the following funds: General, Food Service, Latchkey/Preschool, and Auxiliary Services. For additional information related to the net pension/OPEB liabilities see Notes 10 and 11.

Principal and interest requirements to retire general obligation debt outstanding at fiscal year-end are as follows:

Fiscal Year Ending June 30,	Serial Bonds Principal	Serial Bonds Interest	Capital Appreciation Principal	Capital Appreciation Interest	Total
2022	\$1,450,000	\$1,172,184	\$145,000	\$1,165,000	\$3,932,184
2023	2,885,000	1,082,297	0	0	3,967,297
2024	1,925,000	980,491	185,000	890,000	3,980,491
2025	3,090,000	873,089	0	0	3,963,089
2026	3,310,000	744,353	0	0	4,054,353
2027-2031	12,470,000	2,458,199	760,000	1,985,000	17,673,199
2032-2034	6,885,000	414,779	720,000	2,645,000	10,664,779
Total	\$32,015,000	\$7,725,392	\$1,810,000	\$6,685,000	\$48,235,392

From Direct Placement		
Fiscal Year Ending June 30,	Serial Bonds Principal	Serial Bonds Interest
2022	\$175,000	\$51,525
2023	185,000	46,125
2024	190,000	40,500
2025	195,000	34,725
2026	195,000	28,875
2027-2030	865,000	52,725
Total	\$1,805,000	\$254,475

The School District's overall legal debt margin was \$61,891,796 with an unvoted debt margin of \$1,041,120, and an Energy Conservation debt margin of \$7,565,079 at June 30, 2021.

**Kings Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**Note 14 – Interfund Activity**

As of June 30, 2021, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Receivable</u>
<u>Payable</u>	<u>General Fund</u>
Nonmajor Governmental Funds	\$409,775

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

Transfers of \$100,000 from the General fund to nonmajor governmental funds were made to support programs accounted for in other funds.

**Note 15 – Jointly Governed Organizations and Insurance Purchasing Pool**

**Jointly Governed Organizations**

*Southwest Ohio Computer Association*

The School District is a participant in the Southwest Ohio Computer Association (SWOCA), which is a computer consortium. SWOCA is an association of public school districts within the boundaries of Butler, Hamilton, Preble, and Warren Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SWOCA consists of one representative from each district plus one representative from the fiscal agent. The Board exercises total control over the operations of the consortium including budgeting, appropriating, contracting and designating management. Each School District’s degree of control is limited to its representation on the Board. The School District paid SWOCA \$204,627 for services provided during the fiscal year. Financial information can be obtained from SWOCA at 3607 Hamilton-Middletown Road, Hamilton, Ohio 45011.

*Warren County Career Center*

The Warren County Career Center is a distinct political subdivision of the State of Ohio. It is operated under the direction of a Board consisting of one of the elected board members from each of the participating school districts, including one member from the Kings Local School District Board of Education. Warren County Career Center was formed for the purpose of providing vocational education opportunities to the students of the School District. The Board exercises total control over the operations of the center including budgeting, appropriating,

**Kings Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District did not make any payments to the Warren County Career Center during fiscal year 2021. Financial information can be obtained from Warren County Career Center at 3525 State Route 48, Lebanon, Ohio 45036.

**Insurance Purchasing Pool**

*Ohio School Boards Association Workers' Compensation Group Rating Plan*

The School 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.

**Note 16 – Set-Aside Calculations**

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

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

	<u>Capital Acquisition</u>
Set-aside Balance as of June 30, 2020	\$0
Current Fiscal Year Set-aside Requirement	842,356
Qualifying Disbursements	<u>(842,356)</u>
Set-aside Balance as of June 30, 2021	<u><u>\$0</u></u>

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

**Kings Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**Note 17 – Accountability**

At June 30, 2021, the following funds had deficit fund balances:

Funds	Amounts
Latchkey	\$386,454
School Emergency Relief	1,071
IDEA Part B	28,073
Title III	938
Title I	9,137
Title II-A	2,850
Total Funds	\$428,523

The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Note 18 – Fund Balances**

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

Fund Balances	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
<b><i>Nonspendable:</i></b>				
Inventory	\$0	\$0	\$7,279	\$7,279
 <b><i>Restricted for:</i></b>				
Capital Projects	0	0	2,144,504	2,144,504
Debt Service	0	4,985,464	0	4,985,464
Individuals	0	0	8,710	8,710
Student Managed Activities	0	0	128,505	128,505
Food Service	0	0	826,523	826,523
Auxiliary Services	0	0	22,967	22,967
Local, State and Federal Grants	0	0	257,767	257,767
<b><i>Total Restricted</i></b>	<b>\$0</b>	<b>\$4,985,464</b>	<b>\$3,388,976</b>	<b>\$8,374,440</b>

(continued)

**Kings Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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Fund Balances	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
<b><i>Committed to:</i></b>				
Underground Storage Tank	\$11,000	\$0	\$0	\$11,000
<b><i>Assigned to:</i></b>				
Purchases on Order	549,090	0	0	549,090
Principal's Discretion	267,181	0	0	267,181
Future Appropriations	5,811,726	0	0	5,811,726
<b><i>Total Assigned</i></b>	<b>6,627,997</b>	<b>0</b>	<b>0</b>	<b>6,627,997</b>
<b><i>Unassigned (Deficit):</i></b>	<b>5,827,386</b>	<b>0</b>	<b>(428,523)</b>	<b>5,398,863</b>
<b><i>Total Fund Balances</i></b>	<b>\$12,466,383</b>	<b>\$4,985,464</b>	<b>\$2,967,732</b>	<b>\$20,419,579</b>

**Note 19 – Significant Commitments**

**Encumbrances**

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

General Fund	\$615,721
Nonmajor Governmental Funds	1,069,564
Total	<u>\$1,685,285</u>

**Note 20 – Contingencies**

**Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2021, if applicable, cannot be determined at this time.

**Kings Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**Litigation**

The School District is not currently party to any pending litigation.

**Note 21 – 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 School District. The School District's investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During fiscal year 2021, the School District received \$173,767 as an on-behalf of grant from Warren County. These amounts are recorded in the nonmajor Coronavirus Relief Special Revenue Fund.

**Note 22 – Subsequent Event**

For fiscal year 2022, School 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 School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$1,386,089 in revenue and expenditures/expense related to these programs. Also during fiscal year 2021, the School District reported \$552,372 in tuition and fees from the resident school districts which will be direct funded to the School 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 School District. The School 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.

**Kings Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*School Employees Retirement System of Ohio*  
*Last Eight Fiscal Years (1)*

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	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.24125540%	0.23457500%	0.22501710%
School District's Proportionate Share of the Net Pension Liability	\$15,957,141	\$14,035,034	\$12,887,147
School District's Covered Payroll	\$7,882,107	\$8,090,356	\$7,719,993
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	202.45%	173.48%	166.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information



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2018	2017	2016	2015	2014
0.23089600%	0.23392440%	0.22576180%	0.22517800%	0.22517800%
\$13,795,526	\$17,121,108	\$12,882,188	\$11,396,130	\$13,390,613
\$6,743,986	\$7,947,679	\$6,876,502	\$6,562,771	\$3,757,198
204.56%	215.42%	187.34%	173.65%	356.40%
69.50%	62.98%	69.16%	71.70%	65.52%

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

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	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's Proportion of the Net OPEB Liability	0.25046800%	0.24009090%	0.22884140%
School District's Proportionate Share of the Net OPEB Liability	\$5,443,488	\$6,037,781	\$6,348,679
School District's Covered Payroll	\$7,882,107	\$8,090,356	\$7,719,993
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	69.06%	74.63%	82.24%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

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<u>2018</u>	<u>2017</u>
0.23408220%	0.23676900%
\$6,282,151	\$6,748,792
\$6,743,986	\$7,947,679
93.15%	84.92%
12.46%	11.49%

**Kings Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*School Teachers Retirement System of Ohio*  
*Last Eight Fiscal Years (1)*

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	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.21059302%	0.20931637%	0.20364872%
School District's Proportionate Share of the Net Pension Liability	\$50,956,018	\$46,289,057	\$44,777,779
School District's Covered Payroll	\$26,007,157	\$24,727,843	\$23,354,407
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	195.93%	187.19%	191.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

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2018	2017	2016	2015	2014
0.19506290%	0.19480763%	0.18281586%	0.18381352%	0.18381352%
\$46,337,610	\$65,207,987	\$50,524,959	\$44,709,810	\$53,258,033
\$21,300,264	\$21,251,257	\$19,834,907	\$18,820,086	\$18,272,292
217.54%	306.84%	254.73%	237.56%	291.47%
75.30%	66.80%	72.10%	74.70%	69.30%

**Kings Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability*  
*School Teachers Retirement System of Ohio*  
*Last Five Fiscal Years (1)*

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	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's Proportion of the Net OPEB Liability (Asset)	0.21059302%	0.20931637%	0.20364872%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$3,701,168)	(\$3,466,782)	(\$3,272,427)
School District's Covered Payroll	\$26,007,157	\$24,727,843	\$23,354,407
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered - Payroll	(14.23%)	(14.02%)	(14.01%)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.10%	174.70%	176.00%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

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<u>2018</u>	<u>2017</u>
0.19506290%	0.19480763%
\$7,610,634	\$10,418,363
\$21,300,264	\$21,251,257
35.73%	49.02%
47.10%	37.30%

**Kings Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions*  
*School Employees Retirement System of Ohio*  
*Last Ten Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$1,153,612	\$1,103,495	\$1,092,198	\$1,042,199
Contributions in Relation to the Contractually Required Contribution	<u>(1,153,612)</u>	<u>(1,103,495)</u>	<u>(1,092,198)</u>	<u>(1,042,199)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$8,240,086	\$7,882,107	\$8,090,356	\$7,719,993
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution (2)	\$152,241	\$161,463	\$185,579	\$164,724
Contributions in Relation to the Contractually Required Contribution	<u>(152,241)</u>	<u>(161,463)</u>	<u>(185,579)</u>	<u>(164,724)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.85%</u>	<u>2.05%</u>	<u>2.29%</u>	<u>2.13%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.85%</u>	<u>16.05%</u>	<u>15.79%</u>	<u>15.63%</u>

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

(2) Fiscal years 2013-2021 include Surcharge. Surcharge information is not available for fiscal years 2012 and prior.

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>
\$944,158	\$1,112,675	\$906,323	\$909,600	\$519,996	\$567,675
<u>(944,158)</u>	<u>(1,112,675)</u>	<u>(906,323)</u>	<u>(909,600)</u>	<u>(519,996)</u>	<u>(567,675)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,743,986	\$7,947,679	\$6,876,502	\$6,562,771	\$3,757,198	\$4,220,630
<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>	<u>13.84%</u>	<u>13.45%</u>
\$126,545	\$118,572	\$174,550	\$121,281	\$111,315	\$23,213
<u>(126,545)</u>	<u>(118,572)</u>	<u>(174,550)</u>	<u>(121,281)</u>	<u>(111,315)</u>	<u>(23,213)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.88%</u>	<u>1.49%</u>	<u>2.54%</u>	<u>1.85%</u>	<u>2.96%</u>	<u>0.55%</u>
<u>15.88%</u>	<u>15.49%</u>	<u>15.72%</u>	<u>15.71%</u>	<u>16.80%</u>	<u>14.00%</u>

**Kings Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions*  
*School Teachers Retirement System of Ohio*  
*Last Ten Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$3,717,338	\$3,641,002	\$3,461,898	\$3,269,617
Contributions in Relation to the Contractually Required Contribution	<u>(3,717,338)</u>	<u>(3,641,002)</u>	<u>(3,461,898)</u>	<u>(3,269,617)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$26,552,414	\$26,007,157	\$24,727,843	\$23,354,407
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See accompanying notes to the required supplementary information

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$2,982,037	\$2,975,176	\$2,776,887	\$2,446,611	\$2,375,398	\$2,349,714
<u>(2,982,037)</u>	<u>(2,975,176)</u>	<u>(2,776,887)</u>	<u>(2,446,611)</u>	<u>(2,375,398)</u>	<u>(2,349,714)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$21,300,264	\$21,251,257	\$19,834,907	\$18,820,086	\$18,272,292	\$18,074,723
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$0	\$188,201	\$182,723	\$180,747
<u>0</u>	<u>0</u>	<u>0</u>	<u>(188,201)</u>	<u>(182,723)</u>	<u>(180,747)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

**Kings Local School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2021*

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**Net Pension Liability**

**Changes in Assumptions – SERS**

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

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

**Changes in Assumptions - STRS**

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

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3.0 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

**Kings Local School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2021*

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

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

**Net OPEB Liability**

**Changes in Assumptions – SERS**

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

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

**Changes in Assumptions – STRS**

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

**Kings Local School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2021*

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

**Changes in Benefit Terms – STRS OPEB**

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

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

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

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

## **SUPPLEMENTARY INFORMATION**

**KINGS LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	TOTAL FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through the Ohio Department of Education</i>			
<b>Child Nutrition Cluster:</b>			
COVID-19 - School Breakfast Program	10.553	COVID-19, 2021	\$ 18,613
School Breakfast Program	10.553	2021	214,064
<b>Total School Breakfast Program</b>			<u>232,677</u>
COVID-19 - National School Lunch Program	10.555	COVID-19, 2021	116,823
National School Lunch Program	10.555	2021	1,045,134
National School Lunch Program - Food Donation	10.555	2021	185,262
<b>Total National School Lunch Program</b>			<u>1,347,219</u>
COVID-19 - Summer Food Service Program for Children	10.559	COVID-19, 2020	109,029
COVID-19 - Summer Food Service Program for Children	10.559	COVID-19, 2021	84,413
Summer Food Service Program for Children	10.559	2020	11,188
Summer Food Service Program for Children	10.559	2021	8,662
<b>Total Summer Food Service Program for Children</b>			<u>213,292</u>
<b>Total Child Nutrition Cluster</b>			<u>1,793,188</u>
Fresh Fruit and Vegetable Program	10.582	2021	20,424
<b>Total U.S. Department of Agriculture</b>			<u>1,813,612</u>
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed Through the Ohio Department of Education</i>			
COVID-19 - Coronavirus Relief Fund - BroadbandOhio Connectivity	21.019	COVID-19, 2021	17,500
COVID-19 - Coronavirus Relief Fund - Suburban School Districts	21.019	COVID-19, 2021	232,387
<b>Total Coronavirus Relief Fund</b>			<u>249,887</u>
<b>Total U.S. Department of Treasury</b>			<u>249,887</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through the Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	2020	36,734
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2021	269,164
Title I Grants to Local Educational Agencies - Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	84.010A, 2021	5,569
<b>Total Title I Grants to Local Educational Agencies</b>			<u>311,467</u>
<b>Special Education Cluster (IDEA):</b>			
Special Education-Grants to States (IDEA, Part B)	84.027	2020	116,832
Special Education-Grants to States (IDEA, Part B)	84.027A	84.027A, 2021	876,068
Special Education-Grants to States (IDEA, Part B) - Restoration	84.027A	84.027A, 2020	12,436
Special Education-Grants to States (IDEA, Part B) - Restoration	84.027A	84.027A, 2021	6,111
<b>Total Special Education-Grants to States (IDEA, Part B)</b>			<u>1,011,447</u>
Special Education-Preschool Grants (IDEA Preschool)	84.173	2020	4,191
Special Education-Preschool Grants (IDEA Preschool)	84.173A	84.173A, 2021	18,466
<b>Total Special Education-Preschool Grants (IDEA Preschool)</b>			<u>22,657</u>
<b>Total Special Education Cluster (IDEA):</b>			<u>1,034,104</u>
English Language Acquisition State Grants - Title III - Language Instruction for English Learners	84.365	2020	6,274
English Language Acquisition State Grants - Title III - Language Instruction for English Learners	84.365A	84.365A, 2021	22,570
English Language Acquisition State Grants - Title III - Immigrant	84.365	2020	4,518
English Language Acquisition State Grants - Title III - Immigrant	84.365A	84.365A, 2021	8,521
<b>Total English Language Acquisition State Grants - Title III</b>			<u>41,883</u>
Supporting Effective Instruction State Grants	84.367	2020	12,120
Supporting Effective Instruction State Grants	84.367A	84.367A, 2021	65,823
Supporting Effective Instruction State Grants - Diversifying the Education Profession	84.367A	84.367A, 2021	250
<b>Total Supporting Effective Instruction State Grants</b>			<u>78,193</u>
Student Support and Academic Enrichment Program	84.424A	84.424A, 2020	8,086
Student Support and Academic Enrichment Program	84.424A	84.424A, 2021	9,503
<b>Total Student Support and Academic Enrichment Program</b>			<u>17,589</u>
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	COVID-19, 84.425D, 2021	141,433
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	COVID-19, 84.425D, 2021	834,996
<b>Total Education Stabilization Fund (ESF)</b>			<u>976,429</u>
<b>Total U.S. Department of Education</b>			<u>2,459,665</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 4,523,164</u>

The accompanying notes are an integral part of this schedule.



**KINGS LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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

**NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Kings Local School District under programs of the federal government for the fiscal year ended June 30, 2021 and is prepared in accordance with the cash basis of accounting. 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 Kings Local School District, it is not intended to and does not present the financial position, or changes in net position of the Kings Local School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited to as to reimbursement.

**NOTE 2 – DE MINIMIS COST RATE**

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. Kings Local School District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 - CHILD NUTRITION CLUSTER**

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

**NOTE 4 – FOOD DONATION PROGRAM**

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

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Kings Local School District  
Warren County  
1797 King Avenue  
Kings Mills, Ohio 45034

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kings Local School District, Warren County, Ohio, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Kings Local School District's basic financial statements, and have issued our report thereon dated December 10, 2021, wherein we noted as described Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

***Internal Control over Financial Reporting***

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

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

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

Kings Local School District

Warren County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Page 2

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Julian & Grube, Inc.

December 10, 2021

**Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance**

Kings Local School District  
Warren County  
1797 King Avenue  
Kings Mills, Ohio 45034

To the Board of Education:

***Report on Compliance for Each Major Federal Program***

We have audited the Kings Local School District's compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Kings Local School District's major federal programs for the fiscal year ended June 30, 2021. The Kings Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Kings Local School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Kings Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Kings Local School District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Kings Local School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2021.

***Report on Internal Control over Compliance***

Management of the Kings Local School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Kings Local School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Kings Local School District's internal control over compliance.

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

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

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



Julian & Grube, Inc.  
December 10, 2021

**KINGS LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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

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

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

# OHIO AUDITOR OF STATE KEITH FABER



**KINGS LOCAL SCHOOL DISTRICT**

**WARREN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 2/1/2022**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)