



OHIO AUDITOR OF STATE
KEITH FABER



**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY
JUNE 30, 2021 AND 2020**

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**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY
JUNE 30, 2021 AND 2020**

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OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

Kalida Local School District
Putnam County
301 North Third Street
P.O. Box 269
Kalida, Ohio 45853-0269

To the Board of Education:

Report on the Financial Statements

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

We have also audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental, proprietary, and fiduciary fund type as of and for the year ended June 30, 2020, and related notes of Kalida Local School District, Putnam County, Ohio (the School District).

Management's Responsibility for the Financial Statements

For the year ended June 30, 2021, management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

In addition, for the year ended June 30, 2020, management is responsible for preparing and fairly presenting these financial statements in accordance with the accounting principles generally accepted in the United States of America. This responsibility includes the designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

Efficient • Effective • Transparent

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

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions for the year ended June 30, 2021.

We also believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion for the year ended June 30, 2020.

Opinion for the Year Ended June 30, 2021

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the School District, as of June 30, 2021, and the respective changes in cash financial position and the budgetary comparison of the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2 of the 2021 financial statements.

Accounting Basis for the Year Ended June 30, 2021

Ohio Administrative Code § 117-2-03(B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the 2021 financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter for the year ended June 30, 2021.

Basis for Adverse Opinion for the Year Ended June 30, 2020

As described in Note 2 of the 2020 financial statements, the School District prepared these financial statements using the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. However, Ohio Administrative Code Section 117-2-03(B) requires these statements to follow accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 of the 2020 financial statements and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumably material.

Adverse Opinion for the Year Ended June 30, 2020

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion for the Year Ended June 30, 2020* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the School District, as of June 30, 2020, and the respective changes in financial position or cash flows thereof for the year then ended.

Emphasis of Matters

As discussed in Note 3 to the 2021 financial statements, during 2021, the School District has elected to change its financial presentation to a cash basis comparable to the requirements of *Governmental Accounting Standards*. We did not modify our opinions regarding this matter.

Also as discussed in Note 3 to the 2021 financial statements, during 2021, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and new accounting guidance in GASB Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding these matters.

Additionally, as discussed in Note 18 to the 2021 financial statements and Note 12 to the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

January 10, 2022

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**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2021**

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 8,512,014
Net Position:	
Restricted for:	
Capital projects	\$ 37,537
Classroom facilities maintenance	175,679
Debt service	208,837
State funded programs	61,275
Food service operations	135,723
Extracurricular activities	110,820
Other purposes	61,430
Unrestricted	7,720,713
Total Net Position	\$ 8,512,014

See Accompanying Notes to the Basic Financial Statements

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Program Cash Receipts			Net (Disbursement) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$ 3,579,201	\$ 350,056	\$ 13,592	\$ (3,215,553)
Special	578,287	44,702	273,846	(259,739)
Vocational	237,536		53,387	(184,149)
Other	40,486			(40,486)
Support services:				
Pupil	254,378		52,684	(201,694)
Instructional staff	266,388		500	(265,888)
Board of education	53,036			(53,036)
Administration	641,436	7,998	40,205	(593,233)
Fiscal	242,546			(242,546)
Operations and maintenance	422,088	8,345		(413,743)
Pupil transportation	218,537		7,707	(210,830)
Central	91,633	1,132		(90,501)
Operation of non-instructional services:				
Food service operations	307,732	65,474	304,761	62,503
Other non-instructional services	17,990		12,214	(5,776)
Extracurricular activities	492,880	198,535	72,305	(222,040)
Facilities acquisition and construction	161,658			(161,658)
Debt Service:				
Principal retirement	260,000			(260,000)
Interest and fiscal charges	110,325			(110,325)
Total Governmental Activities	<u>\$ 7,976,137</u>	<u>\$ 676,242</u>	<u>\$ 831,201</u>	<u>(6,468,694)</u>
General Receipts:				
Property taxes levied for:				
				2,081,234
				344,911
Income taxes levied for:				
				1,195,434
				3,006,688
				17,615
				27,501
				<u>6,673,383</u>
				204,689
				<u>8,307,325</u>
				<u>\$ 8,512,014</u>

See Accompanying Notes to the Basic Financial Statements

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 7,591,294	\$ 920,720	\$ 8,512,014
Fund Balances:			
Nonspendable:			
Unclaimed monies	\$ 1,125		\$ 1,125
Restricted:			
Debt service		\$ 208,837	208,837
Capital improvements		37,537	37,537
Classroom facilities maintenance		175,679	175,679
Food service operations		135,723	135,723
State funded programs		61,275	61,275
Extracurricular activities		110,820	110,820
Other purposes		60,305	60,305
Committed:			
Capital improvements	412,202		412,202
Termination benefits	126,619		126,619
Assigned:			
Student instruction	194,424		194,424
Student and staff support	266,457		266,457
Subsequent year's appropriations	2,359,358		2,359,358
Capital improvements		130,544	130,544
Unassigned	4,231,109		4,231,109
Total Fund Balances	\$ 7,591,294	\$ 920,720	\$ 8,512,014

See Accompanying Notes to the Basic Financial Statements

KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:			
From local sources:			
Property taxes	\$ 2,081,234	\$ 344,911	\$ 2,426,145
Income taxes	1,195,434		1,195,434
Intergovernmental	3,202,230	586,101	3,788,331
Investment earnings	17,248	972	18,220
Tuition and Fees	394,496		394,496
Extracurricular	9,392	198,535	207,927
Rental income	8,345		8,345
Charges for services		65,474	65,474
Contributions and donations	27,686	34,403	62,089
Miscellaneous	13,165		13,165
Total Receipts	<u>6,949,230</u>	<u>1,230,396</u>	<u>8,179,626</u>
Disbursements:			
Current:			
Instruction:			
Regular	3,564,564	14,637	3,579,201
Special	476,374	101,913	578,287
Vocational	235,362	2,174	237,536
Other	40,486		40,486
Support services:			
Pupil	201,694	52,684	254,378
Instructional staff	265,388	1,000	266,388
Board of education	53,036		53,036
Administration	617,331	24,105	641,436
Fiscal	233,057	9,489	242,546
Operations and maintenance	385,707	36,381	422,088
Pupil transportation	218,537		218,537
Central	91,633		91,633
Operation of non-instructional services:			
Food service operations		307,732	307,732
Other non-instructional services		17,990	17,990
Extracurricular activities	239,507	253,373	492,880
Facilities acquisition and construction	146,901	14,757	161,658
Debt service:			
Principal retirement		260,000	260,000
Interest and fiscal charges		110,325	110,325
Total Disbursements	<u>6,769,577</u>	<u>1,206,560</u>	<u>7,976,137</u>
Excess of Receipts Over Disbursements	<u>179,653</u>	<u>23,836</u>	<u>203,489</u>
Other Financing Sources (Uses):			
Sale of assets	1,200		1,200
Transfers in		101,314	101,314
Transfers out	(101,314)		(101,314)
Advances in	656		656
Advances out		(656)	(656)
Total Other Financing Sources (Uses)	<u>(99,458)</u>	<u>100,658</u>	<u>1,200</u>
Net Change in Fund Balances	80,195	124,494	204,689
Fund Balances at Beginning of Year (Restated)	<u>7,511,099</u>	<u>796,226</u>	<u>8,307,325</u>
Fund Balances at End of Year	<u>\$ 7,591,294</u>	<u>\$ 920,720</u>	<u>\$ 8,512,014</u>

See Accompanying Notes to the Basic Financial Statements

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Receipts:				
Property taxes	\$ 2,301,383	\$ 2,350,925	\$ 2,081,234	\$ (269,691)
Income taxes	1,321,884	1,350,341	1,195,434	(154,907)
Intergovernmental	3,540,957	3,617,181	3,202,230	(414,951)
Investment earnings	19,007	19,416	17,189	(2,227)
Tuition and fees	436,226	445,616	394,496	(51,120)
Extracurricular	290	296	262	(34)
Rental income	9,228	9,426	8,345	(1,081)
Contribution and donations	12,812	13,087	11,586	(1,501)
Miscellaneous	14,558	14,871	13,165	(1,706)
Total Receipts	7,656,345	7,821,159	6,923,941	(897,218)
Disbursements:				
Current:				
Instruction:				
Regular	4,985,508	4,985,508	3,756,992	1,228,516
Special	632,435	632,435	476,591	155,844
Vocational	314,686	314,686	237,142	77,544
Other	53,725	53,725	40,486	13,239
Support services:				
Pupil	267,647	267,647	201,694	65,953
Instructional staff	354,890	354,890	267,439	87,451
Board of education	74,427	74,427	56,087	18,340
Administration	830,717	830,717	626,014	204,703
Fiscal	316,557	316,557	238,552	78,005
Operations and maintenance	711,039	711,039	535,827	175,212
Pupil transportation	293,438	293,438	221,130	72,308
Central	183,988	183,988	138,650	45,338
Extracurricular activities	317,824	317,824	239,507	78,317
Facilities acquisition and construction	741,925	741,925	559,102	182,823
Total Disbursements	10,078,806	10,078,806	7,595,213	2,483,593
Excess of Disbursements Over Receipts	(2,422,461)	(2,257,647)	(671,272)	1,586,375
Other Financing Sources (Uses):				
Transfers out	(144,674)	(144,674)	(109,024)	35,650
Advances in	22,325	22,805	20,189	(2,616)
Advances out	(10,593)	(10,593)	(7,983)	2,610
Sale of assets	1,327	1,355	1,200	(155)
Total Other Financing Sources (Uses)	(131,615)	(131,107)	(95,618)	35,489
Net Change in Fund Balance	(2,554,076)	(2,388,754)	(766,890)	1,621,864
Fund Balance at Beginning of Year	7,148,283	7,148,283	7,148,283	
Prior Year Encumbrances Appropriated	209,073	209,073	209,073	
Fund Balance at End of Year	\$ 4,803,280	\$ 4,968,602	\$ 6,590,466	\$ 1,621,864

See Accompanying Notes to the Basic Financial Statements

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUND
JUNE 30, 2021**

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 39,798
	<u>39,798</u>
Net Position:	
Restricted for individuals, organizations, and other governments	\$ 39,798
	<u>39,798</u>

See Accompanying Notes to the Basic Financial Statements

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

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

	<u>Custodial</u>
Additions:	
Earnings on investments	\$ 93
Contributions and donations	<u>2,000</u>
Total Additions	<u>2,093</u>
Deductions:	
Scholarships awarded	<u>4,000</u>
Change in Net Position	(1,907)
Net Position at Beginning of Year (Restated)	<u>41,705</u>
Net Position at End of Year	<u>\$ 39,798</u>

See Accompanying Notes to the Basic Financial Statements

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

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

Note 1 – Reporting Entity

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

The School District was established in 1902 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 39 square miles. The School District is located in Putnam County and includes the entire Village of Kalida, and all or portions of Greensburg, Jackson, Sugar Creek, Union, and Perry Townships. The School District employs 46 certified (including administrative) and 26 non-certified full-time and part-time employees to provide services to approximately 620 students in grades K through 12 and various community groups. The School District currently operates 1 elementary school and 1 middle/high school.

A reporting entity is comprised of the primary government and other organizations that are included to insure the financial statements are not misleading.

Primary Government

The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Kalida Local School District, this includes general operations, food service, and student related activities of the School District.

Jointly Governed Organizations and Public Entity Risk Pools

The School District participates in three jointly governed organizations and three public entity risk pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, Vantage Career Center, State Support Team Region 1, Schools of Ohio Risk Sharing Authority, Ohio School Boards Association Workers' Compensation Group Rating Plan, and Putnam County Schools Insurance Group. These organizations are presented in Notes 14 and 15 to the financial statements.

The School District's management believes these financial statements present all activities for which the School District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

Basis of Presentation

The School District's basic financial statements consist of government-wide financial statements, including a statement of net position, a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

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

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)**

The statement of net position presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

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

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are divided into two categories, governmental and fiduciary. The School District has no proprietary funds.

Governmental Funds The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following is the School District's major fund:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the School District account for and report grants and other resources whose use is restricted, committed or assigned to a particular purpose.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The School District's fiduciary fund are custodial funds. The School District's Custodial Fund accounts for scholarships in which the School District has no administrative involvement.

Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)**

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. 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 tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate.

The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund and special cost center level for all funds. Budgetary allocations at the fund, function, and object level within all funds are made by the Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

Cash and Investments

To improve cash management, cash received by the School District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is included in the cash balances reported by fund type.

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During fiscal year 2021, the School District invested in nonnegotiable certificates of deposit and STAR Ohio. Investments are reported at cost, except for STAR Ohio.

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)**

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

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2021 was \$17,248, which included \$881 assigned from other School District funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The School District reported no restricted assets.

Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Interfund Receivables/Payables

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the School District's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

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(Continued)**

Long-Term Obligations

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District's Board of Education. In the General Fund, assigned amounts represent intended uses established by policies of the School District Board of Education or a School District official delegated by that authority by resolution or by State Statute. State statute authorizes the School District's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund 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.

Internal Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/cash disbursements in fiduciary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, 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.

Note 3 – Accountability and Compliance

Compliance

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

Change in Accounting Principles

For fiscal year 2021, the School District has implemented GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”, GASB Statement No. 84, “*Fiduciary Activities*” and GASB Statement No. 95, “*Postponement of the Effective Dates of Certain Authoritative Guidance*”.

GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned.

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

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GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

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

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

Restatement

For fiscal year 2021, the School District has elected to prepare its basic financial statements using a cash basis of accounting, commonly referred to as “GAAP look-alike,” which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Prior to fiscal year 2021, the School District used the regulatory cash basis of accounting.

The regulatory cash basis of accounting presented columns for each fund-type. The GAAP look-alike presentation is described in Note 2. The District also implemented GASB Statement No. 84 for fiscal year 2021. These two changes required a restatement to the fund balances presented at June 30, 2020.

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Nonmajor Governmental Funds	Total Funds
Fund cash balance previously reported	\$ 7,357,349	\$ 373,031	\$ 221,314	\$ 116,175	\$ 73,218		\$ 8,141,087
Change to GAAP-look alike presentation	151,704	\$(373,031)	\$(221,314)	\$(116,175)	\$(73,218)	\$ 632,034	
GASB Statement No. 84	2,046					164,192	166,238
Restated fund cash balance at June 30, 2020	<u>\$ 7,511,099</u>					<u>\$ 796,226</u>	<u>\$ 8,307,325</u>

The restated fund balance at June 30, 2020 for the total governmental funds is also the beginning net position presented on the statement of activities. Due to the implementation of GASB Statement No.84, the new classification of custodial funds is reporting a beginning net position of \$41,705. Also, related to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency and trust funds. At June 30, 2020, Agency Funds presented a fund balance of \$100,155 and Private Purpose Trust Funds presented a fund balance of \$107,788.

Note 4 – Budgetary Activity

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

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In addition, as part of Governmental Accounting Standards Board Statement No. 54, "*Fund Balance Reporting*," certain funds that are legally budgeted in separate Special Revenue or Agency Funds are considered part of the General Fund on the cash basis. For the School District this includes the Rotary, Public School Support, Unclaimed Monies, and Termination Benefits Funds.

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the General Fund:

	<u>General Fund</u>
Budget basis	\$ 80,195
Funds budgeted elsewhere	(13,639)
Outstanding encumbrances	<u>(833,446)</u>
Cash basis	<u>\$ (766,890)</u>

Note 5 – Deposits and Investments

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

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

Inactive deposits are public deposits that the Board 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.

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

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

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$81,684 of the School District's bank balance of \$931,684 was exposed to custodial credit risk because it was uninsured and collateralized. The School District's financial institution was approved for a reduced collateral rate of 102 percent through the Ohio Pooled Collateral System.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

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 market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)**

Investments

The fair value of this investment is not materially different than measurement value. As of June 30, 2021, the School District had the following investment:

<u>Investment type</u>	<u>Measurement Value</u>
STAR Ohio	<u><u>\$ 7,641,411</u></u>

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee."

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The following investment represents five percent or more of total investments as of June 30, 2021:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>% to Total</u>
STAR Ohio	<u><u>\$ 7,641,411</u></u>	<u><u>\$ 7,641,411</u></u>	<u><u>100.00</u></u>

Reconciliation of Cash and Investments to the Statement of Net Position

<u>Cash and Investments per Footnote</u>	
Carrying amount of deposits	\$ 910,401
Investments	<u>7,641,411</u>
	<u><u>\$ 8,551,812</u></u>
 <u>Cash and Investments per Statement of Net Position</u>	
Governmental Activities	\$ 8,512,014
Custodial Fund	<u>39,798</u>
	<u><u>\$ 8,551,812</u></u>

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FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)**

Note 6 – Taxes

Property Taxes

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

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

Public utility property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Putnam County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2020 Second Half Collections		2021 First Half Collections	
	Amount	Percent	Amount	Percent
Real Property:				
Agricultural/Residential and other Real Estate	\$ 95,279,990	89.47 %	\$ 100,936,540	89.66 %
Public Utility Personal Property	11,219,550	10.53	11,639,290	10.34
Total	\$ 106,499,540	100.00 %	\$ 112,575,830	100.00 %
Full Tax Rate per \$1,000 of assessed valuation	\$31.90		\$31.90	

Income Taxes

The School District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2006 and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are recorded in the General Fund. Total income tax receipts for fiscal year 2021 equaled \$1,195,434.

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Note 7 – Interfund Balances and Transfers

Transfers

Interfund transfers for the year ending June 30, 2021 consisted of \$101,314 transferred from the General Fund to Nonmajor Governmental Funds.

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund Balances

Interfund transactions for the year ending June 30, 2021 consisted of an advance from a Nonmajor Governmental Fund to the General Fund in the amount of \$656.

The primary purpose of the advance to the General Fund is to repay advances made in a prior year. Interfund advances between governmental funds are eliminated on the government-wide financial statements; therefore, no advances are reported on statement of activities.

Note 8 – Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the School District contracted for the following insurance coverage.

Coverage provided through the Schools of Ohio Risk Sharing Authority (SORSA) is as follows:

	<u>Coverage</u>
Property including inland marine – replacement cost (deductible waived)	\$34,157,678
Employee Dishonesty Liability	1,000,000
Automobile Liability	15,000,000
Uninsured Motorists	1,000,000
Medical Payments – per occurrence/aggregate	10,000/25,000
Educator’s Legal Liability – Total per year	15,000,000
General District Liability	
Per occurrence	15,000,000
Total per year	17,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

Putnam County Schools Insurance Group

The School District participates as a member of the Putnam County Schools Insurance Group, a public entity risk pool, administered by Huntington Trust. The School District converted its fully-insured medical insurance program to partial self-insurance through participation in this public entity risk pool. Medical Mutual of Ohio provides claim review and processing. The School District maintains stop-loss coverage for its medical insurance program. Aggregate stop loss is maintained for expected claims.

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Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 10. As such, no funding provisions are required by the School District.

Ohio School Boards Association Workers' Compensation Group Rating Plan

For fiscal year 2021, the School District participated in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP), via Comp. Management, an insurance purchasing pool. The intent of the GRP is to achieve a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. GRP then calculates total savings and each participant's individual performance is compared to the overall GRP's savings percentage. A participant will then either receive money from or contributes to GRP's equity pooling fund. This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria.

Note 9 – Defined Benefit Pension Plans

The net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the cash basis framework.

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

Net Pension Liability/Net OPEB Liability

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

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

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

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

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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 net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

Plan Description – School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries.

Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

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

The School District's contractually required contribution to SERS was \$129,077 for fiscal year 2021.

Plan Description – State Teachers Retirement System (STRS)

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

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

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

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

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

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

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

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

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

The School District's contractually required contribution to STRS was \$428,167 for fiscal year 2021.

Net Pension Liability

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Prior Measurement Date	0.02459090%	0.02425598%	
Current Measurement Date	<u>0.02395840%</u>	<u>0.02435340%</u>	
Change in Proportionate Share	<u>-0.00063250%</u>	<u>0.00009742%</u>	
Proportionate Share of the Net Pension Liability	\$ 1,584,659	\$ 5,892,656	\$ 7,477,315

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.

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

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

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

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Investment Rate of Return	7.50 percent net of investment expenses, including inflation
Actuarial Cost Method	Entry Age Normal (level percent of payroll)

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

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 2,170,789	\$ 1,584,659	\$ 1,092,885

Actuarial Assumptions – STRS

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

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Discount rate of return	7.45 percent
Payroll increases	3.00 percent
Cost-of-living adjustments (COLA)	0.00 percent, effective July 1, 2017

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

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

STRS' 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:

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above.

For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability	\$ 8,390,117	\$ 5,892,656	\$ 3,776,267

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2021, two Board of Education members had elected Social Security. The Board's liability is 6.2 percent of wages.

Note 10 – Defined Benefit OPEB Plans

The net OPEB liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the cash basis framework.

See note 9 for a description of the net OPEB liability.

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Plan Description – School Employees Retirement System (SERS)

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$13,283.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$13,283 for fiscal year 2021.

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 Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium.

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Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset)

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Prior Measurement Date	0.02486500%	0.02425598%	
Current Measurement Date	0.02455660%	0.02435340%	
 Change in Proportionate Share	 -0.00030840%	 0.00009742%	
 Proportionate Share of the:			
Net OPEB Liability	\$ 533,695		\$ 533,695
Proportionate Share of the:			
Net OPEB Asset		\$ (428,011)	\$ (428,011)

Actuarial Assumptions – SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

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

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Inflation	3.00 percent
Wage increases	3.50 percent to 18.20 percent
Investment rate of return	7.50 percent net of investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.45 percent
Prior measurement date	3.13 percent
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	2.63 percent
Prior measurement date	3.22 percent
Medical trend assumption:	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

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

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

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

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

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

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Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability at June 30, 2019, was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB liability	\$ 653,230	\$ 533,695	\$ 438,666

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB liability	\$ 420,244	\$ 533,695	\$ 685,408

Actuarial Assumptions – STRS

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

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Discount rate of return	7.45 percent
Payroll increases	3.00 percent
Health care cost trends	
Medical	
Pre-medicare	5.00 percent initial, 4 percent ultimate
Medicare	-6.69 percent initial, 4 percent ultimate
Prescription drug	
Pre-medicare	6.50 percent initial, 4 percent ultimate
Medicare	11.87 percent initial, 4 percent ultimate

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

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

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

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

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

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

*10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, 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 liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB asset	\$ 372,397	\$ 428,011	\$ 475,197

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB asset	\$ 472,268	\$ 428,011	\$ 374,099

Note 11 – Long-Term Obligations

The changes in the School District's long term debt during fiscal year 2021 were as follows:

	<u>Principal Outstanding 6/30/20</u>	<u>Reductions</u>	<u>Principal Outstanding 6/30/21</u>	<u>Amounts Due in One Year</u>
<u>Long Term Debt Obligation:</u>				
General obligation bonds - 2014	<u>\$ 3,280,000</u>	<u>\$ 260,000</u>	<u>\$ 3,020,000</u>	<u>\$ 255,000</u>

General Obligation Bonds

General Obligation Advance Refunding Bonds issued in 2014 were used for the purpose of advance refunding of the School Facilities Construction and Improvement bonds issued during 2003. The 2014 advance refunding bonds issued in total of \$4,495,000 consisted of current interest serial bonds. This refunding was undertaken to reduce total debt service payments over the next 16 years by \$837,557, and resulted in an economic gain of \$654,692.

Principal and interest requirements to retire long-term liabilities outstanding at June 30, 2021 are as follows:

<u>Year Ended</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 255,000	\$ 104,625	\$ 359,625
2023	270,000	97,350	367,350
2024	275,000	88,500	363,500
2025	285,000	79,388	364,388
2026	295,000	69,238	364,238
2027-2031	<u>1,640,000</u>	<u>168,237</u>	<u>1,808,237</u>
Total	<u>\$ 3,020,000</u>	<u>\$ 607,338</u>	<u>\$ 3,627,338</u>

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)**

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District.

The effects of these debt limitations at June 30, 2021 are a voted debt margin of \$7,320,662 and an unvoted debt margin of \$112,576.

Note 12 – Statutory Reserves

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

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

	<u>Capital Improvements</u>
Set-Aside Balance as of June 30, 2020	
Current Year Set-aside Requirement	\$ 111,204
Current Year Qualifying Disbursements	(137,401)
Current Year Offsets	(68,000)
Balance as of June 30, 2021	<u>\$ (94,197)</u>

Although the School District had qualifying offsets and disbursements during the fiscal year that reduced the set-aside amount below zero for the capital improvements set aside, this amount may not be used to reduce the set aside requirements of future years. This negative balance is therefore not presented as being carried forward to future fiscal years.

Note 13 – Contingent Liabilities

Grants

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

Litigation

There are currently no matters in litigation with the School District as defendant.

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)**

Note 14 – Jointly Governed Organizations

Northwest Ohio Area Computer Services Cooperative

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC) which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, Seneca, Van Wert, Wood, and Wyandot Counties, and the cities of St. Mary's and Wapakoneta. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member educational entities.

The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member entities within each county plus one representative from the fiscal agent school district. Financial information can be obtained from Ray Burden, who serves as director, at 4277 East Road, Elida, Ohio 45807.

Vantage Career Center

The Vantage Career Center is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Vantage Career Center is operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards. The degree of control exercised by the School District is limited to its representation on the Board.

The Board is its own budgeting and taxing authority. Financial information can be obtained from the Laura Peters, Treasurer, 818 North Franklin Street, Van Wert, Ohio 45891-1304.

State Support Team Region 1

The State Support Team Region 1 (SSTR1) provides specialized core work related to building regional capacity for district, building, and community school implementation of the Ohio Improvement Process (OIP) at a high level. The service region of the SSTR1 includes Defiance, Fulton, Hancock, Henry, Lucas, Ottawa, Paulding, Putnam, Sandusky, Seneca, Van Wert, Williams, and Wood Counties. The fiscal agent for the SSTR1 is the Educational Service Center of Lake Erie West. The SSTR1 Executive Director and Single Point of Contact is Lynn McKahan. Contact information is available at www.sstr1.org.

Note 15 – Public Entity Risk Pools

Schools of Ohio Risk Sharing Authority

The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), which was established in 2002 pursuant to Articles of Incorporation filed under Chapter 1702 of the Ohio Revised Code – Non-Profit Corporations and functioning under authority granted by Section 2744.081 of the Ohio Revised Code. SORSA's purpose is to provide a joint self-insurance pool to assist member school districts in preventing and reducing losses and injuries to property and persons which might result in claims being made against members of SORSA, their employees or officers. A nine person Board of Directors manages the business and affairs of SORSA and is elected annually by the members of the pool. The Board of Directors consists of superintendents, treasurers, or business managers from the participating school districts. The School District works with UIS Insurance and Investments, a local agent as a liaison between SORSA and the School District. SORSA employs an Executive Director, Program Manager Risk Control Manager, and Claims Manager. Claims are handled in-hours by Claims Manager, Greg Gilliam. Additional information can be obtained from SORSA at 555 Metro Place North, Suite 645, Dublin, Ohio 43017 or by calling 866-767-7299.

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)**

Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (Plan) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool. The Plan'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 Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

Putnam County Schools Insurance Group

The Putnam County Schools Insurance Group (the Group), a public entity risk pool, administered by Huntington Trust is a public entity shared risk pool consisting of eleven school districts, including the Putnam County Educational Service Center, and the Putnam County Board of DD. The Group is a not-for-profit insurance group and provides medical, prescription drug, and optional dental insurance benefits, to the employees of the participants. Each participant's superintendent is appointed to the Board of Trustees which advises the consultant, Huntington Insurance, concerning aspects of the administration of the Group.

Each school district in the Group (other than the Putnam County Board of DD) must collectively bargain benefit levels with its respective employee unions. Financial information can be obtained from Jan Osborne, Superintendent, Putnam County Educational Service Center, 124 Putnam Parkway, Ottawa, Ohio 45875.

Note 16 – Other Commitments

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

Fund Balances	General	Nonmajor Governmental Funds	Total
Outstanding Encumbrances	\$ 833,496	\$ 101,379	\$ 934,875

Note 17 – Subsequent Events

On September 7, 2021, the School District issued \$2,765,000 in general obligation refunding bonds. These bonds will be used to retire the 2014 general obligation bonds. The interest rate on the fiscal year 2022 bonds is 1.776%. Final maturity is on December 1, 2030.

For fiscal year 2022, School District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$113,892 in revenues and expenditures/expenses related to these programs. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each School District. The School District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)**

Note 18 – 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 of 2021 while the national state of emergency continues. During fiscal year 2021, the school district received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts:					
Property taxes	\$ 1,992,513		\$ 331,956		\$ 2,324,469
Income taxes	1,593,018				1,593,018
Intergovernmental	3,154,821	\$ 182,940	4,579		3,342,340
Investment earnings	116,593	1,429		\$ 3,738	121,760
Tuition and fees	405,047				405,047
Extracurricular	144	134,236			134,380
Contributions and donations	9,390	87,184		4,990	101,564
Miscellaneous	4,711				4,711
Total Cash Receipts	7,276,237	405,789	336,535	8,728	8,027,289
Cash Disbursements:					
Instruction:					
Regular	3,424,713	12,327		154,543	3,591,583
Special	496,328	75,132			571,460
Vocational	212,666	605			213,271
Other instruction	44,147				44,147
Support Services:					
Pupils	202,617	23,054			225,671
Instructional staff	245,048	200			245,248
Board of education	40,330				40,330
Administration	596,436	56,892			653,328
Fiscal	256,658		8,761		265,419
Operation and maintenance	408,328	11,610		7,801	427,739
Food service operations				12,615	12,615
Pupil transportation	281,174				281,174
Central	83,598				83,598
Extracurricular activities	209,150	280,045			489,195
Facilities acquisition and construction				22,932	22,932
Debt Service:					
Principal retirement			250,000		250,000
Interest and fiscal charges			117,225		117,225
Total Cash Disbursements	6,501,193	459,865	375,986	197,891	7,534,935
Excess of Receipts Over (Under) Disbursements	775,044	(54,076)	(39,451)	(189,163)	492,354
Other Financing Receipts (Disbursements):					
Transfers in	135,000	44,126		68,000	247,126
Transfers out	(242,126)			(5,000)	(247,126)
Advances in		20,189			20,189
Advances out	(20,189)				(20,189)
Total Other Financing Receipts (Disbursements)	(127,315)	64,315		63,000	
Net Change in Fund Cash Balances	647,729	10,239	(39,451)	(126,163)	492,354
Fund Cash Balances, July 1	6,709,620	362,792	260,765	242,338	7,575,515
Fund Cash Balances, June 30	\$ 7,357,349	\$ 373,031	\$ 221,314	\$ 116,175	\$ 8,067,869
Reserve for Encumbrances, June 30	\$ 209,073	\$ 23,164	\$ 1,500	\$ 478	\$ 234,215

The notes to the financial statements are an integral part of this statement.

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Proprietary	Fiduciary		Totals (Memorandum Only)
	Fund Type	Fund Types		
	Enterprise	Private Purpose Trust	Agency	
Operating Cash Receipts:				
Food services	\$ 199,588			\$ 199,588
Extracurricular activities			\$ 94,676	94,676
Total Operating Cash Receipts	199,588		94,676	294,264
Operating Cash Disbursements:				
Personnel services	87,590			87,590
Employee retirement and insurance	93,822			93,822
Purchased services	1,433			1,433
Supplies and materials	90,867			90,867
Capital outlay	18,538			18,538
Other operating expenses	918	\$ 6,837	103,937	111,692
Total Operating Cash Disbursements	293,168	6,837	103,937	403,942
Operating Loss	(93,580)	(6,837)	(9,261)	(109,678)
Non-Operating Receipts:				
Intergovernmental receipts	40,761			40,761
Earnings on investments	2,009	1,751	1,638	5,398
Donations		2,725	8,494	11,219
Miscellaneous	200			200
Total Non-Operating Receipts	42,970	4,476	10,132	57,578
Net Change in Fund Cash Balances	(50,610)	(2,361)	871	(52,100)
Fund Cash Balances, July 1	123,828	110,149	99,284	333,261
Fund Cash Balances, June 30	\$ 73,218	\$ 107,788	\$ 100,155	\$ 281,161
Reserve for Encumbrances, June 30	\$ 791	\$ 8,252	\$ 12,107	\$ 21,150

The notes to the financial statements are an integral part of this statement.

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

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

Note 1 – Reporting Entity

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

The School District was established in 1902 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 39 square miles. The School District is located in Putnam County and includes the entire Village of Kalida, and all or portions of Greensburg, Jackson, Sugar Creek, Union, and Perry Townships. The School District employs 46 certified (including administrative) and 26 non-certified full-time and part-time employees to provide services to approximately 620 students in grades K through 12 and various community groups. The School District currently operates 1 elementary school and 1 middle/high school.

A reporting entity is comprised of the primary government and other organizations that are included to insure the financial statements are not misleading.

Primary Government

The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Kalida Local School District, this includes general operations, food service, and student related activities of the School District.

Jointly Governed Organizations and Public Entity Risk Pools

The School District participates in three jointly governed organizations and three public entity risk pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, Vantage Career Center, State Support Team Region 1, Schools of Ohio Risk Sharing Authority, Ohio School Boards Association Workers' Compensation Group Rating Plan, and Putnam County Schools Insurance Group. These organizations are presented in Notes 13 and 14 to the financial statements.

The financial statements exclude these entities which perform activities within the School District's boundaries for the benefit of its residents because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

The School District's management believes these financial statements present all activities for which the School District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Although required by Ohio Administrative Code § 117-2-03(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America, the School District chooses to prepare its financial statements and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

For fiscal year 2020 the School District did not modify its financial statements to reflect the modifications outlined in GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*".

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type classifications. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned.

Basis of Presentation

The School District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary and fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

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

Governmental Funds The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the School District's fund types:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund The Debt Service Fund is used for the accumulation of resources for, and the payment of general obligation long-term debt principal and interest.

Capital Projects Funds The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds The School District classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds. The School District has no internal service funds.

Enterprise Fund The Enterprise Fund is used to account for any activity for which a fee is charged to external users for goods or services.

Fiduciary Funds The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. The School District's fiduciary funds include a private purpose trust fund and agency funds. The School District's private purpose trust fund accounts for memorial funds. Agency funds are custodial in nature. The School District's Agency Funds account for various student-managed activities.

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate.

The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund and special cost center level for all funds. Budgetary allocations at the fund, function, and object level within all funds are made by the Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources.

Cash and Investments

To improve cash management, cash received by the School District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is included in the cash balances reported by fund type.

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2020, the School District invested in nonnegotiable certificates of deposit and STAR Ohio. Investments are reported at cost, except for STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants."

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2020 was \$116,593 which included \$15,712 assigned from other School District funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The School District reported no restricted assets.

Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Interfund Receivables/Payables

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the School District's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

Long-Term Obligations

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Internal Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/cash disbursements in proprietary and fiduciary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, 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.

Note 3 – Accountability and Compliance

Compliance

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a regulatory cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

Changes in Accounting Principles

For fiscal year 2020, the School District has implemented GASB Statement No. 90 "*Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*" and GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*".

GASB Statement No. 90 improves consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the School District.

GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

Certain provisions contained in the following pronouncements were scheduled to be implemented for fiscal year 2020. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed by one year. The School District has elected to postpone implementing the following pronouncements until the fiscal year ended June 30, 2021:

- Statement No. 84, *Fiduciary Activities*
- Implementation Guide No. 2019-2, *Fiduciary Activities*

Note 4 – Budgetary Activity

Budgetary activity for the year ending June 30, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 8,206,104	\$ 7,411,237	\$ (794,867)
Special Revenue	587,544	470,104	(117,440)
Debt Service	352,460	336,535	(15,925)
Capital Projects	75,000	76,728	1,728
Enterprise	320,000	242,558	(77,442)
Private Purpose Trust	2,600	4,476	1,876
Total	\$ 9,543,708	\$ 8,541,638	\$ (1,002,070)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 10,388,267	\$ 6,972,581	\$ 3,415,686
Special Revenue	721,301	483,029	238,272
Debt Service	453,000	377,486	75,514
Capital Projects	254,401	203,369	51,032
Enterprise	402,802	293,959	108,843
Private Purpose Trust	29,089	15,089	14,000
Total	\$ 12,248,860	\$ 8,345,513	\$ 3,903,347

Note 5 – Deposits and Investments

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

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

Inactive deposits are public deposits that the Board 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.

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

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

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

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

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Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$111,781 of the School District's bank balance of \$4,611,337 was exposed to custodial credit risk because it was uninsured and collateralized. The School District's financial institution was approved for a reduced collateral rate of 102 percent through the Ohio Pooled Collateral System.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

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 market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2020, the School District had investments with STAR Ohio with a carrying balance of \$3,756,449.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The School District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Note 6 – Taxes

Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2020 represents collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2020 represents collections of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien December 31, 2018, were levied after April 1, 2019 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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The School District receives property taxes from Putnam County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2019 Second- Half Collections		2020 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Property:				
Agricultural/Residential	\$ 83,585,000	80.37%	\$ 85,333,530	80.13%
Industrial/Commercial	9,938,920	9.56%	9,946,460	9.34%
Public Utility Property	10,476,260	10.07%	11,219,550	10.53%
Total Assessed Value	<u>\$ 104,000,180</u>	100%	<u>\$ 106,499,540</u>	100%
Tax rate per \$1,000 of assessed valuation	\$31.60		\$31.90	

Income Taxes

The School District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2006 and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are recorded in the General Fund.

Note 7 – Interfund Transfers and Advances

Transfers

During 2020, the following transfers were made:

Transfer In	Transfer Out		Total
	General Fund	Capital Projects Fund	
Permanent Improvement Fund	\$ 68,000		\$ 68,000
OSFC Maintenance Fund	33,080		33,080
Principal's Fund		\$ 5,000	5,000
Severance Fund	6,046		6,046
General Fund - Bus Purchase Fund	60,000		60,000
General Fund - Technology Fund	75,000		75,000
Total	<u>\$ 242,126</u>	<u>\$ 5,000</u>	<u>\$ 247,126</u>

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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Advances

Outstanding advances at June 30, 2020, consisted of \$20,189 advanced to Special Revenue Funds from the General Fund to provide working capital for operations or projects. The advances are expected to be repaid within one year.

Note 8 – Risk Management

Schools of Ohio Risk Sharing Authority

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020, the School District contracted for the following insurance coverage.

Coverage provided through the Schools of Ohio Risk Sharing Authority (SORSA) is as follows:

	<u>Coverage</u>
Property including inland marine – replacement cost (deductible waived)	\$34,119,249
Employee Dishonesty Liability	1,000,000
Automobile Liability	15,000,000
Uninsured Motorists	1,000,000
Medical Payments – per occurrence/aggregate	10,000/25,000
Educator’s Legal Liability – error or omissions	15,000,000
General District Liability	
Per occurrence	15,000,000
Total per year	17,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

Putnam County Schools Insurance Group

The School District participates as a member of the Putnam County Schools Insurance Group, a public entity risk pool, administered by Huntington Trust. The School District converted its fully-insured medical insurance program to partial self-insurance through participation in this public entity risk pool. Medical Mutual of Ohio provides claim review and processing. The School District maintains stop-loss coverage for its medical insurance program. Aggregate stop loss is maintained for expected claims.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 10. As such, no funding provisions are required by the School District.

Ohio School Boards Association Workers’ Compensation Group Rating Plan

For fiscal year 2020, the School District participated in the Ohio School Boards Association (OSBA) Workers’ Compensation Group Rating Program (GRP), via Comp. Management, an insurance purchasing pool. The intent of the GRP is to achieve a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers’ compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP.

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Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. GRP then calculates total savings and each participant's individual performance is compared to the overall GRP's savings percentage. A participant will then either receive money from or contributes to GRP's equity pooling fund. This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria.

Note 9 – Defined Benefit Pension Plans

Net Pension Liability

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

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position.

The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

Plan Description – School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Age 65 with 5 years of service credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit 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 year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit.

A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

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

The School District's contractually required contribution to SERS was \$125,032 for fiscal year 2020.

Plan Description – State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age.

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Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan.

The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2020, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$418,124 for fiscal year 2020.

Net Pension Liability

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

Following is information related to the proportionate share:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.02466640%	0.02387427%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.02459090%</u>	<u>0.02425598%</u>	
Change in Proportionate Share	<u>-0.00007550%</u>	<u>0.00038171%</u>	
Proportionate Share of the Net Pension Liability	\$ 1,471,317	\$ 5,364,064	\$ 6,835,381

Actuarial Assumptions – SERS

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

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

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

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

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Investment Rate of Return	7.50 percent net of investment expenses, including inflation
Actuarial Cost Method	Entry Age Normal (level percent of payroll)

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

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

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 2,061,841	\$ 1,471,317	\$ 976,088

Actuarial Assumptions – STRS

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

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

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

Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

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

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

Discount Rate – The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included.

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Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 7,838,982	\$ 5,364,064	\$ 3,268,919

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2020, two Board of Education members had elected Social Security. The Board's liability is 6.2 percent of wages.

Note 10 – Defined Benefit OPEB Plans

Net OPEB Liability/Asset

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

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

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

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

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

Plan Description – School Employees Retirement System (SERS)

Health Care Plan Description – The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents.

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the School District's surcharge obligation was \$13,603.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$13,603 for fiscal year 2020.

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

Plan Description – State Teachers Retirement System (STRS)

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

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

Net OPEB Liability/Asset

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

Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability Prior Measurement Date	0.02486970%	0.02387427%	
Proportion of the Net OPEB Liability Current Measurement Date	<u>0.02486500%</u>	<u>0.02425598%</u>	
Change in Proportionate Share	<u>-0.00000470%</u>	<u>0.00038171%</u>	
Proportionate Share of the Net OPEB Liability	\$ 625,302		\$ 625,302
Proportionate Share of the Net OPEB Asset		\$ 402,000	\$ 402,000

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.

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

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

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

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

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

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

**KALIDA LOCAL SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB liability	\$ 758,999	\$ 625,302	\$ 518,998

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB liability	\$ 500,994	\$ 625,302	\$ 790,230

Actuarial Assumptions – STRS

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

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

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

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

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

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

Benefit Term Changes Since the Prior Measurement Date – There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020.

**KALIDA LOCAL SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

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

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

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	District's proportionate share of the net OPEB asset	\$ 342,803	\$ 402,000

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
	District's proportionate share of the net OPEB asset	\$ 455,552	\$ 402,000

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

Note 11 – Debt

The changes in the School District’s long term debt during fiscal year 2020 were as follows:

	Principal Outstanding 6/30/19	Reductions	Principal Outstanding 6/30/20	Amounts Due in One Year
<u>Long Term Debt Obligation:</u>				
General obligation bonds - 2014	\$ 3,530,000	\$ 250,000	\$ 3,280,000	\$ 260,000

General Obligation Bonds

General Obligation Advance Refunding Bonds issued in 2014 were used for the purpose of advance refunding of the School Facilities Construction and Improvement bonds issued during 2003. The 2014 advance refunding bonds issued in total of \$4,495,000 consisted of current interest serial bonds. This refunding was undertaken to reduce total debt service payments over the next 16 years by \$837,557, and resulted in an economic gain of \$654,692.

Principal and interest requirements to retire long-term liabilities outstanding at June 30, 2020 are as follows:

Year Ended	General Obligation Bonds		
	Principal	Interest	Total
2021	\$ 260,000	\$ 110,325	\$ 370,325
2022	255,000	104,625	359,625
2023	270,000	97,350	367,350
2024	275,000	88,500	363,500
2025	285,000	79,388	364,388
2026-2030	1,580,000	230,375	1,810,375
2030-2031	355,000	7,100	362,100
Total	\$ 3,280,000	\$ 717,663	\$ 3,997,663

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District.

The effects of these debt limitations at June 30, 2020 are a voted debt margin of \$6,526,273 and an unvoted debt margin of \$106,500.

Note 12 – Contingent Liabilities

Grants

Amounts grantor agencies pay to the School District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

Litigation

There are currently no matters in litigation with the School District as defendant.

School Foundation

School District foundation funding was based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, FTE adjustment No. 2 was made November 27, 2020 and resulted in the School District owing ODE \$817. This amount is not recorded in the financial statements.

COVID-19

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

Note 13 – Jointly Governed Organizations

Northwest Ohio Area Computer Services Cooperative

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC) which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, Seneca, Van Wert, Wood, and Wyandot Counties, and the cities of St. Mary's and Wapakoneta. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member educational entities.

The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member entities within each county plus one representative from the fiscal agent school district. Financial information can be obtained from Ray Burden, who serves as director, at 4277 East Road, Elida, Ohio 45807.

Vantage Career Center

The Vantage Career Center is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Vantage Career Center is operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards. The degree of control exercised by the School District is limited to its representation on the Board. The Board is its own budgeting and taxing authority. Financial information can be obtained from the Laura Peters, Treasurer, 818 North Franklin Street, Van Wert, Ohio 45891-1304.

State Support Team Region 1

The State Support Team Region 1 (SSTR1) provides specialized core work related to building regional capacity for district, building, and community school implementation of the Ohio Improvement Process (OIP) at a high level. The service region of the SSTR1 includes Defiance, Fulton, Hancock, Henry, Lucas, Ottawa, Paulding, Putnam, Sandusky, Seneca, Van Wert, Williams, and Wood Counties.

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

The fiscal agent for the SSTR1 is the Educational Service Center of Lake Erie West. The SSTR1 Executive Director and Single Point of Contact is Lynn McKahan. Contact information is available at www.sstr1.org.

Note 14 – Public Entity Risk Pools

Schools of Ohio Risk Sharing Authority

The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), which was established in 2002 pursuant to Articles of Incorporation filed under Chapter 1702 of the Ohio Revised Code – Non-Profit Corporations and functioning under authority granted by Section 2744.081 of the Ohio Revised Code. SORSA's purpose is to provide a joint self-insurance pool to assist member school districts in preventing and reducing losses and injuries to property and persons which might result in claims being made against members of SORSA, their employees or officers. A nine person Board of Directors manages the business and affairs of SORSA and is elected annually by the members of the pool. The Board of Directors consists of superintendents, treasurers, or business managers from the participating school districts. The School District works with UIS Insurance and Investments, a local agent as a liaison between SORSA and the School District. SORSA employs an Executive Director, Program Manager Risk Control Manager, and Claims Manager. Claims are handled in-hours by Claims Manager, Greg Gilliam. Additional information can be obtained from SORSA at 555 Metro Place North, Suite 645, Dublin, Ohio 43017 or by calling 866-767-7299.

Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (Plan) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool. The Plan'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 Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

Putnam County Schools Insurance Group

The Putnam County School Insurance Group (the Group), a public entity risk pool, administered by Huntington Trust is a public entity shared risk pool consisting of eleven school districts, including the Putnam County Educational Service Center, and the Putnam County Board of DD. The Group is a not-for-profit insurance group and provides medical, prescription drug, and optional dental insurance benefits, to the employees of the participants. Each participant's superintendent is appointed to the Board of Trustees which advises the consultant, Huntington Insurance, concerning aspects of the administration of the Group.

Each school district in the Group (other than the Putnam County Board of DD) must collectively bargain benefit levels with its respective employee unions. Financial information can be obtained from Jan Osborne, Superintendent, Putnam County Educational Service Center, 124 Putnam Parkway, Ottawa, Ohio 45875.

Note 15 – Set-Aside Requirements

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by 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 and used for the same purpose in future years.

**KALIDA LOCAL SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
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(Continued)**

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

	<u>Capital Improvements</u>
Set-Aside Balance as of June 30, 2019	
Current Year Set-aside Requirement	\$ 109,216
Current Year Offsets	<u>\$ (109,216)</u>
Balance as of June 30, 2020	<u><u> </u></u>

Although the School District had qualifying offsets during the fiscal year that reduced the set-aside amount below zero for the capital improvements set aside, this amount may not be used to reduce the set aside requirements of future years. This negative balance is therefore not presented as being carried forward to future fiscal year

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OHIO AUDITOR OF STATE KEITH FABER



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

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

Kalida Local School District
Putnam County
301 North Third Street
P.O. Box 269
Kalida, Ohio 45853-0269

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Kalida Local School District, Putnam County, Ohio (the School District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated January 10, 2022, wherein we noted the School District began using a special purpose framework other than generally accepted accounting principles. We also noted the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and new accounting guidance in GASB Statement No. 84, *Fiduciary Activities*.

We have also audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Kalida Local School District, Putnam County, Ohio (the School District) as of and for the year ended June 30, 2020, and the related notes to the financial statements and have issued our report thereon dated January 10, 2022, wherein we issued an adverse opinion on the School District's financial statements because the School District did not follow accounting principles generally accepted in the United States of America as required by Ohio Admin. Code 117-2-03.

In addition, we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2021-002 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2021-001.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

January 10, 2022

**KALIDA LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2021-001

Noncompliance

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Admin. Code 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the School District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

For the fiscal year ended June 30, 2021, the School District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. For fiscal year ended June 30, 2020, as a cost savings measure, the School District prepared financial statements in accordance with the regulatory basis of accounting established by the Auditor of State for governmental entities that are not required to prepare reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the School District's ability to evaluate and monitor the overall financial condition of the School District. To help provide the users with more meaningful financial statements, the School District should prepare its annual financial statements according to generally accepted accounting principles.

FINDING NUMBER 2021-002

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

The following errors were identified in the accompanying financial statements:

- The School District failed to adopt the provisions of Governmental Accounting Standards Board Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions for the fiscal year ended June 30, 2020, as mandated by Auditor of State Bulletin 2011-004. The adjustments necessary to implement GASB No. 54 are presumed to be material, but cannot be determined at this time.
- In 2020, donations were incorrectly classified as miscellaneous revenue in the Agency Fund in the amount of \$8,494.

- In 2020, reserve for encumbrances were overstated in the Private Purpose Trust Fund in the amount of \$6,000.
- In 2020, budgetary expenditures in the budgetary activity note to the financial statements were understated in Private Purpose Trust Fund in the amount of \$8,252.
- In 2020, appropriation authority in the budgetary activity note to the financial statements did not agree to amounts approved. Appropriation authority was understated in the Capital Projects and Private Purpose Trust Funds in the amounts of \$24,401 and \$9,089, respectively.
- In 2020, budgeted receipts in the budgetary activity note to the financial statements did not agree to amounts certified by the County Budget Commission. Budgeted receipts were understated in the Debt Service Fund in the amount of \$19,950 and overstated in the Private Purpose Trust Fund in the amount of \$1,000.

These errors were the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements and decisions made by management to not follow GASB No. 54 for the fiscal year ended June 30, 2020. Failure to complete accurate financial statements and notes to the financial statements could lead to the Board making misinformed decisions. The accompanying financial statements and notes to the financial statements have not been adjusted to implement GASB No. 54 for the fiscal year ended June 30, 2020. They have been adjusted to correct the other errors identified above. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$1,000 to \$258,267 that we have brought to the School District's attention.

To help ensure the School District's financial statements and notes to the financial statements are complete and accurate, the School District should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Treasurer and the Board, to help identify and correct errors and omissions.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

Board Members

Brad Niemeyer
 Emily Peck
 Craig Schmenk
 Greg von der Embse
 Gerry Vorst



Kalida Local Schools

301 N. Third St., Box 269; Kalida, Ohio 45853

<http://kalidaschools.org>

Phone: 419-532-3534 Fax 419-532-2277



An Ohio "Excellent" Rated School ~ 2003 National Blue Ribbon School

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS JUNE 30, 2021 AND 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	This finding was first reported in 2003. Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) for reporting on a basis other than generally accepted accounting principles.	Not corrected and reissued as Finding 2021-001 in this report.	School District personnel considered the cost-benefit of the different reporting formats and determined the current reporting format to be the more fiscally responsible format at this time.
2019-002	This finding was first reported in 2012. Material weakness for not adopting the provisions of Governmental Accounting Standards Board Statement (GASB) No. 54 Fund Balance Reporting and Governmental Fund Type Definitions.	Partially corrected and reissued as Finding 2021-002 in this report.	The School District did not adopt provisions of GASB No. 54 for the year ended June 30, 2020. However, for the year ended June 30, 2021, the School District did implement GASB No. 54 as part of its change in reporting method.
2019-003	This finding was first reported in 2015. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as Finding 2021-002 in this report.	Tracking these items at the end of the fiscal year can be difficult. School District personnel will make a better attempt to identify these items and classify them correctly.

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OHIO AUDITOR OF STATE KEITH FABER



KALIDA LOCAL SCHOOL DISTRICT

PUTNAM 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 1/27/2022

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

This report is a matter of public record and is available online at
www.ohioauditor.gov