



OHIO AUDITOR OF STATE  
**KEITH FABER**





KEYSTONE LOCAL SCHOOL DISTRICT  
LORAIN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Prepared by Management:	
Schedule of Expenditures of Federal Awards.....	1
Notes to the Schedule of Expenditures of Federal Awards .....	2
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	3
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.....	5
Schedule of Findings.....	9
Attachment: Annual Comprehensive Financial Report (ACFR)	

**This Page Intentionally Left Blank.**

**KEYSTONE LOCAL SCHOOL DISTRICT  
LORAIN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Federal AL Number</b>	<b>Expenditures</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>		
<i>Passed Through the Ohio Department of Education:</i>		
<u>Special Education Cluster:</u>		
Special Education - Grants to States	84.027	\$41,731
		<u>269,947</u>
Total Special Education - Grants to States		311,678
Total Special Education Cluster		<u>311,678</u>
Title I Grants to Local Educational Agencies	84.010	2,130
		32,396
		<u>165,180</u>
Total Title I Grants to Local Educational Agencies		199,706
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality)	84.367	36,428
Student Support and Academic Enrichment Program	84.424	1,092
		<u>13,200</u>
Total Student Support and Academic Enrichment Programs		14,292
COVID-19 - Education Stabilization Fund	84.425D	564,035
<b>Total U.S. Department of Education</b>		<b><u>1,126,139</u></b>
<b><u>U.S. DEPARTMENT OF TREASURY</u></b>		
<i>Passed Through the Ohio Department of Education:</i>		
COVID-19 - Coronavirus Relief Fund	21.019	3,988
<b>Total U.S. Department of Treasury</b>		<b><u>3,988</u></b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>		
<i>Passed Through the Ohio Department of Education:</i>		
<u>Child Nutrition Cluster:</u>		
National School Lunch Program	10.555	369,400
COVID-19 - National School Lunch Program		39,611
Non-Cash Assistance		<u>49,963</u>
Total National School Lunch Program		458,974
School Breakfast Program	10.553	217,763
Total Child Nutrition Cluster		<u>676,737</u>
COVID-19 - State Pandemic Electronic Benefit Transfer	10.649	614
<b>Total U.S. Department of Agriculture</b>		<b><u>677,351</u></b>
<b>Totals</b>		<b><u><u>\$1,807,478</u></u></b>

*The accompanying notes are an integral part of this schedule.*

**KEYSTONE LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Keystone Local School District (the District) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the fair value. The 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  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Keystone Local School District, Lorain County, Ohio (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 23, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

***Report on Internal Control Over Financial Reporting***

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

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

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

***Report on Compliance and Other Matters***

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

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

December 23, 2022

# OHIO AUDITOR OF STATE KEITH FABER



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

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

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

To the Board of Education:

### Report on Compliance for Each Major Federal Program

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

We have audited Keystone Local School District's, Lorain County, Ohio, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Keystone Local School District's major federal programs for the year ended June 30, 2022. Keystone Local School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Keystone Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

#### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

---

Efficient • Effective • Transparent

### ***Responsibilities of Management for Compliance***

The District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Keystone Local School District, Lorain County, Ohio (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our (unmodified) report thereon dated December 23, 2022 wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 23, 2022

**This page intentionally left blank.**

**KEYSTONE LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2022**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	<ul style="list-style-type: none"> <li>• Education Stabilization Fund, AL 84.425</li> <li>• Title I Grants to Local Educational Agencies, AL 84.010</li> </ul>
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

None

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

None

# Keystone Local School District

---

## Annual Comprehensive Financial Report

*For the Fiscal Year Ended  
June 30, 2022*



**Board of Education**  
Keystone Local School District  
LaGrange, Ohio



**Adam Hines**  
Treasurer/CFO



ANNUAL  
COMPREHENSIVE FINANCIAL REPORT  
OF THE  
KEYSTONE LOCAL SCHOOL DISTRICT, OHIO  
FOR THE  
FISCAL YEAR ENDED JUNE 30, 2022

PREPARED BY  
TREASURER'S DEPARTMENT  
ADAM HINES, TREASURER

531 OPPORTUNITY WAY  
LAGRANGE, OHIO 44050



**KEYSTONE LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

**I. INTRODUCTORY SECTION**

Table of Contents .....	1-4
Letter of Transmittal .....	5-8
List of Principal Officials.....	9
Organizational Chart.....	10
GFOA Certificate of Achievement .....	11

**II. FINANCIAL SECTION**

INDEPENDENT AUDITOR’S REPORT.....	13-16
-----------------------------------	-------

MANAGEMENT’S DISCUSSION AND ANALYSIS .....	17-28
--	-------

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:

Statement of Net Position .....	29
Statement of Activities .....	30

Fund Financial Statements:

Balance Sheet - Governmental Funds.....	31
---	----

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	32
---	----

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	33
--	----

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	34-35
--	-------

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund.....	36
---	----

Notes to the Basic Financial Statements.....	37-79
--	-------

REQUIRED SUPPLEMENTARY INFORMATION:

Schedule of the District’s Proportionate Share of the Net Pension Liability

School Employees Retirement System (SERS) of Ohio.....	82-83
State Teachers Retirement System (STRS) of Ohio .....	84-85

Schedule of District Pension Contributions

School Employees Retirement System (SERS) of Ohio.....	86-87
State Teachers Retirement System (STRS) of Ohio .....	88-89

REQUIRED SUPPLEMENTARY INFORMATION (Continued):

Schedule of the District’s Proportionate Share of the Net OPEB Liability / Asset

School Employees Retirement System (SERS) of Ohio.....	90-91
State Teachers Retirement System (STRS) of Ohio .....	92-93

Schedule of District OPEB Contributions

School Employees Retirement System (SERS) of Ohio.....	94-95
State Teachers Retirement System (STRS) of Ohio .....	96-97

Notes to Required Supplementary Information .....	98-100
---	--------

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES:

Major Fund Descriptions.....	102
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) – Bond Retirement Fund .....	103
Fund Descriptions – Nonmajor Special Revenue Funds .....	104-105
Fund Descriptions – Nonmajor Capital Projects Funds .....	106
Combining Balance Sheet - Nonmajor Governmental Funds .....	108
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds .....	109
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	110-113
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	114-117
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Nonmajor Special Revenue Funds:	
Food Services .....	118
School Trusts .....	118
Other Local Grants .....	118
Classroom Facilities Maintenance .....	119
Student Managed Activity .....	119
Student Activity.....	119
Auxiliary Services .....	120
Data Communication .....	120
Vocational Education Enhancement.....	120
Student Wellness and Success .....	121
Miscellaneous State Grants.....	121
Elementary and Secondary School Emergency Relief.....	121
Coronavirus Relief.....	122
IDEA Part B.....	122
Title I .....	122
Student Support and Academic Enrichment .....	123
Supporting Effective Instruction.....	123
Miscellaneous Federal Grants.....	123

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES - (Continued):

Individual Fund Schedules of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) -  
GAAP Basis General Funds:

Unclaimed Monies .....	124
Public School Support .....	124
KeyCare .....	124
Employee Benefits .....	125
Termination Benefits .....	125
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	126
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds .....	127
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Nonmajor Capital Projects Funds:	
Permanent Improvement.....	128
Building .....	128
Classroom Facilities.....	128

**III. STATISTICAL SECTION**

Table of Contents.....	131
Net Position by Component - Last Ten Fiscal Years .....	132-133
Changes in Net Position - Last Ten Fiscal Years .....	134-139
Fund Balances, Governmental Funds - Last Ten Fiscal Years .....	140-141
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years.....	142-145
Assessed Valuation and Estimated Actual Value of Taxable Property - Last Ten Years.....	146-147
Direct and Overlapping Property Tax Rates - Last Ten Years .....	148-149
Principal Property Tax Payers - December 31, 2021 and December 31, 2012 .....	150
Property Tax Levies and Collections - Last Ten Fiscal Years .....	151
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years .....	152
Ratios of Net General Bonded Debt Outstanding - Last Ten Fiscal Years .....	153
Direct and Overlapping Governmental Activities Debt - As of June 30, 2022.....	154
Legal Debt Margin Information - Last Ten Fiscal Years .....	155
Demographic and Economic Statistics - Last Ten Fiscal Years .....	156
Principal Employers – December 31, 2021 and December 31, 2012.....	157
Operating Indicators by Function - Last Ten Fiscal Years .....	158

STATISTICAL SECTION - (Continued):

Staffing Statistics, Full-Time Equivalents (FTE) by Type and Function - Last Ten Fiscal Years..	159
Capital Asset Statistics - Last Ten Fiscal Years .....	160-161
School Building Information - Last Ten Fiscal Years .....	162-163
Operating Statistics - Last Ten Fiscal Years .....	164



## KEYSTONE LOCAL SCHOOL DISTRICT

December 23, 2022

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

As the Treasurer of the Keystone Local School District (the “District”), I am pleased to submit to you this Annual Comprehensive Financial Report (ACFR) issued by the District. The ACFR for the fiscal year ended June 30, 2022 is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association (GFOA).

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

The basic financial statements of the District for the fiscal year ended June 30, 2022, were audited by the Ohio Auditor of State whose opinion thereon is included at the beginning of the Financial Section of this report.

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

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

### **Profile of the Keystone Local School District**

#### ***The District and its Facilities***

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

### ***Organizational Structure of the District***

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

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

### ***Educational Highlights & Strategy***

For the 2021-2022 school year, the District made a lot of progress. The state moved to a star system for the state report card and the District exceeded state standards in the areas of achievement and progress and significantly exceeded state expectations in the areas of gap closing and graduation. The District ACT participation rate rose from 93% to 94% for the 2021-2022 school year. For the 2020-2021 and 2021-2022 school year, the District has added many resources for our staff and students to help address the learning gaps as well as the social and emotional needs of our students. The District has a district literacy coach, three tutors to support reading intervention in grades K-5, a math tutor to support math intervention in grades 6-8, a BCBA to support behaviors district-wide, and a full-time social worker. The District has also invested time and professional development in creating STEM opportunities for our students. The District utilizes Project Lead the Way at the elementary building, offer three Project Lead the Way courses at the middle school and have one Project Lead the Way course at the high school. The high school has also continued to expand College Credit Plus offerings in the areas of Science, Computer Applications, Math and Foreign Language. The District has about 20% of high school students participating in College Credit Plus courses. The District is continuing to evaluate current courses and create new courses to provide students opportunities to hands-on learning experiences and provide them pathways to a career or college. The District is continuing to grow and expand opportunities for our students to cultivate leaders of tomorrow's world.

### ***Economic Condition***

Of all school districts in Lorain County, the District has one of the lowest cost-per-pupil rates. The District's conservative financial record has given it the ability to operate successfully without new funding from District voters in 20 years. However, the loss of both State and local revenue over the last several years has made it necessary to seek additional operating funds from voters. Therefore, the District placed a 5.95 mill current expense levy on the November 2014 ballot that was rejected by the voters. Subsequently, the District passed a 7.95 mill current expense levy on the May 2015 ballot. The District's five-year forecast is updated frequently for changes in State and local economic conditions. The District refunded the building construction bonds in September of 2021 while the rates were low to save the taxpayer \$2,468,919 over the life of their terms.

### ***Long-Term Financial Planning***

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

Long-term projections show total revenue will grow due to the passage of the additional operating funds passed by voters as well as additional revenue generated from the NEXUS Pipeline. The NEXUS Valuation was determined in June by the Ohio Tax Commissioner but is currently under appeal by Lorain County Auditor's office. Local property valuations increased during a booming housing market with increased home sale prices, thereby causing local property tax revenue to increase. Long-term projections for State funding are unpredictable due to a State budget being adopted every two years. The State funding formula has changed numerous times in the last three State budgets including

during the fiscal year 2022 school year. District enrollment is expected to remain consistent, or grow slightly, due to the admission of students through open enrollment and new home construction in the District.

### ***Major Initiatives***

The District continues to explore grant opportunities to carry on its upward trend in academic performance without sacrificing financial stability. The District utilized ESSER funds to provide additional classroom and academic support for remediation. The District will continue to utilize the ESSER funds through the 23-24 school year. The District was able to obtain a \$90,000 transportation grant to replace two buses through the 23-24 school year and an additional \$135,500 OFCC Safety Grant to improve building safety for staff and students. The District's various initiatives indicate the District's commitment to proactively seek solutions to avoid financial pitfalls in the future.

### **Internal Accounting and Budgetary Control**

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

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

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

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

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

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

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

## Financial Reporting

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

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

## Awards

GFOA Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Keystone Local School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report that conforms to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

## Acknowledgments

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

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

Respectfully submitted,



Mr. Adam Hines  
Treasurer/CFO

**Keystone Local School District  
List of Principal Officials  
As of June 30, 2022**

***Board of Education***

Patricia Wakefield	President
Carrie O'Boyle	Vice-President
Devin Stang	Member
Kimberly Sturgill	Member
Jennifer Maiden	Member

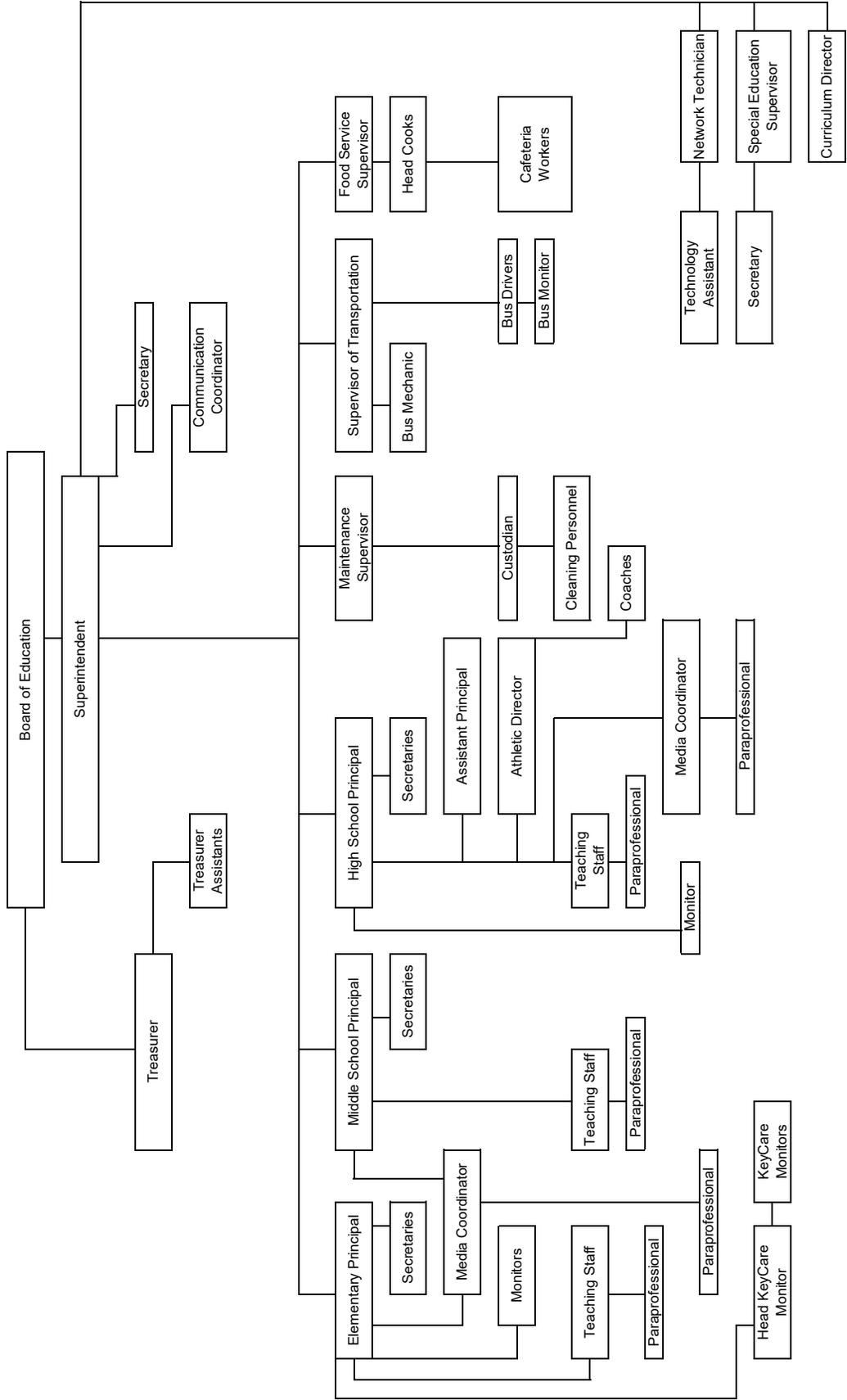
***Administration***

Daniel White	Superintendent
Amanda Goran	Director of Curriculum & Instruction
Nikki Campbell	Director of Pupil Services
James Kohler	High School Principal
Brittany Meczka	High School Vice-Principal
Gina Gibson	Middle School Principal
Jacob Alferio	K-5 Elementary School Principal
Angela Siwik	K-5 Elementary School Assistant Principal
Jonathon Bailey	Athletic Director
Albert Trego	Maintenance Supervisor
Jody White	Supervisor of Food Services
Therese Jackson	Supervisor of Transportation Services

***Treasurer/CFO***

Adam Hines

KEYSTONE LOCAL SCHOOL DISTRICT ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Keystone Local School District  
Ohio**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

# OHIO AUDITOR OF STATE KEITH FABER



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

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Keystone Local School District, Lorain County, Ohio (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Keystone Local School District, Lorain County, Ohio as of June 30, 2022, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of Matter**

As discussed in Note 17 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

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

***Supplementary information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules and are not a required part of the basic financial statements.

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

***Other Information***

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we will also issue our report dated December 23, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 23, 2022

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

The discussion and analysis of the Keystone Local School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2022 are as follows:

- During fiscal year 2022, net position of governmental activities increased \$3,595,156 from \$14,297,963 to \$17,893,119. This represents a 25.14% increase from fiscal year 2021's amount.
- General revenues accounted for \$19,493,038 in revenue or 84.51% of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,571,757 in revenue or 15.49% of total revenues of \$23,064,795.
- The District had \$19,469,639 in expenses related to governmental activities; only \$3,571,757 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$19,493,038 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and the bond retirement fund. The general fund had \$17,686,179 in revenues, \$16,322,810 in expenditures. During fiscal year 2022, the general fund's fund balance increased \$1,363,369 from \$7,470,818 to \$8,834,187.
- The bond retirement fund had \$17,483,226 in revenues and other financing sources and \$17,477,719 in expenditures and other financing uses. During fiscal year 2022, the bond retirement fund's fund balance increased \$5,507 from \$4,419,452 to \$4,424,959.

**Using these Basic Financial Statements (BFS)**

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

**Reporting the District as a Whole**

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

While this document contains all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District do financially during fiscal year 2022?" The statement of net position and the statement of activities answer this question. These statements include all non-fiduciary assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 25. Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the bond retirement fund. All other governmental funds are considered nonmajor.

***Governmental Funds***

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

***Notes to the Basic Financial Statements***

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

***Required Supplementary Information***

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

**The District as a Whole**

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

The table below provides a summary of the District's net position at June 30, 2022 and June 30, 2021.

	<b>Net Position</b>	
	Governmental Activities	Governmental Activities
	2022	2021
<u>Assets</u>		
Current and other assets	\$ 31,620,167	\$ 28,609,089
Net OPEB asset	1,292,138	1,045,980
Capital assets, net	<u>39,471,344</u>	<u>41,034,319</u>
Total assets	<u>72,383,649</u>	<u>70,689,388</u>
<u>Deferred Outflows of Resources</u>	<u>4,983,957</u>	<u>4,928,959</u>
<u>Liabilities</u>		
Current liabilities	1,908,172	1,941,181
Long-term liabilities:		
Due within one year	1,197,350	1,013,983
Due in more than one year:		
Net pension liability	10,173,410	18,882,331
Net OPEB liability	1,240,934	1,522,059
Other amounts	<u>23,702,669</u>	<u>25,195,930</u>
Total liabilities	<u>38,222,535</u>	<u>48,555,484</u>
<u>Deferred Inflows of Resources</u>	<u>21,251,952</u>	<u>12,764,900</u>
<u>Net Position</u>		
Net investment in capital assets	15,956,656	16,614,924
Restricted	8,293,979	7,728,875
Unrestricted (deficit)	<u>(6,357,516)</u>	<u>(10,045,836)</u>
Total net position	<u>\$ 17,893,119</u>	<u>\$ 14,297,963</u>

The net pension liability (NPL) is the second largest liability reported by the District at June 30, 2022 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The District has also adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2022, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$17,893,119.

At fiscal year-end, capital assets represented 54.53% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, intangible right to use assets, and vehicles. The District's net investment in capital assets at June 30, 2022 was \$15,956,656. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

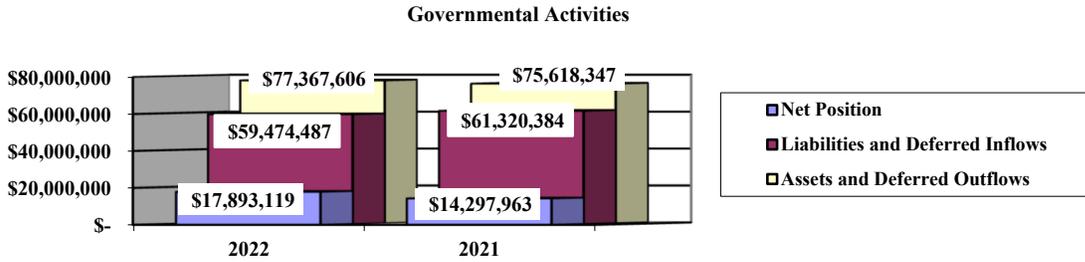
The net pension liability decreased \$8,708,921 or 46.12% and deferred inflows of resources related to pension increased \$7,945,932 or 1,791.14%. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Net investment income on investments at both pension systems exceeded estimates for the fiscal year 2021 measurement that are used for the fiscal year 2022 reporting which cause a large increase in fiduciary net position.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)**

A portion of the District's net position, \$8,293,979 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$6,357,516.

The graph below illustrates the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2022 and June 30, 2021.



THIS SPACE INTENTIONALLY LEFT BLANK

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

The table below shows the change in net position for fiscal years 2022 and 2021.

	<b>Change in Net Position</b>		<b>Percentage Change</b>
	<b>Governmental Activities <u>2022</u></b>	<b>Governmental Activities <u>2021</u></b>	
<b><u>Revenues</u></b>			
Program revenues:			
Charges for services and sales	\$ 532,543	\$ 1,289,753	(58.71) %
Operating grants and contributions	3,039,214	2,071,501	46.72 %
Capital grants and contributions	-	33,062	(100.00) %
General revenues:			
Property taxes	12,370,974	11,321,822	9.27 %
Grants and entitlements not restricted	7,342,238	7,451,100	(1.46) %
Investment earnings	(516,846)	39,104	(1,421.72) %
Miscellaneous	296,672	361,119	(17.85) %
<b>Total revenues</b>	<b><u>23,064,795</u></b>	<b><u>22,567,461</u></b>	<b>2.20 %</b>
<b><u>Expenses</u></b>			
Program expenses:			
Instruction:			
Regular	7,125,429	9,105,296	(21.74) %
Special	2,971,824	2,817,261	5.49 %
Vocational	73,948	82,991	(10.90) %
Other	158,159	43,824	260.90 %
Support services:			
Pupil	972,572	930,652	4.50 %
Instructional staff	989,845	754,559	31.18 %
Board of education	61,071	59,457	2.71 %
Administration	1,349,633	1,599,296	(15.61) %
Fiscal	579,073	639,894	(9.50) %
Operations and maintenance	1,488,785	1,646,373	(9.57) %
Pupil transportation	1,042,241	900,509	15.74 %
Central	204,280	236,419	(13.59) %
Operation of non-instructional services:			
Food service operations	706,499	602,035	17.35 %
Latchkey operations	60,076	47,237	27.18 %
Other non-instructional services	2,525	143,523	(98.24) %
Extracurricular activities	683,571	682,283	0.19 %
Interest and fiscal charges	1,000,108	1,055,626	(5.26) %
<b>Total expenses</b>	<b><u>19,469,639</u></b>	<b><u>21,347,235</u></b>	<b>(8.80) %</b>
Change in net position	3,595,156	1,220,226	
Net position at beginning of year	<u>14,297,963</u>	<u>13,077,737</u>	
Net position at end of year	<u><u>\$ 17,893,119</u></u>	<u><u>\$ 14,297,963</u></u>	25.14 %

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)**

**Governmental Activities**

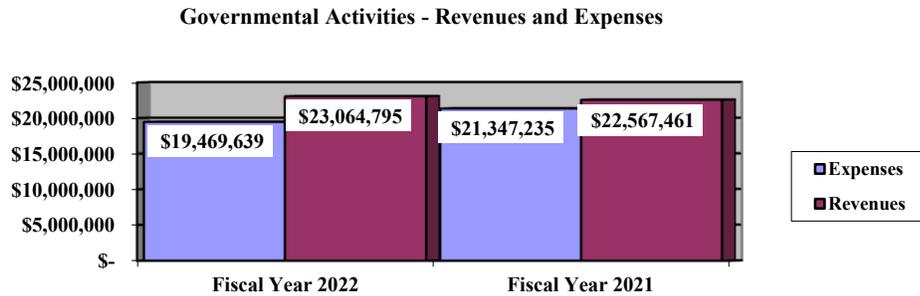
During fiscal year 2022, revenues remained relatively stable, with an increase of 2.20%. Operating grants and contributions increased during the year due to additional Federal grants available through the CARES Act funding in response to the COVID-19 pandemic. Capital grants and contributions decreased during the year due to the District receiving a school bus purchase grant during fiscal year 2021. The decrease in investments earnings is a result of the fair value adjustment for the District’s investments.

Overall, expenses of the governmental activities decreased \$1,877,596 or 8.80%. This decrease is primarily the result of a decrease in pension expense. Pension expense decreased approximately \$2,323,448. This decrease was the result of a decrease in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to an increase in net investment income on investments compared to previous years.

Net position of the District’s governmental activities increased \$3,595,156. Total governmental expenses of \$19,469,639 were offset by program revenues of \$3,571,757 and general revenues of \$19,493,038. Program revenues supported 18.35% of the total governmental expenses. The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent 85.47% of total governmental revenues.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$10,329,360 or 53.05% of total governmental expenses for fiscal year 2022.

The graph below presents the District’s governmental activities revenues and expenses for fiscal years 2022 and 2021.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2022 and 2021. That is, it identifies the cost of these services supported by tax revenue, unrestricted State grants and entitlements, and other general revenues of the District.

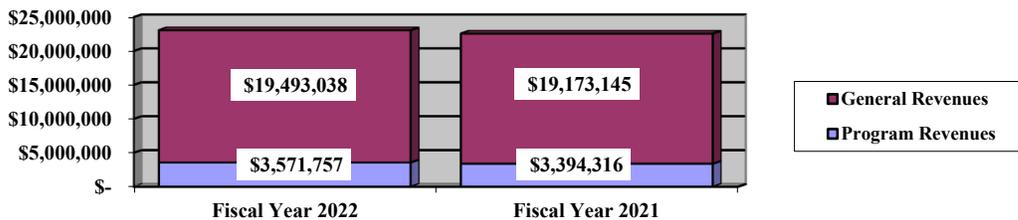
**Governmental Activities**

	Total Cost of Services <u>2022</u>	Net Cost of Services <u>2022</u>	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 7,125,429	\$ 6,917,739	\$ 9,105,296	\$ 8,042,893
Special	2,971,824	1,807,802	2,817,261	1,807,881
Vocational	73,948	73,948	82,991	72,304
Other	158,159	14,694	43,824	43,824
Support services:				
Pupil	972,572	499,304	930,652	831,506
Instructional staff	989,845	826,191	754,559	547,389
Board of education	61,071	61,071	59,457	59,457
Administration	1,349,633	1,344,209	1,599,296	1,599,296
Fiscal	579,073	579,073	639,894	639,894
Operations and maintenance	1,488,785	1,479,133	1,646,373	1,576,108
Pupil transportation	1,042,241	966,293	900,509	815,624
Central	204,280	198,880	236,419	231,019
Operation of non-instructional services:				
Food service operations	706,499	(389,519)	602,035	(9,883)
Latchkey operations	60,076	(13,206)	47,237	(8,758)
Other non-instructional services	2,525	2,524	143,523	42,490
Extracurricular activities	683,571	529,638	682,283	606,249
Interest and fiscal charges	1,000,108	1,000,108	1,055,626	1,055,626
<b>Total expenses</b>	<b>\$ 19,469,639</b>	<b>\$ 15,897,882</b>	<b>\$ 21,347,235</b>	<b>\$ 17,952,919</b>

The dependence upon taxes and other general revenues for governmental activities is apparent, as 85.33% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 81.65%. The District's taxpayers and grants and entitlements from the State of Ohio, as a whole, are by far the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2022 and 2021.

**Governmental Activities - General and Program Revenues**



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

**The District's Funds**

The District's governmental funds reported a combined fund balance of \$16,873,713, which is \$1,834,577 greater than last fiscal year's total fund balance of \$15,039,136. The table below indicates the fund balance and the total change in fund balance as of June 30, 2022 and June 30, 2021.

	<u>Fund Balance June 30, 2022</u>	<u>Fund Balance June 30, 2021</u>	<u>Change</u>
General	\$ 8,834,187	\$ 7,470,818	\$ 1,363,369
Bond retirement	4,424,959	4,419,452	5,507
Nonmajor governmental	<u>3,614,567</u>	<u>3,148,866</u>	<u>465,701</u>
Total	<u>\$ 16,873,713</u>	<u>\$ 15,039,136</u>	<u>\$ 1,834,577</u>

**General Fund**

The District's general fund balance increased \$1,363,369.

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

	<u>2022 Amount</u>	<u>2021 Amount</u>	<u>Change</u>	<u>Percentage Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 9,648,793	\$ 8,819,230	\$ 829,563	9.41 %
Intergovernmental	7,709,758	7,222,966	486,792	6.74 %
Investment earnings	(236,185)	17,667	(253,852)	(1,436.87) %
Tuition and fees	181,378	1,111,416	(930,038)	(83.68) %
Other revenues	<u>382,435</u>	<u>422,589</u>	<u>(40,154)</u>	<u>(9.50) %</u>
Total	<u>\$ 17,686,179</u>	<u>\$ 17,593,868</u>	<u>\$ 92,311</u>	<u>0.52 %</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 9,586,379	\$ 9,831,790	\$ (245,411)	(2.50) %
Support services	6,135,859	6,190,171	(54,312)	(0.88) %
Operation of non-instructional services	60,076	75,873	(15,797)	(20.82) %
Extracurricular activities	469,156	441,850	27,306	6.18 %
Debt service	<u>71,340</u>	<u>71,339</u>	<u>1</u>	<u>0.00 %</u>
Total	<u>\$ 16,322,810</u>	<u>\$ 16,611,023</u>	<u>\$ (288,213)</u>	<u>(1.74) %</u>

Overall revenues of the general fund increased \$92,311 or 0.52% during fiscal year 2022. The increase in taxes was primarily due to the timing of taxes available for advance. Intergovernmental revenue increased and tuition and fee revenues decreased due to changes in the state foundation funding model. The decrease in investment earnings is due to the fair value adjustment recorded at June 30, 2022 for the District's investments.

Overall expenditures of the general fund remained stable with a decrease of \$288,213 or 1.74% during fiscal year 2022. Instructional expenditures decreased as certain expenditures previously accounted for in the general fund were paid from grant funds reported in the ESSER fund (a nonmajor governmental fund) during fiscal year 2022. Operation of non-instructional services decreased due to less expenditures related to the District's KeyCare program. Extracurricular expenditures increased 6.18% compared to fiscal year 2021 as extracurricular expenditures were decreased in fiscal year 2021 due to the COVID-19 pandemic.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

***Bond Retirement Fund***

The bond retirement fund had \$17,483,226 in revenues and other financing sources and \$17,477,719 in expenditures and other financing uses. During fiscal year 2022, the bond retirement fund's fund balance increased \$5,507 from \$4,419,452 to \$4,424,959. The increase in fund balance is due to the receipt of property taxes greater than the fiscal year 2022 debt service requirements. The bond retirement fund is funded by property taxes and homestead and rollback revenue. In addition, the bond retirement fund receives investment earnings. The expenditures of the fund are principal and interest payments on the District's general obligation debt along with fiscal fees related to the property tax collection.

***General Fund Budgeting Highlights***

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

For the general fund, final budgeted revenues and other financing sources were \$18,631,347, which was equal to the original budgeted revenues and other financing sources. Actual revenues and other financing sources for fiscal year 2022 were \$17,713,935. This represents a \$917,412 decrease from final budgeted amounts.

General fund final appropriations (appropriated expenditures plus other financing uses) were \$18,113,095, which was the same as the original budgeted expenditures. The actual budget basis expenditures and other financing uses for fiscal year 2022 totaled \$16,668,452, which was \$1,444,643 less than the final budgeted amounts.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2022, the District had \$39,471,344 invested in land, land improvements, buildings and improvements, furniture and equipment, intangible right to use assets, and vehicles.

The following table shows June 30, 2022 balances compared to June 30, 2021.

**Capital Assets at June 30  
(Net of Depreciation/Amortization)**

	Governmental Activities	
	2022	2021
Land	\$ 521,816	\$ 521,816
Land improvements	756,786	835,021
Buildings and improvements	36,696,371	37,986,801
Furniture and equipment	878,673	1,091,489
Intangible right to use - leased equipment	126,057	-
Vehicles	491,641	599,192
<b>Total</b>	<b>\$ 39,471,344</b>	<b>\$ 41,034,319</b>

The overall decrease in capital assets of \$1,562,975 is due to depreciation/amortization expense of \$1,831,768 and net capital asset disposals of \$157,907 exceeding capital asset additions of \$426,700.

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

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

MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

***Debt Administration***

At June 30, 2022, the District had \$20,393,681 in general obligation bonds, capital appreciation bonds and accreted interest obligations outstanding. The District also had \$134,411 and \$1,877,517 in lease obligations and financed purchase agreement obligations outstanding, respectively. Of the total debt obligations outstanding at June 30, 2022, \$1,133,107 is due within one year and \$21,272,502 is due in more than one year.

The following table summarizes the bonds, accreted interest, lease obligations and financed purchase agreement obligations outstanding at June 30, 2022 and June 30, 2021.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2022</u>	Governmental Activities <u>2021</u>
General obligation bonds	\$ 19,350,000	\$ 21,410,000
Capital appreciation bonds	404,965	404,965
Accreted interest	638,716	554,148
Leases payable	134,411	197,697
Notes payable - financed purchase	<u>1,877,517</u>	<u>2,076,211</u>
Total	<u>\$ 22,405,609</u>	<u>\$ 24,643,021</u>

On September 8, 2021, the District issued general obligation bonds to refund \$15,455,000 of the series 2012 refunding bonds, series 2013 refunding bonds and series 2014 refunding bonds. The refunding resulted in total debt service savings of \$2,468,919 over the life of the bonds and an economic gain of \$2,199,089.

See Note 9 to the basic financial statements for detail on the District’s debt administration.

**Current Financial Related Activities**

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

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

The District has been well supported by the community. In calendar year 2003, the community passed a \$17,500,000 bond issue to build a new high school. In calendar year 2010, the community again supported the District by passing a 2.19 “No New Tax” bond issue to finance the construction of its new middle school. The community passed a 7.95 mill continuous levy in May of 2015. The District completed a bond refunding of the construction bonds saving taxpayers \$2,468,919 in September of 2021.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

**Contacting the District's Financial Management**

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

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

STATEMENT OF NET POSITION  
JUNE 30, 2022

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments	\$ 13,877,784
Cash with fiscal agent	15,806
Investments with fiscal agent	2,903,443
Receivables:	
Property taxes	14,503,218
Accounts	3,827
Accrued interest	22,892
Intergovernmental	243,066
Prepayments	40,520
Materials and supplies inventory	3,040
Inventory held for resale	6,571
Net OPEB asset	1,292,138
Capital assets:	
Not being depreciated/amortized	521,816
Being depreciated/amortized	38,949,528
Capital assets, net	39,471,344
Total assets	72,383,649
<b>Deferred outflows of resources:</b>	
Pension	4,445,667
OPEB	538,290
Total deferred outflows of resources	4,983,957
<b>Liabilities:</b>	
Accounts payable	27,196
Accrued wages and benefits payable	1,434,366
Intergovernmental payable	130,050
Pension and postemployment benefits payable	240,062
Accrued interest payable	71,498
Matured bonds payable	5,000
Long-term liabilities:	
Due within one year	1,197,350
Due in more than one year:	
Net pension liability	10,173,410
Net OPEB liability	1,240,934
Other amounts due in more than one year	23,702,669
Total liabilities	38,222,535
<b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year	10,482,975
Deferred loss on refunding	12,155
Pension	8,389,557
OPEB	2,367,265
Total deferred inflows of resources	21,251,952
<b>Net position:</b>	
Net investment in capital assets	15,956,656
Restricted for:	
Capital projects	2,914,395
Classroom facilities maintenance	34,426
Debt service	4,555,010
State funded programs	24,509
Federally funded programs	10,740
Food service operations	569,526
Extracurricular activities	67,720
Other purposes	117,653
Unrestricted (deficit)	(6,357,516)
Total net position	\$ 17,893,119

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating Grants</u>	<u>Revenue and</u>
		<u>Services and Sales</u>	<u>and Contributions</u>	<u>Changes in</u>
				<u>Net Position</u>
				<u>Governmental</u>
				<u>Activities</u>
<b>Governmental activities:</b>				
Instruction:				
Regular	\$ 7,125,429	\$ 81,999	\$ 125,691	\$ (6,917,739)
Special	2,971,824	110,292	1,053,730	(1,807,802)
Vocational	73,948	-	-	(73,948)
Other	158,159	-	143,465	(14,694)
Support services:				
Pupil	972,572	1,028	472,240	(499,304)
Instructional staff	989,845	-	163,654	(826,191)
Board of education	61,071	-	-	(61,071)
Administration	1,349,633	-	5,424	(1,344,209)
Fiscal	579,073	-	-	(579,073)
Operations and maintenance	1,488,785	1,640	8,012	(1,479,133)
Pupil transportation	1,042,241	-	75,948	(966,293)
Central	204,280	-	5,400	(198,880)
Operation of non-instructional services:				
Food service operations	706,499	117,639	978,379	389,519
Latchkey operations	60,076	73,282	-	13,206
Other non-instructional services	2,525	-	1	(2,524)
Extracurricular activities	683,571	146,663	7,270	(529,638)
Interest and fiscal charges	1,000,108	-	-	(1,000,108)
<b>Totals</b>	<b>\$ 19,469,639</b>	<b>\$ 532,543</b>	<b>\$ 3,039,214</b>	<b>(15,897,882)</b>

**General revenues:**

Property taxes levied for:	
General purposes	10,503,248
Debt service	1,517,008
Capital outlay	218,587
Classroom facilities maintenance	132,131
Grants and entitlements not restricted to specific programs	7,342,238
Investment earnings	(516,846)
Miscellaneous	296,672
<b>Total general revenues</b>	<b>19,493,038</b>
Change in net position	3,595,156
<b>Net position at beginning of year</b>	<b>14,297,963</b>
<b>Net position at end of year</b>	<b>\$ 17,893,119</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in pooled cash and investments	\$ 8,927,350	\$ 1,305,787	\$ 3,644,647	\$ 13,877,784
Cash with fiscal agent	-	15,806	-	15,806
Investments with fiscal agent	-	2,903,443	-	2,903,443
Receivables:				
Property taxes	12,361,855	1,721,447	419,916	14,503,218
Accounts	3,827	-	-	3,827
Accrued interest	21,201	1,691	-	22,892
Intergovernmental	30,164	-	212,902	243,066
Prepayments	39,697	-	823	40,520
Materials and supplies inventory	-	-	3,040	3,040
Inventory held for resale	-	-	6,571	6,571
Due from other funds	90,453	-	-	90,453
Total assets	<u>\$ 21,474,547</u>	<u>\$ 5,948,174</u>	<u>\$ 4,287,899</u>	<u>\$ 31,710,620</u>
<b>Liabilities:</b>				
Accounts payable	\$ 27,157	\$ -	\$ 39	\$ 27,196
Accrued wages and benefits payable	1,302,586	-	131,780	1,434,366
Intergovernmental payable	128,095	-	1,955	130,050
Pension and postemployment benefits payable	221,750	-	18,312	240,062
Due to other funds	-	-	90,453	90,453
Matured bonds payable	-	5,000	-	5,000
Total liabilities	<u>1,679,588</u>	<u>5,000</u>	<u>242,539</u>	<u>1,927,127</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year	8,875,763	1,316,666	290,546	10,482,975
Delinquent property tax revenue not available	2,067,178	199,858	79,707	2,346,743
Intergovernmental revenue not available	10,995	-	60,540	71,535
Accrued interest not available	6,836	1,691	-	8,527
Total deferred inflows of resources	<u>10,960,772</u>	<u>1,518,215</u>	<u>430,793</u>	<u>12,909,780</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory	-	-	3,040	3,040
Prepays	39,697	-	823	40,520
Unclaimed funds	1,589	-	-	1,589
Restricted:				
Debt service	-	4,424,959	-	4,424,959
Capital improvements	-	-	2,834,688	2,834,688
Classroom facilities maintenance	-	-	34,426	34,426
Food service operations	-	-	583,167	583,167
State funded programs	-	-	23,548	23,548
Federally funded programs	-	-	3,452	3,452
Extracurricular activities	-	-	67,720	67,720
Other purposes	-	-	116,064	116,064
Committed:				
Termination benefits	1,233	-	-	1,233
Assigned:				
Student instruction	131,015	-	-	131,015
Student and staff support	284,487	-	-	284,487
Extracurricular activities	6,548	-	-	6,548
Health and wellness	20,234	-	-	20,234
Other purposes	9,272	-	-	9,272
Unassigned (deficit)	8,340,112	-	(52,361)	8,287,751
Total fund balances	<u>8,834,187</u>	<u>4,424,959</u>	<u>3,614,567</u>	<u>16,873,713</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 21,474,547</u>	<u>\$ 5,948,174</u>	<u>\$ 4,287,899</u>	<u>\$ 31,710,620</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2022

<b>Total governmental fund balances</b>		\$	16,873,713
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			39,471,344
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	2,346,743	
Accrued interest receivable		8,527	
Intergovernmental receivable		71,535	
Total		2,426,805	2,426,805
Unamortized premiums on bonds issued are not recognized in the funds.			(1,735,640)
Unamortized amounts on refundings are not recognized in the funds.			(12,155)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(71,498)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		4,445,667	
Deferred inflows - pension		(8,389,557)	
Net pension liability		(10,173,410)	
Deferred outflows - OPEB		538,290	
Deferred inflows - OPEB		(2,367,265)	
Net OPEB asset		1,292,138	
Net OPEB liability		(1,240,934)	
Total		(15,895,071)	(15,895,071)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(20,393,681)	
Leases payable		(134,411)	
Notes payable - financed purchase		(1,877,517)	
Compensated absences		(758,770)	
Total		(23,164,379)	(23,164,379)
<b>Net position of governmental activities</b>		\$	17,893,119

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Property taxes	\$ 9,648,793	\$ 1,459,889	\$ 317,472	\$ 11,426,154
Intergovernmental	7,709,758	331,403	2,252,575	10,293,736
Investment earnings	(236,185)	(274,494)	2,361	(508,318)
Tuition and fees	181,378	-	-	181,378
Extracurricular	1,028	-	146,663	147,691
Rental income	1,640	-	-	1,640
Charges for services	10,913	-	117,639	128,552
Contributions and donations	100	-	30,399	30,499
Miscellaneous	368,754	-	34,936	403,690
Total revenues	<u>17,686,179</u>	<u>1,516,798</u>	<u>2,902,045</u>	<u>22,105,022</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	6,975,438	-	61,318	7,036,756
Special	2,492,814	-	619,514	3,112,328
Vocational	82,142	-	-	82,142
Other	35,985	-	145,847	181,832
Support services:				
Pupil	799,911	-	216,974	1,016,885
Instructional staff	764,861	-	153,795	918,656
Board of education	61,346	-	-	61,346
Administration	1,414,900	-	5,514	1,420,414
Fiscal	552,878	26,979	5,331	585,188
Operations and maintenance	1,425,388	-	11,037	1,436,425
Pupil transportation	919,415	-	84,215	1,003,630
Central	197,160	-	-	197,160
Operation of non-instructional services:				
Food service operations	-	-	708,285	708,285
Latchkey operations	60,076	-	-	60,076
Other non-instructional services	-	-	3,390	3,390
Extracurricular activities	469,156	-	153,130	622,286
Facilities acquisition and construction	-	-	1,150	1,150
Debt service:				
Principal retirement	63,286	815,000	198,694	1,076,980
Interest and fiscal charges	8,054	669,312	68,150	745,516
Bond issuance costs	-	254,178	-	254,178
Total expenditures	<u>16,322,810</u>	<u>1,765,469</u>	<u>2,436,344</u>	<u>20,524,623</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,363,369</u>	<u>(248,671)</u>	<u>465,701</u>	<u>1,580,399</u>
<b>Other financing sources (uses):</b>				
Premium on refunding bonds	-	1,756,428	-	1,756,428
Issuance of refunding bonds	-	14,210,000	-	14,210,000
Payment to refunding bond escrow agent	-	(15,712,250)	-	(15,712,250)
Total other financing sources (uses)	<u>-</u>	<u>254,178</u>	<u>-</u>	<u>254,178</u>
Net change in fund balances	1,363,369	5,507	465,701	1,834,577
<b>Fund balances at beginning of year</b>	<u>7,470,818</u>	<u>4,419,452</u>	<u>3,148,866</u>	<u>15,039,136</u>
<b>Fund balances at end of year</b>	<u>\$ 8,834,187</u>	<u>\$ 4,424,959</u>	<u>\$ 3,614,567</u>	<u>\$ 16,873,713</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<b>Net change in fund balances - total governmental funds</b>	\$	1,834,577
<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/amortization expense.		
Capital asset additions	\$ 426,700	
Current year depreciation/amortization	<u>(1,831,768)</u>	
Total		(1,405,068)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(157,907)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	944,820	
Earnings on investments	(6,771)	
Intergovernmental	<u>33,561</u>	
Total		971,610
Repayment of bond, lease and financed purchase agreement principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		1,076,980
Issuances of refunding bonds are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(14,210,000)
Payment to refunded bond escrow agent for the retirement of bonds is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net position. Deferred charges related to bond refundings are amortized over the life of the issuance in the statement of activities. The following refunding transactions occurred during the year:		
Bonds refunded	15,455,000	
Deferred loss on refundings	<u>(12,688)</u>	
Total		15,442,312
Premiums on bonds are amortized over the life of the issuance in the statement of activities		
		(1,756,428)

-- Continued

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:

Decrease in accrued interest payable	2,250	
Accreted interest on capital appreciation bonds	(84,568)	
Amortization of bond premiums	843,516	
Amortization of deferred charges	(491,673)	
Total	269,525	269,525

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

Pension	1,370,896	
OPEB	40,702	
Total	1,411,598	1,411,598

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	61,975	
OPEB	112,618	
Total	174,593	174,593

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

<b>Change in net position of governmental activities</b>		\$ 3,595,156
--	--	--------------

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 9,935,829	\$ 9,935,829	\$ 9,522,046	\$ (413,783)
Intergovernmental	7,348,084	7,348,084	7,690,242	342,158
Investment earnings	60,000	60,000	97,336	37,336
Tuition and fees	1,113,865	1,113,865	181,378	(932,487)
Rental income	2,195	2,195	1,640	(555)
Charges for services	4,500	4,500	10,913	6,413
Miscellaneous	144,374	144,374	202,321	57,947
Total revenues	<u>18,608,847</u>	<u>18,608,847</u>	<u>17,705,876</u>	<u>(902,971)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	7,947,271	7,947,271	7,056,362	890,909
Special	2,367,205	2,367,205	2,597,687	(230,482)
Vocational	80,507	80,507	81,760	(1,253)
Other	48,527	48,527	43,255	5,272
Support services:				
Pupil	747,425	747,425	765,069	(17,644)
Instructional staff	908,745	908,745	795,382	113,363
Board of education	69,532	69,532	65,291	4,241
Administration	1,858,949	1,858,949	1,500,835	358,114
Fiscal	617,901	617,901	554,939	62,962
Operations and maintenance	1,771,640	1,771,640	1,644,535	127,105
Pupil transportation	975,833	975,833	912,171	63,662
Central	246,250	246,250	167,263	78,987
Extracurricular activities	473,310	473,310	483,903	(10,593)
Total expenditures	<u>18,113,095</u>	<u>18,113,095</u>	<u>16,668,452</u>	<u>1,444,643</u>
Excess of revenues over expenditures	<u>495,752</u>	<u>495,752</u>	<u>1,037,424</u>	<u>541,672</u>
<b>Other financing sources:</b>				
Refund of prior year's expenditures	2,500	2,500	1,396	(1,104)
Advances in	20,000	20,000	5,000	(15,000)
Sale of capital assets	-	-	1,663	1,663
Total other financing sources	<u>22,500</u>	<u>22,500</u>	<u>8,059</u>	<u>(14,441)</u>
Net change in fund balance	518,252	518,252	1,045,483	527,231
<b>Fund balance at beginning of year</b>	6,987,115	6,987,115	6,987,115	-
<b>Prior year encumbrances appropriated</b>	671,084	671,084	671,084	-
<b>Fund balance at end of year</b>	<u>\$ 8,176,451</u>	<u>\$ 8,176,451</u>	<u>\$ 8,703,682</u>	<u>\$ 527,231</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

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

The District is staffed by 102 non-certified and 101 certified personnel and 13 administrators to provide services to approximately 1,586 students and other community members.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Lorain County Joint Vocational School District (JVS)

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Connect

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

Lake Erie Regional Council (LERC)

The Lake Erie Regional Council (LERC) is a jointly governed organization comprised of fourteen school districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as media center, gas consumption, driver education, food service and insurance. Each member provides operating resources to the LERC on a per-pupil or actual usage charge. The LERC Assembly consists of a Superintendent or designated representative from each participating school district and the fiscal agent. The LERC is governed by a Board of Directors chosen from the general membership. The degree of control exercised by any participating school district is limited to its representation on the Board of Directors. During fiscal year 2022, the District paid \$1,725,630 to the LERC. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, who serves as the fiscal agent, at 1885 Lake Avenue, Elyria, Ohio, 44035.

Ohio Schools Council Association (the "Council")

The Ohio Schools Council Association (the "Council") is a jointly governed organization comprised of one hundred and fifty-seven member districts. The mission of the Council is to identify, plan and provide services to member districts that can be more effectively achieved by cooperative endeavors of member districts than by an individual district operating on its own. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven Superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2022, the District paid \$15,735 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director of the Council, at 6393 Oak Tree Blvd., Independence, Ohio, 44131.

*INSURANCE PURCHASING POOL*

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

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

**B. Fund Accounting**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

*GOVERNMENTAL FUNDS*

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

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

Bond retirement fund - The bond retirement fund is used to account for the accumulation of resources and payment of general obligation bond principal, interest and related costs.

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

**C. Basis of Presentation and Measurement Focus**

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

**D. Basis of Accounting**

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 11 and 12 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources includes a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes, accrued interest, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

See Notes 11 and 12 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

**E. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level for all funds. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

Tax Budget:

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

Estimated Resources:

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

Appropriations:

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

**F. Cash and Investments**

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

During fiscal year 2022, investments were limited to federal agency securities, negotiable certificates of deposit, commercial paper, U.S. Government money market funds, U.S. Treasury Notes, U.S. Treasury Bonds, municipal bonds, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements and non-negotiable certificates of deposit, are reported at cost.

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

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2022 amounted to a deficit of \$236,185, which includes a deficit of \$35,531 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment accounts at fiscal year-end is provided in Note 4.

**G. Inventory**

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

**H. Capital Assets**

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

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 - 25 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Intangible leased assets	5 years
Vehicles	8 - 15 years

The District is reporting intangible right to use assets related to leased equipment. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

**I. Interfund Balances**

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

**J. Compensated Absences**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

The total liability for vacation leave and sick leave payments has been calculated using pay rates in effect at June 30, 2022 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “compensated absences payable” in the funds from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

**K. Accrued Liabilities and Long-Term Obligations**

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

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

**L. Fund Balance**

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes. The Treasurer is permitted by Board resolution to assign fund balance related to all District contracts that are not in excess of \$12,000.

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

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

**M. Net Position**

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

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

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. These items are reported in the financial statements using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense/expenditure is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is considered nonspendable in an amount equal to the carrying value of the asset on the fund financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

**O. Estimates**

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

**P. Interfund Activity**

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

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

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

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

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources on the statement of net position.

On the governmental fund financial statements, bond premiums are recognized in the current period. A reconciliation between the bonds' face value and the amount reported on the statement of net position is presented in Note 9.

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

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

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2022.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

**T. Fair Value**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2022, the District has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District reported a capital lease obligation and capital asset at June 30, 2021, that have been reclassified as a lease obligation and an intangible asset, right to use - leased equipment at July 1, 2021.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the District.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the District.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the District.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the District.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2022 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Elementary and Secondary School Emergency Relief (ESSER)	\$ 9,615
IDEA, Part B	27,246
Title I, Disadvantaged Children	15,500

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

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

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

**A. Cash with Fiscal Agents**

At June 30, 2022, the District had \$5,000 held by a fiscal agent in a bond and coupon account related to matured bond and interest, and \$10,806 held by a fiscal agent in a cash account related to the District's sinking fund deposits (See Note 9.C). These amounts are not included in "deposits with financial institutions" below.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**B. Investment with Fiscal Agent**

At June 30, 2022, the District had \$2,903,443 in U.S. Treasury Notes held by a fiscal agent related to the District's sinking fund deposits (See Note 9.C). This amount is reported as "investments with fiscal agent" on the basic financial statements.

**C. Cash on Hand**

At June 30, 2022, the District had \$100 in cash on hand. This amount is reported as "equity in pooled cash and investments" on the basic financial statements.

**D. Deposits with Financial Institutions**

At June 30, 2022, the carrying amount of all District deposits was \$5,571,267. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2022, \$5,531,485 of the District's bank balance of \$5,781,485 was exposed to custodial risk as discussed below, because those deposits were uninsured and uncollateralized.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. One of the District's financial institutions participates in OPCS and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

**E. Investments**

As of June 30, 2022, the District had the following investments and maturities:

Measurement/ Investment type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair Value:</i>						
FHLB	\$ 1,033,220	\$ 234,852	\$ -	\$ -	\$ -	\$ 798,368
FHLMC	96,495	-	-	-	-	96,495
FNMA	187,777	-	-	76,734	-	111,043
FFCB	1,055,038	-	-	-	-	1,055,038
FAMC	182,678	-	-	-	-	182,678
US Treasury Notes	893,899	-	-	194,000	114,868	585,031
US Treasury Bonds	78,775	-	78,775	-	-	-
Municipal Bonds	250,011	-	-	250,011	-	-
Negotiable CDs	2,323,983	615,144	255,237	602,138	417,414	434,050
Commercial Paper	195,663	-	195,663	-	-	-
US Government Money Market	35,408	35,408	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	<u>1,973,470</u>	<u>1,973,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,306,417</u>	<u>\$ 2,858,884</u>	<u>\$ 529,675</u>	<u>\$ 1,122,883</u>	<u>\$ 532,282</u>	<u>\$ 3,262,703</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

The weighted average maturity of investments is 1.58 years.

The District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities, US Treasury Notes, US Treasury Bonds, municipal bonds, commercial paper, and negotiable CDs are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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

*Credit Risk:* Standard & Poor's has assigned STAR Ohio and the US Government money market an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investments in federal agency securities (some of which are held by a fiscal agent) were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's US Treasury Notes, US Treasury Bonds, commercial paper, and negotiable certificates of deposit are not rated. The District has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

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

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2022:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>Percentage Total %</u>
<i>Fair Value:</i>		
FHLB	\$ 1,033,220	12.44
FHLMC	96,495	1.16
FNMA	187,777	2.26
FFCB	1,055,038	12.70
FAMC	182,678	2.20
US Treasury Notes	893,899	10.76
US Treasury Bonds	78,775	0.95
Municipal Bonds	250,011	3.01
Negotiable CDs	2,323,983	27.98
Commercial Paper	195,663	2.36
US Government Money Market	35,408	0.42
<i>Amortized Cost:</i>		
STAR Ohio	<u>1,973,470</u>	<u>23.76</u>
Total	<u>\$ 8,306,417</u>	<u>100.00</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**F. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2022:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,571,267
Investments	8,306,417
Cash on hand	100
Cash with fiscal agents	15,806
Investments with fiscal agent	<u>2,903,443</u>
 Total	 <u>\$ 16,797,033</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 16,797,033</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

**A. Interfund Balances**

Amounts due to/from other funds at June 30, 2022 as reported on the fund statements, consist of the following individual interfund receivable and payable:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 90,453

The primary purpose of the interfund balances is to cover negative cash balances in specific funds where revenues were requested, but were not received, by June 30. These interfund balances will be repaid once the anticipated revenues are received. The District met the exception requirements of Ohio Revised Code Section 3315.20, allowing negative cash balances in these funds.

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

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed values as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Public utility real and personal property taxes received in calendar year 2022 became a lien on December 31, 2020, were levied after April 1, 2021, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 6 - PROPERTY TAXES - (Continued)**

The District receives property taxes from Lorain County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount available as an advance at June 30, 2022 was \$1,418,914 in the general fund, \$204,923 in the bond retirement fund and \$49,662 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2021 was \$1,292,167 in the general fund, \$203,594 in the bond retirement fund and \$43,944 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2022 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

The assessed values upon which the fiscal year 2022 taxes were collected are:

	2021 Second Half Collections		2022 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 287,981,900	83.88	\$ 328,000,230	84.87
Public utility personal	<u>55,363,950</u>	<u>16.12</u>	<u>58,468,130</u>	<u>15.13</u>
<b>Total</b>	<b><u>\$ 343,345,850</u></b>	<b><u>100.00</u></b>	<b><u>\$ 386,468,360</u></b>	<b><u>100.00</u></b>
Tax rate per \$1,000 of assessed valuation	\$ 57.45		\$ 56.97	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2022 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A list of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Taxes	\$ 14,503,218
Accounts	3,827
Accrued interest	22,892
Intergovernmental	<u>243,066</u>
<b>Total receivables</b>	<b><u>\$ 14,773,003</u></b>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 8 - CAPITAL ASSETS**

Due to the implementation of GASB Statement No. 87 (see Note 3.A for detail), the District has reported capital assets for intangible right to use - leased equipment. Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2022</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 521,816	\$ -	\$ -	\$ 521,816
Total capital assets, not being depreciated/amortized	<u>521,816</u>	<u>-</u>	<u>-</u>	<u>521,816</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	1,676,962	-	-	1,676,962
Buildings and improvements	50,241,176	-	-	50,241,176
Furniture and equipment	3,776,727	14,521	(95,913)	3,695,335
Intangible right to use - leased equipment	-	328,836	-	328,836
Vehicles	1,298,193	83,343	(82,113)	1,299,423
Total capital assets, being depreciated/amortized	<u>56,993,058</u>	<u>426,700</u>	<u>(178,026)</u>	<u>57,241,732</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(841,941)	(78,235)	-	(920,176)
Buildings and improvements	(12,254,375)	(1,290,430)	-	(13,544,805)
Furniture and equipment	(2,685,238)	(146,069)	14,645	(2,816,662)
Intangible right to use - leased equipment	-	(202,779)	-	(202,779)
Vehicles	(699,001)	(114,255)	5,474	(807,782)
Total accumulated depreciation/amortization	<u>(16,480,555)</u>	<u>(1,831,768)</u>	<u>20,119</u>	<u>(18,292,204)</u>
Governmental activities capital assets, net	<u>\$ 41,034,319</u>	<u>\$ (1,405,068)</u>	<u>\$ (157,907)</u>	<u>\$ 39,471,344</u>

Depreciation/amortization expense was charged to governmental activities as follows:

<i>Instruction:</i>	
Regular	\$ 1,161,938
Special	72,124
Vocational	1,127
<i>Support services:</i>	
Pupil	26,836
Instructional staff	24,527
Board of education	1,636
Administration	65,366
Fiscal	21,231
Operations and maintenance	150,378
Pupil transportation	133,570
Central	24,248
<i>Operation of non-instructional services:</i>	
Food service operations	27,216
Other non-instructional services	3,890
Extracurricular activities	117,681
Total depreciation/amortization expense	<u>\$ 1,831,768</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 9 - LONG-TERM OBLIGATIONS**

- A. Due to the implementation of GASB Statement No. 87 (see Note 3.A for detail), the District has reported a lease obligation at July 1, 2021, which was reported in the prior year as a capital lease obligation. During fiscal year 2022, the following changes occurred in governmental activities long-term obligations:

	Balance <u>July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2022</u>	Amounts Due in <u>One Year</u>
<b>Governmental activities:</b>					
General obligation bonds - series 2010					
Current interest bonds	\$ 5,295,000	\$ -	\$ -	\$ 5,295,000	\$ -
Capital appreciation bonds	399,987	-	-	399,987	-
Accreted interest	537,540	79,534	-	617,074	-
Refunding bonds - series 2012					
Current interest bonds	7,465,000	-	(7,465,000)	-	-
Refunding bonds - series 2013					
Current interest bonds	2,950,000	-	(2,950,000)	-	-
Refunding bonds - series 2014					
Current interest bonds	5,700,000	-	(5,700,000)	-	-
Capital appreciation bonds	4,978	-	-	4,978	-
Accreted interest	16,608	5,034	-	21,642	-
Refunding bonds - series 2021					
Current interest and term bonds	-	14,210,000	(155,000)	14,055,000	860,000
Total general obligation bonds	<u>22,369,113</u>	<u>14,294,568</u>	<u>(16,270,000)</u>	<u>20,393,681</u>	<u>860,000</u>
Notes payable - financed purchase:					
Columbus Regional Airport Authority	222,000	-	(71,000)	151,000	74,000
Keystone High School	1,854,211	-	(127,694)	1,726,517	133,243
Leases payable	197,697	-	(63,286)	134,411	65,864
Net pension liability	18,882,331	-	(8,708,921)	10,173,410	-
Net OPEB liability	1,522,059	-	(281,125)	1,240,934	-
Compensated absences	744,164	116,015	(101,409)	758,770	64,243
Total governmental activities long-term liabilities	45,791,575	<u>\$ 14,410,583</u>	<u>\$ (25,623,435)</u>	34,578,723	<u>\$ 1,197,350</u>
Unamortized bond premiums	<u>822,728</u>	1,756,428	(843,516)	<u>1,735,640</u>	
Total on statement of net position	<u>\$ 46,614,303</u>			<u>\$ 36,314,363</u>	

Net Pension Liability

The District's net pension liability is described in Note 11. The District pays obligations related to employee compensation from the fund benefitting from their service, which is primarily the general fund.

Net OPEB Liability

The District's net OPEB liability is described in Note 12. The District pays obligations related to employee compensation from the fund benefitting from their service, which is primarily the general fund.

Compensated Absences

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

**B. Series 2010 School Improvement General Obligation Bonds**

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

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

**Series 2012 Refunding General Obligation Bonds**

On June 6, 2012, the District issued general obligation bonds (series 2012 refunding bonds) to advance refund the callable portion of the series 2004 general obligation bonds. During fiscal year 2022, the remaining \$6,820,000 of the series 2012 refunding general obligation bonds were refunded.

**Series 2013 Refunding General Obligation Bonds**

On January 3, 2013, the District issued general obligation bonds (series 2013 refunding bonds) to refund the remaining series 2004 general obligation current interest bonds in the amount of \$4,340,000. During fiscal year 2022, the remaining \$2,950,000 of the series 2013 refunding general obligation bonds were refunded.

**Series 2014 Refunding General Obligation Bonds**

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

The refunding issue is comprised of both current interest bonds, par value \$5,800,000, and capital appreciation bonds, par value \$4,978. The interest rates on the current interest bonds range from 2.00%-4.50%. The capital appreciation bonds mature on December 1, 2031 (stated interest rate 22.10%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds maturing December 1, 2031 is \$195,000. Principal and interest payments are made from the bond retirement fund.

During fiscal year 2022, the District refunded \$5,685,000 of the series 2014 general obligation refunding bonds.

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

**C. Series 2021 Refunding General Obligation Bonds**

On September 8, 2021, the District issued general obligation bonds (series 2021 refunding bonds) to refund \$15,455,000 of the series 2012 refunding bonds, series 2013 refunding bonds and series 2014 refunding bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The refunding resulted in total debt service savings of \$2,468,919 over the life of the bonds and an economic gain of \$2,199,089.

The refunding issue is comprised of current interest bonds, par value \$9,460,000, and term bonds, par value \$4,750,000. The interest rates on the current interest bonds range from 2.75%-4.00% and interest rates on the term bonds range from 3.40%-4.00%. Final maturity of the series 2021 refunding bonds is December 1, 2040. Interest and principal payments on the bonds are due on June 1 and December 1 of each year and are made from the bond retirement fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

The reacquisition price exceeded the net carrying amount of the old debt by \$12,688. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued, as a deferred inflow of resources on the statement of net position.

The term bonds which mature on December 1, 2033, have an interest rate of 3.00 percent per year, and are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts as follows:

Date	Principal Amount To Be Redeemed
December 1, 2032	\$ 595,000
December 1, 2033	585,000

The term bonds which mature on December 1, 2035, have an interest rate of 3.00 percent per year, and are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts as follows:

Date	Principal Amount To Be Redeemed
December 1, 2034	\$ 565,000
December 1, 2035	550,000

The term bonds which mature on December 1, 2037, have an interest rate of 3.00 percent per year, and are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts as follows:

Date	Principal Amount To Be Redeemed
December 1, 2036	\$ 530,000
December 1, 2037	515,000

The term bonds which mature on December 1, 2040, have an interest rate of 2.00 percent per year, and are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts as follows:

Date	Principal Amount To Be Redeemed
December 1, 2038	\$ 495,000
December 1, 2039	470,000
December 1, 2040	445,000

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

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

Fiscal Year	Current Interest - Refunding Series 2010			Capital Appreciation - Refunding Series 2010		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ -	\$ 357,413	\$ 357,413	\$ -	\$ -	\$ -
2024	-	357,412	357,412	-	-	-
2025	-	357,413	357,413	-	-	-
2026	-	357,412	357,412	-	-	-
2027	-	357,413	357,413	-	-	-
2028 - 2032	5,295,000	536,119	5,831,119	259,368	1,055,632	1,315,000
2033 - 2034	-	-	-	140,619	734,381	875,000
<b>Total</b>	<b>\$ 5,295,000</b>	<b>\$ 2,323,182</b>	<b>\$ 7,618,182</b>	<b>\$ 399,987</b>	<b>\$ 1,790,013</b>	<b>\$ 2,190,000</b>

Fiscal Year	Capital Appreciation - Refunding Series 2014			Current Interest and Term - Refunding Series 2021		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ -	\$ -	\$ -	\$ 860,000	\$ 407,450	\$ 1,267,450
2024	-	-	-	740,000	383,450	1,123,450
2025	-	-	-	790,000	360,500	1,150,500
2026	-	-	-	895,000	344,175	1,239,175
2027	-	-	-	930,000	335,050	1,265,050
2028 - 2032	4,978	190,022	195,000	5,090,000	1,108,800	6,198,800
2033 - 2037	-	-	-	2,825,000	425,175	3,250,175
2038 - 2041	-	-	-	1,925,000	77,225	2,002,225
<b>Total</b>	<b>\$ 4,978</b>	<b>\$ 190,022</b>	<b>\$ 195,000</b>	<b>\$ 14,055,000</b>	<b>\$ 3,441,825</b>	<b>\$ 17,496,825</b>

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

**F. Notes payable - financed purchase agreement - Columbus Regional Airport Authority**

During a prior fiscal year, the District entered into a financed purchase agreement with Columbus Regional Airport Authority. The financed purchase agreement was used to fund the District's capital improvement project, which was the construction of a new track. Financed purchase payments have been reflected as debt service expenditures in the permanent improvement fund (a nonmajor governmental fund). Principal payments totaled \$71,000 during fiscal year 2022.

**G. Notes payable - financed purchase agreement - Keystone High School**

During a prior fiscal year, the District entered into a financed purchase agreement with The Huntington National Bank. The financed purchase agreement is used to fund the District's capital improvement project, which is to construct, improve, furnish and equip Keystone High School.

**H. The following is a schedule of the future payments required under the financed purchase agreements as of June 30, 2022:**

Fiscal Year	Columbus Regional Airport Authority			Keystone High School		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 74,000	\$ 4,885	\$ 78,885	\$ 133,243	\$ 72,823	\$ 206,066
2024	77,000	1,650	78,650	139,034	67,032	206,066
2025	-	-	-	145,077	60,989	206,066
2026	-	-	-	151,382	54,684	206,066
2027	-	-	-	157,962	48,104	206,066
2028 - 2032	-	-	-	898,955	131,376	1,030,331
2033	-	-	-	100,864	2,169	103,033
Total	<u>\$ 151,000</u>	<u>\$ 6,535</u>	<u>\$ 157,535</u>	<u>\$ 1,726,517</u>	<u>\$ 437,177</u>	<u>\$ 2,163,694</u>

**I. Leases payable**

During a prior fiscal year, the District entered into a lease agreement for the right to use copier equipment. Due to the implementation of GASB Statement No. 87, the District will report an intangible capital asset and corresponding liability for the future scheduled payments under the lease. The lease payments are made from the general fund.

The District has entered into lease agreements for copier equipment at terms as follows:

Company	Lease Commencement Date	Lease Years	Lease End Date	Payment Method
ComDoc	2019	5	2024	Annually

The following is a schedule of future lease payments under the lease agreements:

Fiscal Year Ending June 30,	Leases Payable		
	Principal	Interest	Total
2023	\$ 65,864	\$ 5,476	\$ 71,340
2024	68,547	2,793	71,340
Total	<u>\$ 134,411</u>	<u>\$ 8,269</u>	<u>\$ 142,680</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

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

In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2022, are a voted debt margin of \$19,452,146 (including available funds of \$4,424,959) and an unvoted debt margin of \$386,468.

**NOTE 10 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2022, the District contracted with Fitzgibbons, Arnold & Co. for insurance. General and professional liability has a \$2,000,000 aggregate limit for each. Automobile liability has a \$1,000,000 combined single limit of liability. Traveler's Surety & Insurance Co. of America maintains performance bonds of \$50,000 for the Superintendent and the Board members and a \$75,000 performance bond for the Treasurer.

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

**B. Employee Health and Dental**

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

**C. Workers' Compensation Group Rating Plan**

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

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Net OPEB Liability/Asset***

The net pension liability/asset and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Age and service requirements for retirement are as follows:

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

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

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

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 was 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% and with a floor of 0%. In 2021, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2022.

Funding Policy – Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% 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 10.00% for plan members and 14.00% 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, 2022, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District’s contractually required contribution to SERS was \$309,363 for fiscal year 2022. Of this amount, \$27,012 is reported as pension and postemployment benefits payable.

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

Plan Description - Licensed teachers participate in STRS, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at [www.strsoh.org](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 (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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 2.20% 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% 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.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, 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 of their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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 2022 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$1,061,533 for fiscal year 2022. Of this amount, \$172,348 is reported as pension and postemployment benefits payable.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.067759500%	0.059515260%	
Proportion of the net pension liability current measurement date	<u>0.063354900%</u>	<u>0.061284689%</u>	
Change in proportionate share	<u>-0.004404600%</u>	<u>0.001769429%</u>	
Proportionate share of the net pension liability	\$ 2,337,612	\$ 7,835,798	\$ 10,173,410
Pension expense	\$ (37,507)	\$ (24,468)	\$ (61,975)

At June 30, 2022, the 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	\$ 226	\$ 242,089	\$ 242,315
Changes of assumptions	49,223	2,173,791	2,223,014
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	48,029	561,413	609,442
Contributions subsequent to the measurement date	<u>309,363</u>	<u>1,061,533</u>	<u>1,370,896</u>
Total deferred outflows of resources	<u>\$ 406,841</u>	<u>\$ 4,038,826</u>	<u>\$ 4,445,667</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 60,624	\$ 49,115	\$ 109,739
Net difference between projected and actual earnings on pension plan investments	1,203,938	6,752,956	7,956,894
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>158,561</u>	<u>164,363</u>	<u>322,924</u>
Total deferred inflows of resources	<u>\$ 1,423,123</u>	<u>\$ 6,966,434</u>	<u>\$ 8,389,557</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

\$1,370,896 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023.

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

Fiscal Year Ending June 30:	SERS	STRS	Total
2023	\$ (348,128)	\$ (993,453)	\$ (1,341,581)
2024	(321,728)	(755,916)	(1,077,644)
2025	(286,253)	(973,087)	(1,259,340)
2026	(369,536)	(1,266,685)	(1,636,221)
Total	\$ (1,325,645)	\$ (3,989,141)	\$ (5,314,786)

***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.

THIS SPACE INTENTIONALLY LEFT BLANK

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.50%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.50% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.50%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2021, Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

**Discount Rate** - The total pension liability was calculated using the discount rate of 7.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 3,889,212	\$ 2,337,612	\$ 1,029,080

THIS SPACE INTENTIONALLY LEFT BLANK

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50%	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.45%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.45%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2021, actuarial valuation, post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 the rates described previously. 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 Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table represents the net pension liability as of June 30, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 14,673,518	\$ 7,835,798	\$ 2,057,940

**Changes Between Measurement Date and Reporting Date** - STRS approved a one-time 3.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2022. It is unknown what the effect this change will have on the net pension liability.

**NOTE 12 - DEFINED BENEFIT OPEB PLANS**

**Net OPEB Liability/Asset**

See Note 11 for a description of the net OPEB liability (asset).

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2022, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the District's surcharge obligation was \$40,702.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$40,702 for fiscal year 2022. Of this amount, \$40,702 is reported as pension and postemployment benefits payable.

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

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely. 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. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2021, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.070033600%	0.059515260%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.065568300%</u>	<u>0.061284689%</u>	
Change in proportionate share	<u>-0.004465300%</u>	<u>0.001769429%</u>	
Proportionate share of the net OPEB liability	\$ 1,240,934	\$ -	\$ 1,240,934
Proportionate share of the net OPEB asset	\$ -	\$ (1,292,138)	\$ (1,292,138)
OPEB expense	\$ (4,574)	\$ (108,044)	\$ (112,618)

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 13,226	\$ 46,009	\$ 59,235
Changes of assumptions	194,673	82,536	277,209
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	145,857	15,287	161,144
Contributions subsequent to the measurement date	<u>40,702</u>	<u>-</u>	<u>40,702</u>
Total deferred outflows of resources	<u>\$ 394,458</u>	<u>\$ 143,832</u>	<u>\$ 538,290</u>

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 618,039	\$ 236,742	\$ 854,781
Net difference between projected and actual earnings on OPEB plan investments	26,962	358,159	385,121
Changes of assumptions	169,935	770,856	940,791
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>134,948</u>	<u>51,624</u>	<u>186,572</u>
Total deferred inflows of resources	<u>\$ 949,884</u>	<u>\$ 1,417,381</u>	<u>\$ 2,367,265</u>

\$40,702 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2023.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Fiscal Year Ending June 30:	SERS	STRS	Total
2023	\$ (130,263)	\$ (370,735)	\$ (500,998)
2024	(130,454)	(361,770)	(492,224)
2025	(123,863)	(344,795)	(468,658)
2026	(107,467)	(146,682)	(254,149)
2027	(68,426)	(50,894)	(119,320)
Thereafter	(35,655)	1,327	(34,328)
Total	\$ (596,128)	\$ (1,273,549)	\$ (1,869,677)

***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.

THIS SPACE INTENTIONALLY LEFT BLANK

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021 are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	1.92%
Prior measurement date	2.45%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	2.27%
Prior measurement date	2.63%
Medical trend assumption:	
Current measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

In 2021, Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020 and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a 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, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27%. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92% at June 30, 2021 and 2.45% at June 30, 2020.

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,537,667	\$ 1,240,934	\$ 1,003,882

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 955,417	\$ 1,240,934	\$ 1,622,296

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation, compared with June 30, 2020, are presented below:

	June 30, 2021		June 30, 2020	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.00%	4.00%	5.00%	4.00%
Medicare	-16.18%	4.00%	-6.69%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	6.50%	4.00%
Medicare	29.98%	4.00%	11.87%	4.00%

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

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

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

**Assumption Changes Since the Prior Measurement Date** - The discount rate was adjusted to 7.00% from 7.45% for the June 30, 2021 valuation.

**Benefit Term Changes Since the Prior Measurement Date** - The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

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

**Discount Rate** - The discount rate used to measure the total OPEB asset was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2021.

**Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate** - The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 1,090,364	\$ 1,292,138	\$ 1,460,689
		Current Trend Rate	
District's proportionate share of the net OPEB asset	\$ 1,453,859	\$ 1,292,138	\$ 1,092,154

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 13 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 1,045,483
Net adjustment for revenue accruals	(188,426)
Net adjustment for expenditure accruals	50,319
Net adjustment for other sources/uses	(8,059)
Funds budgeted elsewhere	(12,722)
Adjustment for encumbrances	476,774
GAAP basis	<u>\$ 1,363,369</u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 14 - CONTINGENCIES**

**A. Litigation**

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

**B. Grants**

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

**C. Foundation Funding**

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, all ODE adjustments have been finalized.

**NOTE 15 - SET-ASIDES**

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2021	\$ -
Current year set-aside requirement	277,434
Current year offsets	<u>(343,562)</u>
Total	<u>\$ (66,128)</u>
Set-aside balance June 30, 2022	<u>\$ -</u>

During fiscal years 2004 and 2011, the District issued \$28,999,987 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$27,889,374 at June 30, 2022.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 16 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year End</u> <u>Encumbrances</u>
General fund	\$ 412,289
Nonmajor governmental funds	<u>97,521</u>
Total	<u>\$ 509,810</u>

**NOTE 17 - 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

THIS PAGE IS INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.06335490%	0.06775950%	0.06384020%	0.06057170%
District's proportionate share of the net pension liability	\$ 2,337,612	\$ 4,481,756	\$ 3,819,671	\$ 3,469,053
District's covered payroll	\$ 2,289,493	\$ 2,231,107	\$ 2,303,533	\$ 2,060,022
District's proportionate share of the net pension liability as a percentage of its covered payroll	102.10%	200.88%	165.82%	168.40%
Plan fiduciary net position as a percentage of the total pension liability	82.86%	68.55%	70.85%	71.36%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
0.06187920%	0.06130780%	0.06401860%	0.06877700%	0.06877700%
\$ 3,697,146	\$ 4,487,165	\$ 3,652,963	\$ 3,480,765	\$ 4,089,947
\$ 2,061,821	\$ 1,911,600	\$ 1,927,291	\$ 1,998,528	\$ 2,048,027
179.31%	234.73%	189.54%	174.17%	199.70%
69.50%	62.98%	69.16%	71.70%	65.52%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.061284689%	0.05951526%	0.06025508%	0.05650658%
District's proportionate share of the net pension liability	\$ 7,835,798	\$ 14,400,575	\$ 13,325,049	\$ 12,424,528
District's covered payroll	\$ 7,704,471	\$ 7,297,507	\$ 7,109,636	\$ 6,436,843
District's proportionate share of the net pension liability as a percentage of its covered payroll	101.70%	197.34%	187.42%	193.02%
Plan fiduciary net position as a percentage of the total pension liability	87.78%	75.48%	77.40%	77.31%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.05807199%	0.05956871%	0.06272226%	0.06769292%	0.06769292%
\$ 13,795,126	\$ 19,939,443	\$ 17,334,598	\$ 16,465,261	\$ 19,613,311
\$ 6,336,500	\$ 6,302,971	\$ 6,555,057	\$ 6,916,354	\$ 7,108,231
217.71%	316.35%	264.45%	238.06%	275.92%
75.30%	66.80%	72.10%	74.70%	69.30%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 309,363	\$ 320,529	\$ 312,355	\$ 310,977
Contributions in relation to the contractually required contribution	<u>(309,363)</u>	<u>(320,529)</u>	<u>(312,355)</u>	<u>(310,977)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,209,736	\$ 2,289,493	\$ 2,231,107	\$ 2,303,533
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 278,103	\$ 288,655	\$ 267,624	\$ 254,017	\$ 276,996	\$ 283,447
<u>(278,103)</u>	<u>(288,655)</u>	<u>(267,624)</u>	<u>(254,017)</u>	<u>(276,996)</u>	<u>(283,447)</u>
<u>\$ -</u>					
\$ 2,060,022	\$ 2,061,821	\$ 1,911,600	\$ 1,927,291	\$ 1,998,528	\$ 2,048,027
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 1,061,533	\$ 1,078,626	\$ 1,021,651	\$ 995,349
Contributions in relation to the contractually required contribution	<u>(1,061,533)</u>	<u>(1,078,626)</u>	<u>(1,021,651)</u>	<u>(995,349)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,582,379	\$ 7,704,471	\$ 7,297,507	\$ 7,109,636
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 901,158	\$ 887,110	\$ 882,416	\$ 917,708	\$ 899,126	\$ 924,070
<u>(901,158)</u>	<u>(887,110)</u>	<u>(882,416)</u>	<u>(917,708)</u>	<u>(899,126)</u>	<u>(924,070)</u>
<u>\$ -</u>					
\$ 6,436,843	\$ 6,336,500	\$ 6,302,971	\$ 6,555,057	\$ 6,916,354	\$ 7,108,231
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net OPEB liability	0.06556830%	0.07003360%	0.06545620%	0.06163060%
District's proportionate share of the net OPEB liability	\$ 1,240,934	\$ 1,522,059	\$ 1,646,086	\$ 1,709,799
District's covered payroll	\$ 2,289,493	\$ 2,231,107	\$ 2,303,533	\$ 2,060,022
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	54.20%	68.22%	71.46%	83.00%
Plan fiduciary net position as a percentage of the total OPEB liability	24.08%	18.17%	15.57%	13.57%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>
0.06290550%	0.06215680%
\$ 1,688,218	\$ 1,771,699
\$ 2,061,821	\$ 1,911,600
81.88%	92.68%
12.46%	11.49%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net OPEB liability/asset	0.061284689%	0.05951526%	0.06025508%	0.05650658%
District's proportionate share of the net OPEB liability/(asset)	\$ (1,292,138)	\$ (1,045,980)	\$ (997,969)	\$ (908,003)
District's covered payroll	\$ 7,704,471	\$ 7,297,507	\$ 7,109,636	\$ 6,436,843
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	16.77%	14.33%	14.04%	14.11%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.73%	182.10%	174.70%	176.00%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>
0.05807199%	0.05956871%
\$ 2,265,755	\$ 3,185,750
\$ 6,336,500	\$ 6,302,971
35.76%	50.54%
47.10%	37.30%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 40,702	\$ 43,235	\$ 43,665	\$ 51,623
Contributions in relation to the contractually required contribution	<u>(40,702)</u>	<u>(43,235)</u>	<u>(43,665)</u>	<u>(51,623)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,209,736	\$ 2,289,493	\$ 2,231,107	\$ 2,303,533
Contributions as a percentage of covered payroll	1.84%	1.89%	1.96%	2.24%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 44,346	\$ 34,805	\$ 31,573	\$ 51,271	\$ 37,625	\$ 33,408
<u>(44,346)</u>	<u>(34,805)</u>	<u>(31,573)</u>	<u>(51,271)</u>	<u>(37,625)</u>	<u>(33,408)</u>
<u>\$ -</u>					
\$ 2,060,022	\$ 2,061,821	\$ 1,911,600	\$ 1,927,291	\$ 1,998,528	\$ 2,048,027
2.15%	1.69%	1.65%	2.66%	1.88%	1.63%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,582,379	\$ 7,704,471	\$ 7,297,507	\$ 7,109,636
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ -	\$ -	\$ -	\$ -	\$ 72,180	\$ 71,082
-	-	-	-	(72,180)	(71,082)
<u>\$ -</u>					
\$ 6,436,843	\$ 6,336,500	\$ 6,302,971	\$ 6,555,057	\$ 6,916,354	\$ 7,108,231
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PENSION

---

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.

(Continued)

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

---

PENSION (CONTINUED)

---

*Changes in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.

---

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

---

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Changes in benefit terms:*

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2022.

*Changes in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table.

(Continued)

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

---

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.

**COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES**

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

**MAJOR FUNDS**

**General Fund**

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

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

**Bond Retirement Fund**

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

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<b>Variance with Final Budget- Over (Under)</b>
	<u>Final</u>	<u>Actual</u>	<u></u>
<b>Bond Retirement</b>			
Total Revenues and Other Sources	\$ 1,967,392	\$ 1,809,492	\$ (157,900)
Total Expenditures and Other Uses	<u>1,825,200</u>	<u>1,511,291</u>	<u>313,909</u>
Net Change in Fund Balances	142,192	298,201	156,009
Fund Balance, July 1	<u>4,204,190</u>	<u>4,204,190</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 4,346,382</u>	<u>\$ 4,502,391</u>	<u>\$ 156,009</u>

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

**Nonmajor Special Revenue Funds**

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

**Food Services Fund**

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

**School Trusts Fund**

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

**Other Local Grants Fund**

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

**Classroom Facilities Maintenance Fund**

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

**Student Managed Activity Fund**

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

**Student Activity Fund**

A fund provided to account for those student activity programs which have student participation in the activity, but do not have student management of the programs. This fund includes the athletic programs and the drama program.

**Auxiliary Services Fund**

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

**Data Communication Fund**

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

**Vocational Education Enhancement Fund**

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

**Student Wellness and Success Fund**

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

**Miscellaneous State Grants Fund**

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

**Elementary and Secondary School Emergency Relief (ESSER) Fund**

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

**Coronavirus Relief Fund (CRF)**

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

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

**Nonmajor Special Revenue Funds (Continued)**

**IDEA Part B Fund**

A fund that accounts for federal funds used in the identification of handicapped children, development of procedural safeguards, implementation of least-restrictive alternative service patterns, and provision of full educational opportunities to handicapped children at preschool, elementary, and secondary levels.

**Title I Fund**

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

**Student Support and Academic Enrichment Fund**

This fund accounts for a federal grant aimed to provide all students with access to a well-rounded education, improve school conditions for student learning and improve the use of technology in order to improve the academic achievement and digital literacy of all students.

**Supporting Effective Instruction Fund**

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

**Miscellaneous Federal Grants Fund**

To account for federal grants not classified elsewhere.

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

**Unclaimed Monies Fund**

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

**Public School Support Fund**

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

**KeyCare Fund**

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

**Employee Benefits Fund**

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

**Termination Benefits Fund**

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

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

**Nonmajor Capital Projects Funds**

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

**Permanent Improvement Fund**

To account for the construction and acquiring of permanent improvements.

**Building Fund**

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

**Classroom Facilities Fund**

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

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and investments	\$ 859,622	\$ 2,785,025	\$ 3,644,647
Receivables:			
Property taxes	-	419,916	419,916
Intergovernmental	212,902	-	212,902
Prepayments	823	-	823
Materials and supplies inventory	3,040	-	3,040
Inventory held for resale	6,571	-	6,571
Total assets	<u>\$ 1,082,958</u>	<u>\$ 3,204,941</u>	<u>\$ 4,287,899</u>
<b>Liabilities:</b>			
Accounts payable	\$ 39	\$ -	\$ 39
Accrued wages and benefits payable	131,780	-	131,780
Intergovernmental payable	1,955	-	1,955
Pension and postemployment obligation payable	18,312	-	18,312
Interfund loans payable	90,453	-	90,453
Total liabilities	<u>242,539</u>	<u>-</u>	<u>242,539</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year	-	290,546	290,546
Delinquent property tax revenue not available	-	79,707	79,707
Intergovernmental revenue not available	60,540	-	60,540
Total deferred inflows of resources	<u>60,540</u>	<u>370,253</u>	<u>430,793</u>
<b>Fund balances:</b>			
Nonspendable:			
Materials and supplies inventory	3,040	-	3,040
Prepays	823	-	823
Restricted:			
Capital improvements	-	2,834,688	2,834,688
Classroom facilities maintenance	34,426	-	34,426
Food service operations	583,167	-	583,167
State funded programs	23,548	-	23,548
Federally funded programs	3,452	-	3,452
Extracurricular activities	67,720	-	67,720
Other purposes	116,064	-	116,064
Unassigned (deficit)	(52,361)	-	(52,361)
Total fund balances	<u>779,879</u>	<u>2,834,688</u>	<u>3,614,567</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,082,958</u>	<u>\$ 3,204,941</u>	<u>\$ 4,287,899</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>			
From local sources:			
Property taxes	\$ 132,131	\$ 185,341	\$ 317,472
Intergovernmental	2,220,766	31,809	2,252,575
Investment earnings	1,757	604	2,361
Extracurricular	146,663	-	146,663
Charges for services	117,639	-	117,639
Contributions and donations	29,299	1,100	30,399
Miscellaneous	34,936	-	34,936
Total revenues	2,683,191	218,854	2,902,045
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	61,318	-	61,318
Special	619,514	-	619,514
Other	145,847	-	145,847
Support services:			
Pupil	216,974	-	216,974
Instructional staff	153,795	-	153,795
Administration	5,514	-	5,514
Fiscal	-	5,331	5,331
Operations and maintenance	11,037	-	11,037
Pupil transportation	872	83,343	84,215
Operation of non-instructional services:			
Food service operations	708,285	-	708,285
Other non-instructional services	3,390	-	3,390
Extracurricular activities	153,130	-	153,130
Facilities acquisition and construction	-	1,150	1,150
Debt service:			
Principal retirement	69,448	129,246	198,694
Interest and fiscal charges	24,291	43,859	68,150
Total expenditures	2,173,415	262,929	2,436,344
Net change in fund balances	509,776	(44,075)	465,701
<b>Fund balances, July 1</b>	270,103	2,878,763	3,148,866
<b>Fund balances, June 30</b>	\$ 779,879	\$ 2,834,688	\$ 3,614,567

**KEYSTONE LOCAL SCHOOL DISTRICT**  
**LORAIN COUNTY, OHIO**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
 JUNE 30, 2022

	<u>Food Services</u>	<u>School Trusts</u>	<u>Other Local Grants</u>	<u>Classroom Facilities Maintenance</u>
<b>Assets:</b>				
Equity in pooled cash and investments	\$ 617,964	\$ 8,472	\$ 108,096	\$ 34,426
Receivables:				
Intergovernmental	842	-	-	-
Prepayments	823	-	-	-
Materials and supplies inventory	3,040	-	-	-
Inventory held for resale	6,571	-	-	-
Total assets	<u>\$ 629,240</u>	<u>\$ 8,472</u>	<u>\$ 108,096</u>	<u>\$ 34,426</u>
<b>Liabilities:</b>				
Accounts payable	\$ 39	\$ -	\$ -	\$ -
Accrued wages and benefits payable	31,704	-	-	-
Intergovernmental payable	503	-	-	-
Pension and postemployment obligation payable	9,122	-	504	-
Interfund loans payable	-	-	-	-
Total liabilities	<u>41,368</u>	<u>-</u>	<u>504</u>	<u>-</u>
<b>Deferred inflows of resources:</b>				
Intergovernmental revenue not available	842	-	-	-
Total deferred inflows of resources	<u>842</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory	3,040	-	-	-
Prepays	823	-	-	-
Restricted:				
Classroom facilities maintenance	-	-	-	34,426
Food service operations	583,167	-	-	-
State funded programs	-	-	-	-
Federally funded programs	-	-	-	-
Extracurricular activities	-	-	-	-
Other purposes	-	8,472	107,592	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficits)	<u>587,030</u>	<u>8,472</u>	<u>107,592</u>	<u>34,426</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 629,240</u>	<u>\$ 8,472</u>	<u>\$ 108,096</u>	<u>\$ 34,426</u>

<b>Student Managed Activity</b>	<b>Student Activity</b>	<b>Data Communication</b>	<b>Vocational Education Enhancement</b>	<b>Student Wellness and Success</b>	<b>Miscellaneous State Grants</b>
\$ 59,016	\$ 8,704	\$ 5,400	\$ -	\$ 5,473	\$ 12,071
-	-	-	2,040	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 59,016</u>	<u>\$ 8,704</u>	<u>\$ 5,400</u>	<u>\$ 2,040</u>	<u>\$ 5,473</u>	<u>\$ 12,071</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	475	-	-
-	-	-	475	-	-
-	-	-	-	-	-
-	-	-	961	-	-
-	-	-	961	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	5,400	604	5,473	12,071
-	-	-	-	-	-
59,016	8,704	-	-	-	-
-	-	-	-	-	-
<u>59,016</u>	<u>8,704</u>	<u>5,400</u>	<u>604</u>	<u>5,473</u>	<u>12,071</u>
<u>\$ 59,016</u>	<u>\$ 8,704</u>	<u>\$ 5,400</u>	<u>\$ 2,040</u>	<u>\$ 5,473</u>	<u>\$ 12,071</u>

**KEYSTONE LOCAL SCHOOL DISTRICT**  
**LORAIN COUNTY, OHIO**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS (CONCLUDED)  
 JUNE 30, 2022

	<b>Elementary and Secondary School Emergency Relief</b>	<b>IDEA Part B</b>	<b>Title I</b>	<b>Student Support and Academic Enrichment</b>
<b>Assets:</b>				
Equity in pooled cash and investments	\$ -	\$ -	\$ -	\$ -
Receivables:				
Intergovernmental	68,524	80,139	45,319	918
Prepayments	-	-	-	-
Materials and supplies inventory	-	-	-	-
Inventory held for resale	-	-	-	-
Total assets	<u>\$ 68,524</u>	<u>\$ 80,139</u>	<u>\$ 45,319</u>	<u>\$ 918</u>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits payable	20,938	53,306	25,832	-
Intergovernmental payable	304	773	375	-
Pension and postemployment obligation payable	3,528	-	4,250	-
Interfund loans payable	43,754	26,653	15,181	769
Total liabilities	<u>68,524</u>	<u>80,732</u>	<u>45,638</u>	<u>769</u>
<b>Deferred inflows of resources:</b>				
Intergovernmental revenue not available	9,615	26,653	15,181	-
Total deferred inflows of resources	<u>9,615</u>	<u>26,653</u>	<u>15,181</u>	<u>-</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory	-	-	-	-
Prepays	-	-	-	-
Restricted:				
Classroom facilities maintenance	-	-	-	-
Food service operations	-	-	-	-
State funded programs	-	-	-	-
Federally funded programs	-	-	-	149
Extracurricular activities	-	-	-	-
Other purposes	-	-	-	-
Unassigned (deficit)	(9,615)	(27,246)	(15,500)	-
Total fund balances	<u>(9,615)</u>	<u>(27,246)</u>	<u>(15,500)</u>	<u>149</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 68,524</u>	<u>\$ 80,139</u>	<u>\$ 45,319</u>	<u>\$ 918</u>

<b>Supporting Effective Instruction</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ -	\$ 859,622
15,120	212,902
-	823
-	3,040
-	6,571
<u>\$ 15,120</u>	<u>\$ 1,082,958</u>
\$ -	\$ 39
-	131,780
-	1,955
908	18,312
<u>3,621</u>	<u>90,453</u>
<u>4,529</u>	<u>242,539</u>
<u>7,288</u>	<u>60,540</u>
<u>7,288</u>	<u>60,540</u>
-	3,040
-	823
-	34,426
-	583,167
-	23,548
3,303	3,452
-	67,720
-	116,064
-	(52,361)
<u>3,303</u>	<u>779,879</u>
<u>\$ 15,120</u>	<u>\$ 1,082,958</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Food Services</u>	<u>School Trusts</u>	<u>Other Local Grants</u>	<u>Classroom Facilities Maintenance</u>
<b>Revenues:</b>				
From local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ 132,131
Intergovernmental	947,369	-	100,500	-
Investment earnings	1,756	-	-	-
Extracurricular	-	-	-	-
Charges for services	117,639	-	-	-
Contributions and donations	-	22,914	6,385	-
Miscellaneous	29,254	-	-	-
Total revenues	<u>1,096,018</u>	<u>22,914</u>	<u>106,885</u>	<u>132,131</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	-	24,000	26,497	-
Special	-	-	-	-
Other	-	-	-	-
Support services:				
Pupil	-	-	3,746	-
Instructional staff	-	-	-	-
Administration	-	-	-	-
Operations and maintenance	-	-	-	3,966
Pupil transportation	-	-	-	-
Operation of non-instructional services:				
Food service operations	708,285	-	-	-
Other non-instructional services	-	-	-	-
Extracurricular activities	-	-	456	-
Debt service:				
Principal retirement	-	-	-	69,448
Interest and fiscal charges	-	-	-	24,291
Total expenditures	<u>708,285</u>	<u>24,000</u>	<u>30,699</u>	<u>97,705</u>
Net change in fund balances	387,733	(1,086)	76,186	34,426
<b>Fund balances (deficit), July 1</b>	<u>199,297</u>	<u>9,558</u>	<u>31,406</u>	<u>-</u>
<b>Fund balances (deficit), June 30</b>	<u>\$ 587,030</u>	<u>\$ 8,472</u>	<u>\$ 107,592</u>	<u>\$ 34,426</u>

<u>Student Managed Activity</u>	<u>Student Activity</u>	<u>Auxiliary Services</u>	<u>Data Communication</u>	<u>Vocational Education Enhancement</u>	<u>Student Wellness and Success</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	5,400	5,298	-
-	-	1	-	-	-
48,665	97,998	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	5,682	-	-	-	-
<u>48,665</u>	<u>103,680</u>	<u>1</u>	<u>5,400</u>	<u>5,298</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	4,694	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	3,390	-	-	-
38,638	114,036	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>38,638</u>	<u>114,036</u>	<u>3,390</u>	<u>-</u>	<u>4,694</u>	<u>-</u>
10,027	(10,356)	(3,389)	5,400	604	-
48,989	19,060	3,389	-	-	5,473
<u>\$ 59,016</u>	<u>\$ 8,704</u>	<u>\$ -</u>	<u>\$ 5,400</u>	<u>\$ 604</u>	<u>\$ 5,473</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (CONCLUDED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Miscellaneous State Grants</u>	<u>Elementary and Secondary School Emergency Relief</u>	<u>Coronavirus Relief</u>	<u>IDEA Part B</u>
<b>Revenues:</b>				
From local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	8,012	579,190	3,988	316,354
Investment earnings	-	-	-	-
Extracurricular	-	-	-	-
Charges for services	-	-	-	-
Contributions and donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>8,012</u>	<u>579,190</u>	<u>3,988</u>	<u>316,354</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	-	2,449	-	-
Special	-	122,040	-	304,948
Other	-	145,847	-	-
Support services:				
Pupil	-	213,228	-	-
Instructional staff	-	99,727	3,988	-
Administration	-	5,514	-	-
Operations and maintenance	7,071	-	-	-
Pupil transportation	-	-	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	-
Other non-instructional services	-	-	-	-
Extracurricular activities	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>7,071</u>	<u>588,805</u>	<u>3,988</u>	<u>304,948</u>
Net change in fund balances	941	(9,615)	-	11,406
<b>Fund balances (deficit), July 1</b>	<u>11,130</u>	<u>-</u>	<u>-</u>	<u>(38,652)</u>
<b>Fund balances (deficit), June 30</b>	<u>\$ 12,071</u>	<u>\$ (9,615)</u>	<u>\$ -</u>	<u>\$ (27,246)</u>

<u>Title I</u>	<u>Student Support and Academic Enrichment</u>	<u>Supporting Effective Instruction</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 132,131
196,987	13,349	43,227	1,092	2,220,766
-	-	-	-	1,757
-	-	-	-	146,663
-	-	-	-	117,639
-	-	-	-	29,299
-	-	-	-	34,936
<u>196,987</u>	<u>13,349</u>	<u>43,227</u>	<u>1,092</u>	<u>2,683,191</u>
2,130	5,900	-	342	61,318
192,526	-	-	-	619,514
-	-	-	-	145,847
-	-	-	-	216,974
-	7,300	37,336	750	153,795
-	-	-	-	5,514
-	-	-	-	11,037
872	-	-	-	872
-	-	-	-	708,285
-	-	-	-	3,390
-	-	-	-	153,130
-	-	-	-	69,448
-	-	-	-	24,291
<u>195,528</u>	<u>13,200</u>	<u>37,336</u>	<u>1,092</u>	<u>2,173,415</u>
1,459	149	5,891	-	509,776
(16,959)	-	(2,588)	-	270,103
<u>\$ (15,500)</u>	<u>\$ 149</u>	<u>\$ 3,303</u>	<u>\$ -</u>	<u>\$ 779,879</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<b>Variance with Final Budget- Over (Under)</b>
	<u>Final</u>	<u>Actual</u>	
<b>Food Services</b>			
Total Revenues and Other Sources	\$ 433,590	\$ 1,009,077	\$ 575,487
Total Expenditures and Other Uses	<u>639,830</u>	<u>658,356</u>	<u>(18,526)</u>
Net Change in Fund Balances	(206,240)	350,721	556,961
Fund Balance, July 1	225,358	225,358	-
Prior Year Encumbrances Appropriated	<u>10,917</u>	<u>10,917</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 30,035</u>	<u>\$ 586,996</u>	<u>\$ 556,961</u>
<b>School Trusts</b>			
Total Revenues and Other Sources	\$ 25,000	\$ 22,914	\$ (2,086)
Total Expenditures and Other Uses	<u>31,000</u>	<u>25,000</u>	<u>6,000</u>
Net Change in Fund Balances	(6,000)	(2,086)	3,914
Fund Balance, July 1	8,558	8,558	-
Prior Year Encumbrances Appropriated	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 3,558</u>	<u>\$ 7,472</u>	<u>\$ 3,914</u>
<b>Other Local Grants</b>			
Total Revenues and Other Sources	\$ 11,250	\$ 106,885	\$ 95,635
Total Expenditures and Other Uses	<u>124,641</u>	<u>74,731</u>	<u>49,910</u>
Net Change in Fund Balances	(113,391)	32,154	145,545
Fund Balance, July 1	26,765	26,765	-
Prior Year Encumbrances Appropriated	<u>4,641</u>	<u>4,641</u>	<u>-</u>
Fund Balance (deficit), June 30	<u>\$ (81,985)</u>	<u>\$ 63,560</u>	<u>\$ 145,545</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<b>Variance with Final Budget- Over (Under)</b>
	<u>Final</u>	<u>Actual</u>	
<b>Classroom Facilities Maintenance</b>			
Total Revenues and Other Sources	\$ 132,131	\$ 132,131	\$ -
Total Expenditures and Other Uses	<u>132,685</u>	<u>101,794</u>	<u>30,891</u>
Net Change in Fund Balances	(554)	30,337	30,891
Fund Balance, July 1	<u>554</u>	<u>554</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 30,891</u>	<u>\$ 30,891</u>
<b>Student Managed Activity</b>			
Total Revenues and Other Sources	\$ 55,475	\$ 48,665	\$ (6,810)
Total Expenditures and Other Uses	<u>50,000</u>	<u>39,888</u>	<u>10,112</u>
Net Change in Fund Balances	5,475	8,777	3,302
Fund Balance, July 1	<u>49,001</u>	<u>49,001</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 54,476</u>	<u>\$ 57,778</u>	<u>\$ 3,302</u>
<b>Student Activity</b>			
Total Revenues and Other Sources	\$ 100,000	\$ 95,260	\$ (4,740)
Total Expenditures and Other Uses	<u>113,836</u>	<u>108,787</u>	<u>5,049</u>
Net Change in Fund Balances	(13,836)	(13,527)	309
Fund Balance, July 1	17,095	17,095	-
Prior Year Encumbrances Appropriated	<u>3,836</u>	<u>3,836</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 7,095</u>	<u>\$ 7,404</u>	<u>\$ 309</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<b>Variance with Final Budget- Over (Under)</b>
	<u>Final</u>	<u>Actual</u>	
<b>Auxiliary Services</b>			
Total Revenues and Other Sources	\$ 90,050	\$ 1	\$ (90,049)
Total Expenditures and Other Uses	<u>93,437</u>	<u>3,390</u>	<u>90,047</u>
Net Change in Fund Balances	(3,387)	(3,389)	(2)
Fund Balance, July 1	2	2	-
Prior Year Encumbrances Appropriated	<u>3,387</u>	<u>3,387</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ (2)</u>
<b>Data Communication</b>			
Total Revenues and Other Sources	\$ 5,400	\$ 5,400	\$ -
Total Expenditures and Other Uses	<u>5,400</u>	<u>-</u>	<u>5,400</u>
Net Change in Fund Balances	-	5,400	5,400
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 5,400</u>	<u>\$ 5,400</u>
<b>Vocational Education Enhancement</b>			
Total Revenues and Other Sources	\$ 9,614	\$ 4,219	\$ (5,395)
Total Expenditures and Other Uses	<u>9,614</u>	<u>7,964</u>	<u>1,650</u>
Net Change in Fund Balances	-	(3,745)	(3,745)
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (deficit), June 30	<u>\$ -</u>	<u>\$ (3,745)</u>	<u>\$ (3,745)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<b>Variance with Final Budget- Over (Under)</b>
	<u>Final</u>	<u>Actual</u>	
<b>Student Wellness and Success</b>			
Total Revenues and Other Sources	\$ 87,905	\$ -	\$ (87,905)
Total Expenditures and Other Uses	<u>87,905</u>	<u>-</u>	<u>87,905</u>
Net Change in Fund Balances	-	-	-
Fund Balance, July 1	<u>5,473</u>	<u>5,473</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 5,473</u>	<u>\$ 5,473</u>	<u>\$ -</u>
<b>Miscellaneous State Grants</b>			
Total Revenues and Other Sources	\$ 7,000	\$ 8,012	\$ 1,012
Total Expenditures and Other Uses	<u>25,201</u>	<u>7,466</u>	<u>17,735</u>
Net Change in Fund Balances	(18,201)	546	18,747
Fund Balance, July 1	4,059	4,059	-
Prior Year Encumbrances Appropriated	<u>7,071</u>	<u>7,071</u>	<u>-</u>
Fund Balance (deficit), June 30	<u>\$ (7,071)</u>	<u>\$ 11,676</u>	<u>\$ 18,747</u>
<b>Elementary and Secondary School Emergency Relief</b>			
Total Revenues and Other Sources	\$ 2,082,375	\$ 520,281	\$ (1,562,094)
Total Expenditures and Other Uses	<u>2,192,809</u>	<u>574,228</u>	<u>1,618,581</u>
Net Change in Fund Balances	(110,434)	(53,947)	56,487
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (deficit), June 30	<u>\$ (110,434)</u>	<u>\$ (53,947)</u>	<u>\$ 56,487</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
<b>Coronavirus Relief</b>			
Total Revenues and Other Sources	\$ 5,206	\$ 3,988	\$ (1,218)
Total Expenditures and Other Uses	<u>5,206</u>	<u>3,988</u>	<u>1,218</u>
Net Change in Fund Balances	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>IDEA Part B</b>			
Total Revenues and Other Sources	\$ 358,620	\$ 271,913	\$ (86,707)
Total Expenditures and Other Uses	<u>358,620</u>	<u>311,678</u>	<u>46,942</u>
Net Change in Fund Balances	-	(39,765)	(39,765)
Fund Balance, July 1	<u>13,112</u>	<u>13,112</u>	<u>-</u>
Fund Balance (deficit), June 30	<u><u>\$ 13,112</u></u>	<u><u>\$ (26,653)</u></u>	<u><u>\$ (39,765)</u></u>
<b>Title I</b>			
Total Revenues and Other Sources	\$ 231,207	\$ 177,485	\$ (53,722)
Total Expenditures and Other Uses	<u>231,207</u>	<u>199,707</u>	<u>31,500</u>
Net Change in Fund Balances	-	(22,222)	(22,222)
Fund Balance, July 1	<u>7,041</u>	<u>7,041</u>	<u>-</u>
Fund Balance (deficit), June 30	<u><u>\$ 7,041</u></u>	<u><u>\$ (15,181)</u></u>	<u><u>\$ (22,222)</u></u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<b>Variance with Final Budget- Over (Under)</b>
	<u>Final</u>	<u>Actual</u>	
<b>Student Support and Academic Enrichment</b>			
Total Revenues and Other Sources	\$ 13,000	\$ 12,431	\$ (569)
Total Expenditures and Other Uses	<u>15,070</u>	<u>13,339</u>	<u>1,731</u>
Net Change in Fund Balances	(2,070)	(908)	1,162
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (deficit), June 30	<u>\$ (2,070)</u>	<u>\$ (908)</u>	<u>\$ 1,162</u>
<b>Supporting Effective Instruction</b>			
Total Revenues and Other Sources	\$ 72,516	\$ 35,395	\$ (37,121)
Total Expenditures and Other Uses	<u>77,516</u>	<u>41,875</u>	<u>35,641</u>
Net Change in Fund Balances	(5,000)	(6,480)	(1,480)
Fund Balance, July 1	<u>2,412</u>	<u>2,412</u>	<u>-</u>
Fund Balance (deficit), June 30	<u>\$ (2,588)</u>	<u>\$ (4,068)</u>	<u>\$ (1,480)</u>
<b>Miscellaneous Federal Grants</b>			
Total Revenues and Other Sources	\$ 4,834	\$ 1,092	\$ (3,742)
Total Expenditures and Other Uses	<u>17,834</u>	<u>1,092</u>	<u>16,742</u>
Net Change in Fund Balances	(13,000)	-	13,000
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (deficit), June 30	<u>\$ (13,000)</u>	<u>\$ -</u>	<u>\$ 13,000</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<b>Variance with Final Budget- Over (Under)</b>
	<u>Final</u>	<u>Actual</u>	
<b>Unclaimed Monies</b>			
Total Revenues and Other Sources	\$ 1,000	\$ -	\$ (1,000)
Net Change in Fund Balances	1,000	-	(1,000)
Fund Balance, July 1	1,589	1,589	-
Fund Balance, June 30	<u>\$ 2,589</u>	<u>\$ 1,589</u>	<u>\$ (1,000)</u>
<b>Public School Support</b>			
Total Revenues and Other Sources	\$ 39,725	\$ 41,265	\$ 1,540
Total Expenditures and Other Uses	61,386	64,804	(3,418)
Net Change in Fund Balances	(21,661)	(23,539)	(1,878)
Fund Balance, July 1	24,630	24,630	-
Prior Year Encumbrances Appropriated	16,386	16,386	-
Fund Balance, June 30	<u>\$ 19,355</u>	<u>\$ 17,477</u>	<u>\$ (1,878)</u>
<b>KeyCare</b>			
Total Revenues and Other Sources	\$ 80,000	\$ 73,282	\$ (6,718)
Total Expenditures and Other Uses	80,618	59,257	21,361
Net Change in Fund Balances	(618)	14,025	14,643
Fund Balance, July 1	1,622	1,622	-
Prior Year Encumbrances Appropriated	618	618	-
Fund Balance, June 30	<u>\$ 1,622</u>	<u>\$ 16,265</u>	<u>\$ 14,643</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<b>Variance with Final Budget- Over (Under)</b>
	<u>Final</u>	<u>Actual</u>	
<b>Employee Benefits</b>			
Total Revenues and Other Sources	\$ 73,500	\$ 50,984	\$ (22,516)
Total Expenditures and Other Uses	<u>95,148</u>	<u>69,545</u>	<u>25,603</u>
Net Change in Fund Balances	(21,648)	(18,561)	3,087
Fund Balance, July 1	5,882	5,882	-
Prior Year Encumbrances Appropriated	<u>21,648</u>	<u>21,648</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 5,882</u>	<u>\$ 8,969</u>	<u>\$ 3,087</u>
<b>Termination Benefits</b>			
Total Revenues and Other Sources	\$ 50,000	\$ -	\$ (50,000)
Total Expenditures and Other Uses	<u>53,414</u>	<u>52,181</u>	<u>1,233</u>
Net Change in Fund Balances	(3,414)	(52,181)	(48,767)
Fund Balance, July 1	<u>53,414</u>	<u>53,414</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 50,000</u>	<u>\$ 1,233</u>	<u>\$ (48,767)</u>

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

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2022

	<b>Permanent Improvement</b>	<b>Building</b>	<b>Classroom Facilities</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>Assets:</b>				
Equity in pooled cash and investments	\$ 274,416	\$ 554,451	\$ 1,956,158	\$ 2,785,025
Receivables:				
Property taxes	419,916	-	-	419,916
Total assets	\$ 694,332	\$ 554,451	\$ 1,956,158	\$ 3,204,941
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year	\$ 290,546	\$ -	\$ -	\$ 290,546
Delinquent property tax revenue not available	79,707	-	-	79,707
Total deferred inflows of resources	370,253	-	-	370,253
<b>Fund balances:</b>				
Restricted:				
Capital improvements	324,079	554,451	1,956,158	2,834,688
Total fund balances	324,079	554,451	1,956,158	2,834,688
Total liabilities, deferred inflows of resources and fund balances	\$ 694,332	\$ 554,451	\$ 1,956,158	\$ 3,204,941

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Classroom Facilities</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes	\$ 185,341	\$ -	\$ -	\$ 185,341
Intergovernmental	31,809	-	-	31,809
Investment earnings	-	-	604	604
Contributions and donations	900	-	200	1,100
Total revenues	<u>218,050</u>	<u>-</u>	<u>804</u>	<u>218,854</u>
<b>Expenditures:</b>				
Support services:				
Fiscal	5,331	-	-	5,331
Pupil transportation	83,343	-	-	83,343
Facilities acquisition and construction	1,150	-	-	1,150
Debt service:				
Principal retirement	71,000	58,246	-	129,246
Interest and fiscal charges	8,366	35,493	-	43,859
Total expenditures	<u>169,190</u>	<u>93,739</u>	<u>-</u>	<u>262,929</u>
Net change in fund balances	48,860	(93,739)	804	(44,075)
<b>Fund balances, July 1</b>	275,219	648,190	1,955,354	2,878,763
<b>Fund balances, June 30</b>	<u>\$ 324,079</u>	<u>\$ 554,451</u>	<u>\$ 1,956,158</u>	<u>\$ 2,834,688</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
<b>Permanent Improvement</b>			
Total Revenues and Other Sources	\$ 364,222	\$ 344,463	\$ (19,759)
Total Expenditures and Other Uses	<u>300,000</u>	<u>301,821</u>	<u>(1,821)</u>
Net Change in Fund Balances	64,222	42,642	(21,580)
Fund Balance, July 1	<u>231,274</u>	<u>231,274</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 295,496</u>	<u>\$ 273,916</u>	<u>\$ (21,580)</u>
<b>Building</b>			
Total Expenditures and Other Uses	<u>\$ 648,189</u>	<u>\$ 93,739</u>	<u>\$ 554,450</u>
Net Change in Fund Balances	(648,189)	(93,739)	554,450
Fund Balance, July 1	<u>648,190</u>	<u>648,190</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1</u>	<u>\$ 554,451</u>	<u>\$ 554,450</u>
<b>Classroom Facilities</b>			
Total Revenues and Other Sources	\$ 200	\$ 804	\$ 604
Total Expenditures and Other Uses	<u>1,955,536</u>	<u>-</u>	<u>1,955,536</u>
Net Change in Fund Balances	(1,955,336)	804	1,956,140
Fund Balance, July 1	<u>1,955,354</u>	<u>1,955,354</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 18</u>	<u>\$ 1,956,158</u>	<u>\$ 1,956,140</u>

## STATISTICAL SECTION

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

STATISTICAL SECTION

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	<b>132-145</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	<b>146-151</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	<b>152-155</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	<b>156-157</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	<b>158-164</b>

**Sources:** Sources are noted on the individual schedules.

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019 (c)</u>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 15,956,656	\$ 16,614,924	\$ 16,702,866	\$ 17,649,760
Restricted	8,293,979	7,728,875	6,803,005	6,463,681
Unrestricted (deficit)	<u>(6,357,516)</u>	<u>(10,045,836)</u>	<u>(10,428,134)</u>	<u>(10,277,849)</u>
Total governmental activities net position	<u>\$ 17,893,119</u>	<u>\$ 14,297,963</u>	<u>\$ 13,077,737</u>	<u>\$ 13,835,592</u>

**Source:** School District financial records.

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

<b>2018</b>	<b>2017 (b)</b>	<b>2016</b>	<b>2015</b>	<b>2014 (a)</b>	<b>2013</b>
\$ 19,128,020	\$ 19,396,434	\$ 20,670,900	\$ 15,980,229	\$ 6,260,303	\$ 3,218,793
5,475,194	5,846,570	5,786,670	10,513,353	19,303,893	23,173,283
(13,246,028)	(23,584,996)	(19,669,595)	(21,156,996)	(20,969,425)	3,066,465
<u>\$ 11,357,186</u>	<u>\$ 1,658,008</u>	<u>\$ 6,787,975</u>	<u>\$ 5,336,586</u>	<u>\$ 4,594,771</u>	<u>\$ 29,458,541</u>

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Expenses</b>				
Governmental activities:				
Instruction:				
Regular	\$ 7,125,429	\$ 9,105,296	\$ 8,266,184	\$ 6,904,657
Special	2,971,824	2,817,261	2,815,923	2,180,434
Vocational	73,948	82,991	77,447	43,760
Other	158,159	43,824	131,335	102,998
Support services:				
Pupil	972,572	930,652	914,590	754,305
Instructional staff	989,845	754,559	916,165	873,713
Board of education	61,071	59,457	53,258	18,982
Administration	1,349,633	1,599,296	1,813,712	1,477,129
Fiscal	579,073	639,894	632,721	515,630
Operations and maintenance	1,488,785	1,646,373	1,447,298	1,626,120
Pupil transportation	1,042,241	900,509	1,247,082	859,225
Central	204,280	236,419	252,023	231,066
Operation of non-instructional services:				
Food service operations	706,499	602,035	591,823	547,805
Latchkey operations	60,076	47,237	83,256	83,289
Other non-instructional services	2,525	143,523	108,227	137,706
Extracurricular activities	683,571	682,283	885,006	531,060
Interest and fiscal charges	1,000,108	1,055,626	1,141,448	1,262,004
Bond issuance costs	-	-	-	-
Total governmental activities expenses	<u>19,469,639</u>	<u>21,347,235</u>	<u>21,377,498</u>	<u>18,149,883</u>

**Source:** School District financial records.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$	4,025,466	\$ 8,308,039	\$ 7,284,769	\$ 7,480,329	\$ 8,574,984	\$ 8,089,685
	1,291,446	2,232,820	2,026,102	2,110,500	2,211,408	1,908,297
	9,178	61,791	55,856	53,748	55,253	73,140
	9,580	40,307	49,881	94,524	93,531	102,219
	407,000	869,824	847,757	884,804	1,000,941	982,553
	489,301	543,362	593,048	525,268	450,809	438,155
	38,496	36,830	51,846	49,765	44,537	31,080
	698,398	1,408,658	1,311,080	1,359,148	1,415,995	1,328,357
	360,634	536,526	509,138	569,229	470,323	486,395
	1,320,970	1,696,599	1,419,131	1,250,935	1,455,702	1,489,655
	545,713	979,817	835,930	975,122	1,006,710	922,047
	195,057	322,421	237,935	262,348	345,561	347,854
	422,909	552,148	559,389	562,684	579,067	533,896
	65,296	81,953	107,112	70,659	69,748	61,874
	-	130,152	55,424	54,400	56,790	121,521
	293,905	612,758	487,692	469,386	463,359	456,214
	1,183,108	1,146,379	1,136,027	1,209,134	1,401,336	1,292,291
	-	-	-	-	136,589	97,895
	<u>11,356,457</u>	<u>19,560,384</u>	<u>17,568,117</u>	<u>17,981,983</u>	<u>19,832,643</u>	<u>18,763,128</u>

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

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

<b>Program Revenues</b>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Governmental activities:				
Charges for services and sales:				
Instruction:				
Regular	\$ 81,999	\$ 997,277	\$ 1,172,452	\$ 1,214,207
Special	110,292	118,034	98,269	112,810
Support services:				
Pupil	1,028	-	36,125	41,308
Instructional staff	-	-	-	-
Operations and maintenance	1,640	1,580	2,610	2,830
Operation of non-instructional services:				
Food service operations	117,639	50,662	205,736	278,846
Latchkey operations	73,282	55,995	65,587	62,948
Extracurricular activities	146,663	66,205	129,468	90,368
Operating grants and contributions:				
Instruction:				
Regular	125,691	65,126	34,307	32,221
Special	1,053,730	891,346	839,660	787,445
Vocational	-	10,687	9,613	9,613
Other	143,465	-	-	-
Support services:				
Pupil	472,240	99,146	76,853	7,991
Instructional staff	163,654	207,170	58,338	64,917
Administration	5,424	-	-	-
Fiscal	-	-	-	-
Operations and maintenance	8,012	68,685	28,114	-
Pupil transportation	75,948	51,823	41,126	45,500
Central	5,400	5,400	5,400	5,400
Operation of non-instructional services:				
Food service operations	978,379	561,256	231,819	261,864
Other non-instructional services	1	101,033	110,991	92,980
Extracurricular activities	7,270	9,829	-	17,945
Capital grants and contributions:				
Instruction:				
Regular	-	-	-	-
Support services:				
Fiscal	-	-	-	-
Operations and maintenance	-	-	750	-
Pupil transportation	-	33,062	-	-
Central	-	-	-	-
Extracurricular activities	-	-	-	-
Total governmental program revenues	<u>3,571,757</u>	<u>3,394,316</u>	<u>3,147,218</u>	<u>3,129,193</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	<u>\$ (15,897,882)</u>	<u>\$ (17,952,919)</u>	<u>\$ (18,230,280)</u>	<u>\$ (15,020,690)</u>

**Source:** School District financial records.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$	1,331,202	\$ 1,131,879	\$ 1,350,001	\$ 1,384,027	\$ 1,364,746	\$ 1,134,614
	140,998	212,497	20,689	113,002	122,879	78,169
	16,387	14,378	14,228	34,014	19,725	13,264
	-	-	-	-	569	233
	5,110	4,510	3,140	4,333	3,488	5,222
	279,029	258,099	316,062	302,418	310,241	304,011
	66,614	71,744	98,586	88,699	71,374	69,584
	81,637	81,918	72,874	76,494	77,708	75,616
	35,472	21,083	25,856	30,369	2,000	8,432
	786,866	837,707	797,233	843,280	812,388	630,854
	9,613	9,542	6,282	12,860	12,692	12,863
	-	4,067	-	7,821	9,508	23,638
	19,999	90,939	117,066	135,073	127,683	101,992
	55,517	59,319	53,629	54,270	96,284	82,318
	-	-	-	-	-	22,413
	-	-	-	356	1,064	-
	-	-	-	-	-	-
	40,472	57,852	77,062	63,697	63,579	62,690
	5,400	5,400	5,400	5,400	5,400	5,400
	254,249	280,143	253,124	248,907	247,746	234,298
	81,060	102,423	66,156	48,078	66,177	76,031
	1,249	-	37	134	253	834
	-	12,509	5,628	17,067	77,151	148,917
	-	-	-	-	571	2,857
	-	-	-	-	-	791
	-	30,970	-	-	3,608	-
	-	-	-	-	1,286	10,226
	-	-	-	1,900	101	-
	<u>3,210,874</u>	<u>3,286,979</u>	<u>3,283,053</u>	<u>3,472,199</u>	<u>3,498,221</u>	<u>3,105,267</u>
\$	<u>(8,145,583)</u>	<u>(16,273,405)</u>	<u>(14,285,064)</u>	<u>(14,509,784)</u>	<u>(16,334,422)</u>	<u>(15,657,861)</u>

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

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

**General Revenues and Other Changes in Net Position**

Governmental activities:	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Property taxes levied for:				
General purposes	\$ 10,503,248	\$ 9,581,558	\$ 8,309,729	\$ 7,529,274
Debt service	1,517,008	1,417,207	1,372,679	1,331,770
Capital outlay	218,587	190,926	131,675	111,068
Special revenue	-	-	132,131	-
Classroom facilities maintenance	132,131	132,131	-	132,131
Grants and entitlements not restricted to specific programs	7,342,238	7,451,100	6,939,206	7,372,048
Grants and entitlements not restricted to capital projects	-	-	-	-
Grants and entitlements restricted for Ohio Facilities Construction Commission	-	-	-	-
Investment earnings	(516,846)	39,104	544,920	151,607
Miscellaneous	296,672	361,119	42,085	820,737
<b>Total governmental activities</b>	<u>19,493,038</u>	<u>19,173,145</u>	<u>17,472,425</u>	<u>17,448,635</u>
 <b>Change in Net Position</b>				
Governmental activities	<u>\$ 3,595,156</u>	<u>\$ 1,220,226</u>	<u>\$ (757,855)</u>	<u>\$ 2,427,945</u>

**Source:** School District financial records.

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
\$	8,307,763	\$ 6,935,066	\$ 6,404,044	\$ 4,982,929	\$ 5,060,622	\$ 5,095,630
	1,498,320	1,260,754	1,242,881	1,149,955	1,106,042	1,154,297
	132,109	87,676	91,270	86,053	89,017	90,534
	-	-	-	132,131	132,131	132,131
	132,131	132,131	132,131	-	-	-
	7,398,159	7,317,187	7,238,844	1,447,644	7,279,900	7,377,981
	-	-	257,130	-	-	-
	-	-	-	7,112,230	-	21,293,978
	53,796	30,652	99,196	50,430	44,318	(175)
	322,483	302,616	270,957	290,227	285,758	298,639
	<u>17,844,761</u>	<u>16,066,082</u>	<u>15,736,453</u>	<u>15,251,599</u>	<u>13,997,788</u>	<u>35,443,015</u>
\$	<u>9,699,178</u>	<u>(207,323)</u>	<u>1,451,389</u>	<u>741,815</u>	<u>(2,336,634)</u>	<u>19,785,154</u>

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Fund:				
Nonspendable	\$ 41,286	\$ 36,303	\$ 32,699	\$ 33,206
Committed	1,233	49,284	125,756	101,034
Assigned	451,556	577,871	479,973	878,837
Unassigned	<u>8,340,112</u>	<u>6,807,360</u>	<u>5,854,545</u>	<u>5,178,275</u>
Total general fund	<u>\$ 8,834,187</u>	<u>\$ 7,470,818</u>	<u>\$ 6,492,973</u>	<u>\$ 6,191,352</u>
All Other Governmental Funds:				
Nonspendable	\$ 3,863	\$ 3,004	\$ 4,090	\$ 2,626
Restricted	8,088,024	7,623,513	7,247,995	6,533,800
Committed	-	-	-	75
Assigned	-	-	-	-
Unassigned (deficit)	<u>(52,361)</u>	<u>(58,199)</u>	<u>(95,018)</u>	<u>(59,899)</u>
Total all other governmental funds	<u>8,039,526</u>	<u>7,568,318</u>	<u>7,157,067</u>	<u>6,476,602</u>
Total governmental funds	<u>\$ 16,873,713</u>	<u>\$ 15,039,136</u>	<u>\$ 13,650,040</u>	<u>\$ 12,667,954</u>

**Source:** School District financial records.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 37,492	\$ 14,779	\$ 13,126	\$ 18,334	\$ 18,207	\$ 17,201
171,953	65,932	63,887	-	164,341	-
198,019	212,458	345,602	626,859	1,385,208	787,742
5,259,214	3,191,833	1,851,986	468,779	-	2,100,172
<u>\$ 5,666,678</u>	<u>\$ 3,485,002</u>	<u>\$ 2,274,601</u>	<u>\$ 1,113,972</u>	<u>\$ 1,567,756</u>	<u>\$ 2,905,115</u>
\$ 5,180	\$ 2,513	\$ 3,475	\$ 3,072	\$ 13,858	\$ 29,406
8,452,286	6,315,934	6,276,963	4,163,973	13,691,353	8,002,317
75	75	75	43,823	162,405	125,427
-	-	7,475	7,475	-	-
<u>(60,132)</u>	<u>(31,352)</u>	<u>(110,705)</u>	<u>(69,876)</u>	<u>-</u>	<u>(414)</u>
<u>8,397,409</u>	<u>6,287,170</u>	<u>6,177,283</u>	<u>4,148,467</u>	<u>13,867,616</u>	<u>8,156,736</u>
<u>\$ 14,064,087</u>	<u>\$ 9,772,172</u>	<u>\$ 8,451,884</u>	<u>\$ 5,262,439</u>	<u>\$ 15,435,372</u>	<u>\$ 11,061,851</u>

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Revenues</b>				
From local sources:				
Property taxes	\$ 11,426,154	\$ 10,468,799	\$ 9,945,564	\$ 9,073,428
Intergovernmental - intermediate	100,500	10,200	850	6,050
Intergovernmental - state	7,882,353	7,615,920	7,366,318	7,607,999
Intergovernmental - federal	2,310,883	1,961,583	862,349	1,045,866
Investment earnings	113,936	97,661	234,222	226,506
Tuition and fees	112,104	1,052,940	1,199,507	1,252,538
Classroom materials and fees	69,274	58,476	59,617	67,502
Extracurricular	147,691	66,205	129,284	90,368
Rental income	1,640	1,580	2,610	2,830
Charges for services	117,639	50,662	203,992	278,846
Contract services	10,913	3,895	11,597	6,977
Contributions and donations	30,499	36,910	57,725	31,810
Other local revenues	403,690	416,296	285,558	370,867
Increase (decrease) in fair value of investments	(622,254)	(57,091)	306,946	(72,315)
Total revenues	<u>22,105,022</u>	<u>21,784,036</u>	<u>20,666,139</u>	<u>19,989,272</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	7,036,756	7,665,604	7,291,156	7,321,145
Special	3,112,328	2,659,182	2,567,783	2,457,737
Vocational	82,142	77,457	72,260	53,256
Other	181,832	41,135	124,491	126,914
Support services:				
Pupil	1,016,885	870,735	808,224	865,392
Instructional staff	918,656	900,309	836,726	940,498
Board of education	61,346	56,992	48,490	38,942
Administration	1,420,414	1,470,055	1,598,600	1,645,870
Fiscal	585,188	607,255	566,670	556,715
Operations and maintenance	1,436,425	1,475,352	1,417,645	1,385,847
Pupil transportation	1,003,630	1,082,782	857,762	884,085
Central	197,160	212,725	186,385	222,325
Operation of non-instructional services:				
Food service operations	708,285	559,843	511,388	573,226
Latchkey operations	60,076	47,237	83,256	83,289
Other non-instructional services	3,390	134,933	95,116	157,489
Extracurricular activities	622,286	550,734	553,603	537,334
Facilities acquisition and construction	1,150	26,680	289,799	2,300,681
Capital outlay	-	-	-	258,505
Debt service:				
Principal retirement	1,076,980	946,741	457,329	550,788
Interest and fiscal charges	745,516	1,009,189	1,035,213	1,052,297
Bond issuance costs	254,178	-	-	-
Accreted interest	-	-	480,274	395,906
Total expenditures	<u>20,524,623</u>	<u>20,394,940</u>	<u>19,882,170</u>	<u>22,408,241</u>
Excess (deficiency) of revenues over (under) expenditures	1,580,399	1,389,096	783,969	(2,418,969)

**Source:** School District financial records.

	2018	2017	2016	2015	2014	2013
\$	9,991,615	\$ 8,410,104	\$ 7,852,706	\$ 6,303,999	\$ 6,634,748	\$ 6,439,549
	1,825	45,829	-	2,000	5,945	10,072
	7,549,017	7,545,135	9,931,469	11,015,544	18,135,373	13,622,903
	1,116,806	1,260,083	992,614	1,077,754	1,269,354	1,315,723
	117,286	80,955	60,444	51,833	39,406	37,462
	1,397,494	1,272,717	1,257,511	1,400,718	1,406,341	1,131,481
	73,671	67,806	69,191	91,236	76,813	76,865
	98,024	95,421	87,102	110,408	98,002	89,061
	5,110	4,510	3,140	4,333	3,488	5,222
	279,029	255,092	316,062	300,242	310,241	304,063
	1,035	3,851	2,644	2,596	4,471	4,437
	41,246	34,355	38,407	41,416	86,146	164,791
	394,056	378,244	411,998	382,376	365,898	375,655
	(63,458)	(48,772)	43,718	15,958	725	(35,232)
	<u>21,002,756</u>	<u>19,405,330</u>	<u>21,067,006</u>	<u>20,800,413</u>	<u>28,436,951</u>	<u>23,542,052</u>
	7,123,003	6,944,381	6,696,401	6,818,686	7,750,680	7,405,709
	2,203,937	2,145,385	2,004,220	2,096,101	2,163,747	1,907,667
	33,840	59,501	56,084	54,021	54,032	103,756
	39,659	42,753	46,671	96,894	93,301	102,449
	805,971	845,423	841,714	877,540	974,684	1,017,645
	735,404	520,460	583,704	517,132	433,119	435,122
	49,281	35,466	51,078	49,067	43,390	31,246
	1,371,369	1,340,610	1,298,025	1,351,835	1,405,049	1,337,377
	519,754	513,268	505,966	566,005	456,726	480,505
	1,479,891	1,368,712	1,290,153	1,222,222	1,360,731	1,169,841
	858,289	889,646	795,391	918,687	926,320	854,319
	196,919	288,443	216,348	241,275	322,824	337,655
	579,547	531,697	545,600	548,108	560,705	524,803
	86,059	81,953	107,112	70,659	69,748	61,874
	31,961	124,216	53,383	54,394	55,454	121,604
	468,683	478,797	412,850	392,282	381,453	382,930
	637,450	281,579	841,629	13,527,529	5,328,458	5,910,747
	313,443	-	396,598	-	-	-
	732,244	614,363	537,774	522,070	493,703	325,825
	962,030	978,389	993,458	1,048,839	1,189,306	1,245,939
	-	-	-	-	136,589	97,895
	-	-	-	-	-	-
	<u>19,228,734</u>	<u>18,085,042</u>	<u>18,274,159</u>	<u>30,973,346</u>	<u>24,200,019</u>	<u>23,854,908</u>
	1,774,022	1,320,288	2,792,847	(10,172,933)	4,236,932	(312,856)

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Other Financing Sources (Uses)</b>				
Insurance and judgment settlements	\$ -	\$ -	\$ 139,833	\$ 694,000
Sale of capital assets	-	-	7,823	-
Transfers in	-	5,000	594,075	-
Transfers (out)	-	(5,000)	(594,075)	-
Premium on refunding bonds	1,756,428	-	-	-
Issuance of refunding bonds	14,210,000	-	-	-
Payment to refunded bond escrow agent	(15,712,250)	-	-	-
Lease transaction	-	-	-	328,836
Total other financing sources (uses)	<u>254,178</u>	<u>-</u>	<u>147,656</u>	<u>1,022,836</u>
Net change in fund balances	<u>\$ 1,834,577</u>	<u>\$ 1,389,096</u>	<u>\$ 931,625</u>	<u>\$ (1,396,133)</u>
Capital expenditures	\$ 426,700	\$ 567,240	\$ 3,365,715	\$ 2,281,037
Debt service as a percentage of noncapital expenditures	10.33%	9.86%	9.04%	7.96%

**Source:** School District financial records.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	35	583,491	41,900	28,100
-	-	(35)	(583,491)	(41,900)	(28,100)
-	-	-	-	173,237	408,233
-	-	-	-	5,804,978	4,339,094
-	-	-	-	(5,841,626)	(4,649,432)
<u>2,517,893</u>	<u>-</u>	<u>396,598</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,517,893</u>	<u>-</u>	<u>396,598</u>	<u>-</u>	<u>136,589</u>	<u>97,895</u>
<u>\$ 4,291,915</u>	<u>\$ 1,320,288</u>	<u>\$ 3,189,445</u>	<u>\$ (10,172,933)</u>	<u>\$ 4,373,521</u>	<u>\$ (214,961)</u>
\$ 742,076	\$ 127,733	\$ 1,176,074	\$ 13,547,338	\$ 5,316,946	\$ 5,662,247
9.16%	8.87%	8.96%	9.01%	8.91%	8.64%

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

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

Collection Year	Real Property (a)		Public Utility (b)		Total Direct Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2022	\$ 328,000,230	\$ 937,143,514	\$ 58,468,130	\$ 167,051,800	56.97
2021	287,981,900	822,805,429	55,363,950	158,182,714	57.45
2020	281,669,620	804,770,343	50,876,570	145,361,629	57.58
2019	274,395,420	783,986,914	16,835,490	48,101,400	57.85
2018	244,326,240	698,074,971	13,772,600	39,350,286	58.20
2017	242,204,300	692,012,286	13,072,100	37,348,857	58.39
2016	240,076,130	685,931,800	12,483,050	35,665,857	58.27
2015	228,293,890	652,268,257	11,894,870	33,985,343	50.24
2014	227,675,030	650,500,086	11,427,140	32,648,971	49.87
2013	226,640,100	647,543,143	11,875,840	33,930,971	49.82

**Source:** School District financial records.

**Notes:**

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

<b>Total</b>		
<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>%</b>
\$ 386,468,360	\$ 1,104,195,314	35.00%
343,345,850	980,988,143	35.00%
332,546,190	950,131,971	35.00%
291,230,910	832,088,314	35.00%
258,098,840	737,425,257	35.00%
255,276,400	729,361,143	35.00%
252,559,180	721,597,657	35.00%
240,188,760	686,253,600	35.00%
239,102,170	683,149,057	35.00%
238,515,940	681,474,114	35.00%

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

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

<b>Tax Year/ Collection Year</b>	<b>Lorain County</b>	<b>City of Elyria</b>	<b>Village of LaGrange</b>	<b>Township of Carlisle</b>	<b>Township of Elyria</b>	<b>Township of LaGrange</b>	<b>Township of New Russia</b>
2021/2022	15.30	7.08	8.60	8.00	10.28	7.71	4.05
2020/2021	15.58	7.08	8.60	7.25	9.78	7.71	4.05
2019/2020	15.08	7.50	8.60	7.25	10.28	7.71	4.05
2018/2019	15.08	7.50	8.60	7.25	10.28	6.71	4.05
2017/2018	15.08	7.50	8.60	7.25	10.28	6.71	4.05
2016/2017	15.08	6.10	8.20	7.75	8.78	7.21	4.55
2015/2016	15.08	6.10	8.20	7.25	8.78	7.21	4.55
2014/2015	14.48	6.10	8.20	7.25	8.78	7.21	4.55
2013/2014	14.48	6.10	6.30	7.25	8.78	8.01	4.55
2012/2013	13.66	6.10	6.30	7.25	8.78	8.01	4.55

**Source:** Lorain County Auditor's Office.

Keystone Local School District						
Township of Penfield	Township of Pittsfield	Voted			Unvoted	Total
		General	Bond	Permanent Improvement		
10.28	9.40	45.93	4.42	2.00	4.62	56.97
10.25	9.40	45.93	4.90	2.00	4.62	57.45
10.28	9.40	45.93	5.03	2.00	4.62	57.58
10.28	9.40	45.93	5.30	2.00	4.62	57.85
10.28	9.40	45.93	5.65	2.00	4.62	58.20
10.78	9.90	45.93	5.84	2.00	4.62	58.39
10.53	9.90	45.93	5.72	2.00	4.62	58.27
10.28	9.65	37.98	5.64	2.00	4.62	50.24
10.28	9.65	37.98	5.27	2.00	4.62	49.87
10.28	9.65	37.98	5.22	2.00	4.62	49.82

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

PRINCIPAL PROPERTY TAX PAYERS  
DECEMBER 31, 2021 AND DECEMBER 31, 2012

<b>December 31, 2021</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total District Taxable Assessed Value</b>
Nexus Gas Transmission LLC	\$ 28,424,250	1	7.35%
Columbia Gas Transmission	19,768,780	2	5.12%
Ohio Edison Co First Energy	3,411,030	3	0.88%
Jade Realty LLC	3,179,450	4	0.82%
Lorain-Medina Rural Elect CO-OP	2,752,800	5	0.71%
K&K Tompkins Real Estate LLC	1,591,730	6	0.41%
Lorain County Landfill LLC	1,443,130	7	0.37%
Lorain County Board of Commissioners	1,383,080	8	0.36%
Ch Realty IX Legacy MHC Cleveland Twin Lakes	1,278,700	9	0.33%
Varbros LLC	924,530	10	0.24%
Total	\$ 64,157,480		16.59%

<b>December 31, 2012</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total District Taxable Assessed Value</b>
Columbia Gas Transmission	\$ 5,063,820	1	2.12%
Ohio Edison Co First Energy	2,740,640	2	1.15%
Lorain Medina Rural Electric	2,130,670	3	0.89%
Gordon Farms	1,202,740	4	0.50%
Sentinel Square LLC	1,162,490	5	0.49%
Elyria Country Club	1,075,440	6	0.45%
Durham Ridge Investments	1,058,070	7	0.44%
Grey Hawk	1,010,610	8	0.42%
Twin Lake Homes, LTD	959,840	9	0.40%
Varbros LLC	774,630	10	0.32%
Total	\$ 17,178,950		7.18%

**Source:** Lorain County Auditor's Office.

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

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

<b>Tax Year/ Collection Year</b>	<b>Current Levy</b>	<b>Current Collection</b>	<b>Percent of Current Levy Collected</b>	<b>Delinquent Collection</b>	<b>Total Collection</b>	<b>Total Collection as a Percent of Total Levy</b>
2021/2022	\$ 13,219,393	\$ 11,977,224	90.60%	\$ 181,872	\$ 12,159,096	91.98%
2020/2021	12,801,090	11,903,688	92.99%	408,480	12,312,168	96.18%
2019/2020	12,386,663	10,615,917	85.70%	107,032	10,722,949	86.57%
2018/2019	10,243,481	9,669,919	94.40%	77,734	9,747,653	95.16%
2017/2018	9,662,907	9,332,778	96.58%	98,269	9,431,047	97.60%
2016/2017	9,589,659	9,212,765	96.07%	93,141	9,305,906	97.04%
2015/2016	9,445,300	8,182,209	86.63%	154,804	8,337,014	88.27%
2014/2015	7,318,014	7,058,536	96.45%	122,162	7,180,698	98.12%
2013/2014	7,182,548	6,903,521	96.12%	134,258	7,037,779	97.98%
2012/2013	7,164,228	7,406,100	103.38%	236,907	7,643,007	106.68%

**Source:** Lorain County Auditor's Office.

**Note:**

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

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

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

<b>Fiscal Year</b>	<b>Governmental Activities</b>			<b>(a) Total Primary Government</b>	<b>(b) Percentage of Personal Income</b>	<b>(b) Per Capita</b>	<b>(b) Per ADM</b>
	<b>General Obligation Bonds</b>	<b>Financed Purchase Agreement</b>	<b>Leases</b>				
2022	\$ 22,129,321	\$ 1,877,517	\$ 134,411	\$ 24,141,249	1.70%	\$ 370	\$ 15,221
2021	23,191,841	2,076,211	197,697	25,465,749	1.80%	391	16,910
2020	23,823,055	2,267,585	338,064	26,428,704	1.13%	334	17,106
2019	24,370,545	2,450,862	502,390	27,323,797	1.17%	345	17,754
2018	24,765,850	2,624,450	401,660	27,791,960	1.29%	353	17,896
2017	25,115,043	481,000	249,461	25,845,504	1.20%	329	16,610
2016	25,487,548	540,000	324,824	26,352,372	1.26%	332	16,637
2015	25,830,722	596,000	44,086	26,470,808	1.27%	333	16,701
2014	26,120,057	650,000	127,156	26,897,213	1.30%	338	15,831
2013	26,236,737	702,000	203,859	27,142,596	1.39%	342	16,292

**Sources:**

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

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

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>General Bonded Debt Outstanding</b>			<b>(c) Percentage of Actual Taxable Value of Property</b>	<b>(b) Net Bonded Debt Per Capita</b>
	<b>(a) General Obligation Bonds</b>	<b>Debt Service Available Net Position</b>	<b>Net Bonded Debt</b>		
2022	\$ 22,129,321	\$ 4,555,010	\$ 17,574,311	1.59%	\$ 269
2021	23,191,841	4,489,975	18,701,866	1.91%	287
2020	23,823,055	3,506,275	20,316,780	2.14%	257
2019	24,370,545	2,911,755	21,458,790	2.58%	271
2018	24,765,850	2,375,242	22,390,608	3.04%	285
2017	25,115,043	2,336,702	22,778,341	3.12%	290
2016	25,487,548	2,011,762	23,475,786	3.25%	295
2015	25,830,722	1,779,306	24,051,416	3.50%	303
2014	26,120,057	1,634,556	24,485,501	3.58%	308
2013	26,236,737	1,538,510	24,698,227	3.62%	311

**Sources:**

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

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2022

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Keystone Local School District	\$ 24,141,249	100.00%	\$ 24,141,249
Overlapping debt:			
Lorain County	64,480,000	4.35%	2,804,880
City of Elyria	15,850,000	0.33%	52,305
Lorain County Joint Vocational School District	1,524,267	4.86%	74,079
Total overlapping debt	<u>81,854,267</u>		<u>2,931,264</u>
 Total direct and overlapping debt	 <u>\$ 105,995,516</u>		 <u>\$ 27,072,513</u>

**Source:** Ohio Municipal Advisory Council.

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

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

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

Fiscal Year	Voted Debt Limit	Total Debt Applicable to Limit (a)	Debt Service Available Balance	Net Debt Applicable to Limit	Voted Legal Debt Margin (b)	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2022	\$ 34,782,152	\$ 19,754,965	\$ 4,424,959	\$ 15,330,006	\$ 19,452,146	44.07%
2021	30,901,127	21,814,965	4,419,452	17,395,513	13,505,614	56.29%
2020	29,929,157	22,429,965	3,971,403	18,458,562	11,470,595	61.67%
2019	26,210,782	22,539,691	3,718,005	18,821,686	7,389,096	71.81%
2018	23,228,896	22,688,785	3,345,534	19,343,251	3,885,645	83.27%
2017	22,974,876	23,198,785	2,847,180	20,351,605	2,623,271	88.58%
2016	22,730,326	23,678,785	2,547,099	21,131,686	1,598,640	92.97%
2015	21,616,988	24,088,785	2,132,376	21,956,409	(339,421)	101.57%
2014	21,519,195	24,413,745	1,871,469	22,542,276	(1,023,081)	104.75%
2013	21,466,435	24,633,807	1,644,833	22,988,974	(1,522,539)	107.09%

**Source:** School District financial records.

**Notes:** Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt.

House Bill 530 became effective on March 30, 2006, which excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

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

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

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

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (a)</u>	<u>Per Capita Personal Income (b)</u>	<u>Total Personal Income</u>	<u>School Enrollment (c)</u>	<u>Unemployment Rates (d)</u>		
					<u>Lorain County</u>	<u>Ohio</u>	<u>United States</u>
2022	65,211	\$ 21.75	\$ 1,418,339	1,586	4.8%	4.2%	3.7%
2021	65,211	21.75	1,418,339	1,506	6.4%	5.2%	5.9%
2020	79,101	29.58	2,339,808	1,545	13.7%	5.6%	6.9%
2019	79,101	29.58	2,339,808	1,539	4.2%	4.1%	3.3%
2018	78,650	27.49	2,162,089	1,553	4.6%	4.5%	4.0%
2017	78,650	27.49	2,162,089	1,556	6.3%	4.7%	4.1%
2016	79,466	26.24	2,085,188	1,584	5.4%	4.8%	4.8%
2015	79,466	26.24	2,085,188	1,585	4.8%	4.2%	4.8%
2014	79,466	26.05	2,070,089	1,699	6.9%	5.3%	6.3%
2013	79,451	24.62	1,956,084	1,666	8.2%	7.2%	7.6%

**Sources:**

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

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

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

PRINCIPAL EMPLOYERS  
DECEMBER 31, 2021 AND DECEMBER 31, 2012

<b>December 31, 2021</b>		
<b>Employer</b>	<b>Employees</b>	<b>Rank</b>
Keystone Local School District	231	1
Keystone Pointe	148	2
West Roofing Systems, Inc.	79	3
Rural Lorain County Water Authority	35	4
Greyhawk Land Holdings, LLC.	53	5
Micron Manufacturing	49	6
SpaceBound, Inc.	49	7
Panel Master, LLC.	43	8
LaGrange IGA	34	9
Mader Machine, Inc.	27	10
Total	748	

<b>December 31, 2012</b>		
<b>Employer</b>	<b>Employees</b>	<b>Rank</b>
Keystone Local School District	208	1
Keystone Pointe	175	2
Micron Manufacturing	60	3
Rural Lorain County Water Authority	60	4
West Roofing Systems, Inc.	60	5
Greyhawk Land Holdings, LLC.	50	6
Kaltenbach Foods, Inc.	38	7
SpaceBound, Inc.	37	8
Madar Machine	32	9
Panel Master LLC	30	10
Total	750	

**Source:** Individual employers.

**Note:** Information related to total employment within the District was unavailable at both December 31, 2021 and December 31, 2012. Therefore, the above totals by employer could not be expressed as a percentage of total employment.

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

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

<b>Function</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Instruction:</b>										
Regular and special										
Enrollment (students)	1,586	1,506	1,545	1,539	1,553	1,556	1,584	1,585	1,699	1,666
Graduates	114	150	123	125	128	129	125	124	142	127
<b>Support services:</b>										
Board of education										
Regular meetings per year	12	12	13	14	13	13	16	22	22	23
Special meetings per year	7	9	3	3	8	1	1	10	3	-
Fiscal										
Nonpayroll checks issued	1,764	1,716	2,056	2,378	2,515	2,571	2,416	2,375	2,879	2,689
Operations and maintenance										
Square footage maintained	252,042	252,042	252,042	252,042	394,528	394,528	308,518	308,518	311,518	311,518
Pupil transportation										
Average students transported daily (a)	620	287	602	581	658	660	666	691	682	678
Food service operations										
Meals served to students	148,087	108,605	102,722	100,966	102,707	103,623	139,180	128,021	123,596	120,147
Number of students with free or reduced lunches	382	424	411	465	439	484	464	562	505	491

**Source:** District records.

**Note:**

(a) Figure includes public and nonpublic riders.

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

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

<b>Type</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Office - administrative	13.00	13.00	13.00	13.00	12.00	13.00	12.00	13.00	12.50	11.20
Professional - educational	98.00	98.00	97.00	96.75	96.50	97.90	96.00	94.92	101.56	101.30
Professional - other	3.00	3.00	3.00	6.00	6.00	15.02	19.18	21.32	18.27	20.05
Technical	2.97	2.97	2.97	3.00	4.00	5.43	4.93	4.93	3.93	1.00
Office - clerical	32.20	31.83	29.17	25.52	24.48	10.74	11.74	10.74	10.74	10.74
Craft and trade	5.00	4.00	4.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Service worker/laborer	35.54	45.59	43.24	44.63	34.75	46.31	40.82	37.81	37.39	37.64
<b>Total</b>	<b>189.71</b>	<b>198.39</b>	<b>192.38</b>	<b>189.90</b>	<b>178.73</b>	<b>189.40</b>	<b>185.67</b>	<b>183.72</b>	<b>185.39</b>	<b>182.93</b>

<b>Function</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Instruction:										
Regular	74.00	77.00	75.00	79.00	76.50	77.50	77.00	76.00	76.00	75.00
Special	14.00	14.00	16.00	16.00	18.50	17.00	17.00	13.85	17.56	17.49
Vocational	1.00	1.00	1.00	0.75	0.50	1.00	1.00	1.00	1.00	1.00
Other	1.00	1.00	-	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Support services:										
Pupil	7.00	8.00	7.00	9.00	5.04	8.32	7.00	7.00	7.50	8.31
Instructional staff	24.00	22.82	20.55	15.25	13.65	20.20	19.18	21.32	18.70	17.55
Administration	14.40	14.82	14.82	21.27	21.27	23.74	22.07	22.74	22.24	20.94
Fiscal	3.80	3.80	3.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Operations and maintenance	16.96	15.95	17.32	15.06	12.80	13.13	12.13	11.50	12.63	12.13
Pupil transportation	15.28	18.45	16.34	14.02	14.30	12.81	12.46	13.09	13.79	13.75
Central	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Operation of non-instructional services:										
Food service operations	8.16	9.86	10.06	9.32	7.34	6.27	8.90	8.25	8.04	8.70
Other non-instructional	9.11	10.69	9.49	7.23	5.83	5.43	4.93	4.97	3.93	4.06
<b>Total</b>	<b>189.71</b>	<b>198.39</b>	<b>192.38</b>	<b>189.90</b>	<b>178.73</b>	<b>189.40</b>	<b>185.67</b>	<b>183.72</b>	<b>185.39</b>	<b>182.93</b>

Source: School District records.

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

**CAPITAL ASSET STATISTICS  
LAST TEN FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land	\$ 521,816	\$ 521,816	\$ 521,816	\$ 483,652
Construction in progress	-	-	-	2,004,881
Land improvements	756,786	835,021	914,065	1,672,464
Buildings and improvements	36,696,371	37,986,801	39,280,785	38,924,744
Furniture and equipment	878,673	1,091,489	1,025,285	583,529
Intangible right to use - leased equipment	126,057	-	-	-
Vehicles	491,641	599,192	355,913	404,227
Total governmental activities capital assets, net	<u>\$ 39,471,344</u>	<u>\$ 41,034,319</u>	<u>\$ 42,097,864</u>	<u>\$ 44,073,497</u>

**Source:** School District financial records.

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
\$ 483,652	\$ 483,652	\$ 521,816	\$ 521,816	\$ 521,816	\$ 521,816
178,359	-	-	19,585,236	6,126,383	891,987
1,842,578	1,788,743	1,985,768	2,141,917	2,309,837	2,477,758
39,847,414	40,720,263	42,311,648	22,964,019	23,894,921	24,776,211
400,780	530,173	677,116	311,474	437,877	576,162
-	-	-	-	-	-
481,147	248,819	192,995	246,187	230,968	270,613
<u>\$ 43,233,930</u>	<u>\$ 43,771,650</u>	<u>\$ 45,689,343</u>	<u>\$ 45,770,649</u>	<u>\$ 33,521,802</u>	<u>\$ 29,514,547</u>

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

**SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Keystone High School (2006)				
Square feet	106,884	106,884	106,884	106,884
Capacity (students)	625	625	625	625
Enrollment	461	452	523	519
Keystone Middle School (1964)				
Square feet	(c)	(c)	(c)	(c)
Capacity (students)	(c)	(c)	(c)	(c)
Enrollment	(c)	(c)	(c)	(c)
Keystone Middle School (2013)				
Square feet	59,148	59,148	59,148	59,148
Capacity (students)	370	370	370	370
Enrollment	407	386	377	367
Keystone Elementary School (1891)				
Square feet	(c)	(c)	(c)	(c)
Capacity (students)	(c)	(c)	(c)	(c)
Enrollment	(c)	(c)	(c)	(c)
Keystone Elementary School (2016)				
Square feet	86,010	86,010	86,010	86,010
Capacity (students)	708	708	708	708
Enrollment	718	668	645	653
Total enrollment by year	1,586	1,506	1,545	1,539

**Source:** School District records.

**Notes:** Year of original construction is in parentheses.

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

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

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
106,884	106,884	106,884	106,884	106,884	106,884
625	625	625	625	625	625
535	573	537	532	585	574
(c)	(c)	85,390	85,390	85,390	85,390
(c)	(c)	440	440	440	440
(c)	(c)	(a)	(a)	(a)	(a)
59,148	59,148	59,148	59,148	59,148	59,148
370	370	370	370	370	370
348	370	366	392	397	400
(c)	(c)	57,096	57,096	57,096	57,096
(c)	(c)	381	381	381	381
(c)	(c)	(b)	661	717	692
86,010	86,010	86,010	(b)	(b)	(b)
708	708	708	(b)	(b)	(b)
670	613	681	(b)	(b)	(b)
1,553	1,556	1,584	1,585	1,699	1,666

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

OPERATING STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year	General Government		Governmental Activities			Percent Change	Teaching Staff	Pupil/Teacher Ratio
	Expenditures (a)	Cost Per Pupil	Expenses (a)	Cost Per Pupil	Enrollment (b)			
2022	\$ 18,447,949	\$ 11,632	\$ 18,469,531	\$ 11,645	1,586	5.31%	102	15.55
2021	18,439,010	12,244	20,291,609	13,474	1,506	-2.52%	101	14.90
2020	17,909,354	11,592	20,236,050	13,098	1,545	0.39%	101	15.29
2019	20,805,156	13,519	16,887,879	10,973	1,539	-0.90%	99	15.54
2018	17,534,460	11,291	10,173,349	6,551	1,553	-0.19%	98	15.85
2017	16,492,290	10,599	18,414,005	11,834	1,556	-1.77%	98	15.88
2016	16,742,927	10,570	16,432,090	10,374	1,584	-0.06%	96	16.50
2015	29,402,437	18,550	16,772,849	10,582	1,585	-6.71%	98	16.17
2014	22,380,421	13,173	18,294,718	10,768	1,699	1.98%	112	15.17
2013	22,185,249	13,316	17,372,942	10,428	1,666	-1.83%	111	15.01

**Source:** School District financial records.

**Notes:**

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

# OHIO AUDITOR OF STATE KEITH FABER



**KEYSTONE LOCAL SCHOOL DISTRICT**

**LORAIN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 1/24/2023**

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)