



OHIO AUDITOR OF STATE
KEITH FABER



**KENT CITY SCHOOL DISTRICT
PORTAGE COUNTY
JUNE 30, 2021**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund.....	20
Statement of Fund Net Position	
Internal Service Fund	21
Statement of Revenues, Expenses and Changes in Fund Net Position Internal Service Fund	22
Statement of Cash Flows	
Internal Service Fund	23
Statement of Changes in Fiduciary Net Position	
Custodial Fund	24
Notes to the Basic Financial Statements	25

**KENT CITY SCHOOL DISTRICT
PORTAGE COUNTY
JUNE 30, 2021**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability.....	68
Schedule of the School District Contributions - Pension.....	70
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset).....	72
Schedule of the School District Contributions - OPEB.....	74
Notes to Required Supplementary Information	76
Schedule of Expenditures of Federal Awards	77
Notes to the Schedule of Expenditures of Federal Awards.....	79
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	81
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	83
Schedule of Findings.....	85

OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

Kent City School District
Portage County
321 North Depeyster Street
Kent, Ohio 44240

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 20 to the financial statements, during 2021, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Additionally, as discussed in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

May 23, 2022

This page intentionally left blank.

Kent City School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

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

Financial Highlights

Key financial highlights for 2021 are as follows:

- General revenues accounted for \$44,114,668 in revenue or 79.2% of all revenues. Program revenues in the form of charges for services, operating grants, contributions and interest accounted for \$11,618,638 or 20.8% of total revenues of \$55,733,306.
- The School District had \$58,670,589 in expenses related to governmental activities; only \$11,618,638 of these expenses was offset by program specific revenues. General revenues (primarily property taxes and school foundation) of \$44,114,668 helped provide for these programs.
- At the end of the current fiscal year, the governmental funds reported a combined ending fund balance of \$55,360,481, an increase of \$18,148,470 from 2020.
- The net pension and net other postemployment benefits (OPEB) liability or asset combined increased \$4,737,449 from 2020. This increase is mainly due to less than expected investment returns by the public retirement systems.

Using this Annual Financial Report

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

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

Kent City School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While these statements contain information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by most private-sector companies.

This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begin on page 11. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. Fund financial statements provide detailed information about the general and building funds; the School district's major funds. Data from the other nonmajor funds are combined into a single, aggregated presentation.

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

Kent City School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The School District as a Whole

Recall that the *Statement of Net Position* provides the perspective of the School District as a whole. Over time, net position can serve as a useful indicator of a government's financial position. During fiscal year 2021, the School District had a decrease in net position of \$2,937,283. The increase in current assets of \$20,960,523 is largely attributable to a significant increase in cash and cash equivalents.

Capital assets reported on the government-wide statements represent the largest portion of the School District's net position for fiscal year 2021. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles which are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$3,092,977, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted positions, \$16,366 is restricted for capital outlay, \$2,267,871 is restricted for debt service payments; \$3,121 is restricted for scholarships and \$805,619 is restricted for other purposes. The remaining significant balance of government-wide unrestricted net position happens to be a deficit of (\$26,702,833).

The net pension liability is the largest single liability reported by the School District at June 30, 2020. The School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability or asset, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing the accounting standard for pension and OPEB, the School District is reporting a significant net pension liability, net OPEB liability, related deferred inflows of resources and an increase in pension expense for the fiscal year which have a negative effect on net position. In addition, the School District is reporting a net OPEB asset, deferred outflows of resources and a decrease in expenses related to OPEB, which have a positive impact on net position. The increase and decrease in pension and OPEB expense is the difference between the contractually required contributions and the pension and OPEB expense resulting from the change in the liability or asset that is not reported as deferred inflows or outflows. These amounts can be found in the reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities. To further explain the impact of these accounting standards on the School District's net position, additional information is presented below.

	<u>2021</u>	<u>2020</u>
Deferred outflows - pension	\$ 10,837,788	\$ 10,588,213
Deferred outflows - OPEB	1,292,455	969,306
Deferred inflows - pension	(1,807,610)	(4,815,252)
Deferred inflows - OPEB	(6,422,428)	(5,687,994)
Net pension liability	(60,247,959)	(54,633,344)
Net OPEB liability	(3,437,300)	(4,057,462)
Net OPEB asset	<u>3,643,827</u>	<u>3,386,823</u>
Impact of GASB 68 and GABB 75 on net position	<u>\$ (56,141,227)</u>	<u>\$ (54,249,710)</u>

Kent City School District

Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2021
 Unaudited

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

		Table 1 Net Position	
		<u>Governmental Activities</u>	
		<u>2021</u>	<u>Restated 2020</u>
Assets			
Current and other assets	\$	95,146,770	\$ 74,186,247
Net OPEB asset		3,643,827	3,386,823
Capital assets, net of depreciation		<u>27,686,298</u>	<u>24,268,823</u>
Total assets		<u>126,476,895</u>	<u>101,841,893</u>
Deferred outflows of resources			
Pension		10,837,788	10,588,213
OPEB		<u>1,292,455</u>	<u>969,306</u>
Total deferred outflows of resources		<u>12,130,243</u>	<u>11,557,519</u>
Liabilities			
Current and other liabilities		8,276,022	6,293,386
Long-term liabilities:			
Due within one year		2,487,049	2,703,357
Due in more than one year:			
Net pension liability		60,247,959	54,633,344
Net OPEB liability		3,437,300	4,057,462
Other amounts		<u>34,121,638</u>	<u>12,029,403</u>
Total liabilities		<u>108,569,968</u>	<u>79,716,952</u>
Deferred inflows of resources			
Property taxes		24,487,760	22,921,455
Payments in lieu of taxes		257,315	258,419
Pension		1,807,610	4,815,252
OPEB		<u>6,422,428</u>	<u>5,687,994</u>
Total deferred inflows of resources		<u>32,975,113</u>	<u>33,683,120</u>
Net Position			
Net investment in capital assets		20,671,913	21,396,883
Restricted		3,092,977	2,519,233
Unrestricted		<u>(26,702,833)</u>	<u>(23,916,776)</u>
Total net position	\$	<u>(2,937,943)</u>	\$ <u>(660)</u>

Kent City School District

Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2021
 Unaudited

Table 2 shows change in net position for fiscal years 2021 and 2020.

Table 2
 Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Revenues		
Program revenues:		
Charges for services	\$ 5,450,840	\$ 6,315,917
Operating grants, contributions and interest	6,167,798	4,784,558
General revenues:		
Property taxes	27,579,891	28,940,491
Grants and entitlements	16,091,275	15,430,715
Investment earnings	151,476	671,943
Miscellaneous	292,026	407,964
Total revenues	<u>55,733,306</u>	<u>56,551,588</u>
Program Expenses		
Instruction:		
Regular	\$ 23,958,709	\$ 21,962,920
Special	8,351,773	8,368,135
Vocational	2,400,733	2,237,713
Adult/continuing	1,661	11,664
Student intervention services	534,133	436,357
Other	2,739,287	2,202,398
Support services:		
Pupils	3,716,663	3,431,977
Instructional staff	1,710,616	1,668,495
Board of education	108,771	88,013
Administration	3,823,436	3,655,201
Fiscal	1,123,629	1,137,755
Business	313,865	324,186
Operation and maintenance of plant	4,449,480	4,642,147
Pupil transportation	1,642,222	1,924,397
Central	166,432	211,576
Operation of non-instructional services:		
Food service operations	1,008,879	1,094,703
Community services	355,487	313,017
Shared services	-	341
Extracurricular activities	1,326,757	1,328,171
Interest and fiscal charges	938,056	243,400
Total expenses	<u>58,670,589</u>	<u>55,282,566</u>
Change in net position	(2,937,283)	1,269,022
Net position at beginning of year	(660)	(1,409,291)
Restatement	-	139,609
Net position at end of year	<u>\$ (2,937,943)</u>	<u>\$ (660)</u>

Kent City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

Unaudited

Governmental Activities

Several revenue sources fund governmental activities with property tax and school foundation revenues being the largest contributors. Property tax levies generated about \$27.6 million in 2021, representing a decrease of \$1,360,600 from 2020. The decrease in property tax is due partially to varying amounts available as an advance each year that is recognized as revenue. General revenues from grants and entitlements, such as the school foundation program, generated about \$16.1 million, which is a \$660,560 increase from the prior year.

With the combination of taxes and general intergovernmental funding comprising approximately 78.4% of all revenues, the School District monitors both of these revenue sources very closely for fluctuations.

A review of Table 2 shows that the total cost of instructional services was \$37,986,296, or 64.7% of all governmental program expenses. Instructional expenses include activities directly related to the teaching of pupils as well as the interaction between teacher and pupil. The increase of \$2,767,109 in instructional expenses is primarily due to a significant increase in pension and OPEB expense related to GASB 68 and 75 in the prior fiscal year.

Pupil service and instructional staff expenses include the activities involved in assisting staff and the content and process of teaching to pupils. Such expenses represent \$5,427,279, or 9.3% of total governmental program expenses.

The board of education, administration, fiscal and business classifications reflect expenses associated with establishing and administering school operation policies, financial operations and activities concerned with purchasing, receiving and maintaining goods and services for the School District. Combined, these costs totaled \$5,369,701 or 9.2% of all governmental expenses.

Costs associated with the operation and maintenance of plant represent those expenses necessary for the care and upkeep of the School District's buildings, grounds and equipment. Current year expenses of \$4,449,480 made up 7.6% of all governmental expenses.

Pupil transportation is related primarily to the activities at the School District's Transportation Center. This amount mainly includes salaries and wages, maintenance, fuel costs and depreciation of related vehicles, equipment and buildings. For 2021, this expense is \$1,642,222 or 2.8% of all governmental expenses.

A significant component of unrestricted net position is the general obligation debt outstanding that was issued on behalf of the Kent Free Library. The carrying value of this debt is \$5,900,168, which includes the principal and premium associated with this debt.

The dependence upon tax revenues for governmental activities is apparent with only 19.8% of governmental expenses supported by program revenues.

Kent City School District

Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The School District’s Funds

The School District’s funds are accounted for using the modified accrual basis of accounting. The total revenues are \$55,735,143 and total expenditures are \$64,104,711. The total net change in fund balance across all governmental funds was an increase of \$18,148,470. The general fund reported a net decrease in fund balance amounting to \$885,407 or 2.7%. The decrease for the general fund is from a decrease in the amount available as advance in property taxes. Net increase in the building fund amounted to \$18,310,520, or 732.4%. This increase was mainly related to general obligation bonds note issued. Net increases across all other nonmajor governmental funds amounted to \$723,357, or 30.3%. This increase was mainly related to a bond anticipation note issued and conservative spending in those funds.

The schedule below shows the fund balance and the total change in fund balance as of June 30, 2021 and 2020.

Table 3
Fund Balances

	Fund Balance June 30, 2021	Restated Fund Balance June 30, 2020	Increase (Decrease)
General	\$ 31,439,957	\$ 32,325,364	\$ (885,407)
Building	20,810,755	2,500,235	\$ 18,310,520
Other governmental	3,109,769	2,386,412	723,357
Total	<u>\$ 55,360,481</u>	<u>\$ 37,212,011</u>	<u>\$ 18,148,470</u>

General Fund Budgeting Highlights

The School District’s budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund. During fiscal year 2021, the School District amended its general fund budget, however not significantly. Budget revisions are presented to the Board of Education for approval.

For the general fund, the final budget basis revenue and other financing sources estimate was \$49,976,526, which was greater than the original budget estimate of \$48,410,646. This difference of \$1,565,880, or 3.2%, is due primarily to a increase in state funding. Additionally, there were increases in local revenue sources (tuition, open enrollment, interest, and rental income). Such differences can be expected due to the use of estimates and the uncertainty of property taxes, the amounts of which are unknown during the original budgeting process. Such estimates must be adjusted during the year as the awards are finalized. The actual revenue and other financing sources was \$50,235,983, which was slightly higher than the final budget estimate.

The original budgeted expenditures and other financing uses estimate of \$51,487,077 was revised slightly over the fiscal year. The final budget for expenditures and other financing uses estimate was \$50,578,701 or \$908,376 lower than the original. Actual expenditures plus encumbrances and other financing uses of \$50,577,260 variances as compared to the final expenditure budgets was not significant.

Kent City School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the School District had \$27,686,298 invested in capital assets. Table 4 shows fiscal year 2021 balances compared to fiscal year 2020:

Table 4
Capital Assets, at Fiscal Year End
(Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Land	\$ 1,648,218	\$ 1,648,218
Construction in progress	4,346,130	-
Land improvements	506,054	517,514
Buildings and improvements	18,421,891	19,211,650
Furniture, fixtures and equipment	1,409,752	1,601,725
Vehicles	<u>1,354,253</u>	<u>1,289,716</u>
Total capital assets	<u>\$ 27,686,298</u>	<u>\$ 24,268,823</u>

The total increase in capital assets is due to current year acquisitions exceeding current year depreciation expense. See Note 7 to the basic financial statements for detail on the School District's capital assets. It should be noted that the vehicles being reported at a cost of \$3,877,329 have a book value of only \$1,354,253 or approximately 34.9% of cost. This indicates that the vehicles, in total, are considerably depreciated and perhaps a number of vehicles, such as buses, are approaching the end of their useful lives.

Debt

At June 30, 2021, the School District has general obligation bonds, including unamortized premiums and discounts, outstanding of \$33,628,206, with \$1,855,000 due within one year. Also, the School District has direct borrowing energy conservation loans of \$80,736, with \$80,736 due within one year. The School District has budgeted to meet all of its debt requirements, all of which are to be repaid from the debt service fund, except for the energy conservation loans which are paid from the general fund.

At June 30, 2021, the School District's overall legal debt limit (the ability to issue additional amounts of general obligation debt) was \$21,662,951, with an unvoted debt limit of \$585,866. The debt limit was determined without considering the balance in the debt service fund. See Note 14 to the basic financial statements for detail on the School District's debt activity and long-term obligations.

Kent City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

Unaudited

Current Issues Affecting Financial Condition

The Board of Education and administration closely monitor the School District's revenues and expenditures. The five year financial forecast is discussed and updated regularly. Due to unsettled issues in school funding, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years. The School District will be faced with financial challenges in the future. These challenges stem from issues at the local, state, and federal levels. The local challenges will continue to exist as the School District must rely heavily on property taxes to fund its operations as a result of the state's current funding system. Moreover, unfunded state mandates and the expansion of public school choice options continue to divert potential unrestricted operating resources away from traditional public school districts. Recent issues at the federal level have also had an impact on the School District. Automatic spending cuts instituted by the 2013 Budget Sequestration have led to a reduction in federal grant funding for the School District. Although the School District relies heavily on its property taxpayers to support its operations, community support remains quite strong.

With the School District's self-insurance fund reserves at an adequate level, there was a 5% overall decrease in health insurance funding costs for fiscal year 2016. Another good claims year in fiscal year 2016 set the stage for a 9% decrease in health insurance funding costs during fiscal year 2017. With claim costs continuing to run below projections, there was a 6.5% decrease in health insurance funding costs during fiscal year 2018 and then a 5% decrease in fiscal year 2019. Insurance funding remained at 2019 funding levels in fiscal year 2020, but increased by 12% in fiscal year 2021 to cover increased claims costs.

In conclusion, the School District's system of budgeting and internal controls is well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions or need additional financial information, contact Deborah A. Krutz, Treasurer/CFO, Kent City School District, 321 North Depeyster Street, Kent, Ohio 44240, by phone (330) 676-7640 or e-mail dkrutz@kentschools.net.

Kent City School District
Statement of Net Position
June 30, 2021

	Governmental Activities
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 64,630,773
Cash and cash equivalents:	
In segregated accounts	7,500
Inventory held for resale	9,322
Materials and supplies inventory	86,391
Receivables:	
Accounts	62,390
Intergovernmental	692,005
Accrued interest	10,564
Taxes	29,370,197
Revenue in lieu of taxes	257,315
Prepaid items	20,313
Net OPEB asset	3,643,827
Capital assets:	
Land and construction in progress	5,994,348
Depreciable capital assets	51,957,419
Accumulated depreciation	(30,265,469)
Total capital assets	<u>27,686,298</u>
Total assets	<u>126,476,895</u>
<u>Deferred outflows of resources:</u>	
Pension	10,837,788
OPEB	1,292,455
Total deferred outflows of resources	<u>12,130,243</u>
<u>Liabilities:</u>	
Accounts payable	2,310,501
Accrued wages	3,889,664
Intergovernmental payable	1,283,530
Undistributed monies	4,289
Accrued interest payable	84,129
Claims payable	698,555
Unearned revenue	5,354
Long-term liabilities:	
Due within one year	2,487,049
Due in more than one year:	
Net pension liability	60,247,959
Net OPEB liability	3,437,300
Other amounts due in more than one year	34,121,638
Total liabilities	<u>108,569,968</u>
<u>Deferred inflows of resources:</u>	
Property taxes	24,487,760
Payments in lieu of taxes	257,315
Pension	1,807,610
OPEB	6,422,428
Total deferred inflows of resources	<u>32,975,113</u>
<u>Net position:</u>	
Net investment in capital assets	20,671,913
Restricted for:	
Capital outlay	16,366
Debt service	2,267,871
Permanent fund purpose - trusts	
Expendable	1,621
Nonexpendable	1,500
Other purposes	805,619
Unrestricted (deficit)	<u>(26,702,833)</u>
Total net position	<u>\$ (2,937,943)</u>

See accompanying notes to the basic financial statements.

Kent City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants, Contributions and Interest	Revenues and Changes in Net Position
				Governmental Activities
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$23,958,709	\$ 2,210,109	\$ 972,180	\$ (20,776,420)
Special	8,351,773	1,608,764	2,581,447	(4,161,562)
Vocational	2,400,733	1,216,359	28,000	(1,156,374)
Adult /continuing	1,661	-	-	(1,661)
Student intervention services	534,133	-	22,176	(511,957)
Other	2,739,287	-	9,679	(2,729,608)
Support services:				
Pupils	3,716,663	901	747,815	(2,967,947)
Instructional staff	1,710,616	-	403,351	(1,307,265)
Board of education	108,771	-	-	(108,771)
Administration	3,823,436	-	4,937	(3,818,499)
Fiscal	1,123,629	-	-	(1,123,629)
Business	313,865	-	-	(313,865)
Operation and maintenance of plant	4,449,480	196,756	108,320	(4,144,404)
Pupil transportation	1,642,222	4,719	4,514	(1,632,989)
Central	166,432	-	-	(166,432)
Operation of non-instructional services:				
Food service operations	1,008,879	54,490	1,007,274	52,885
Community services	355,487	796	278,105	(76,586)
Extracurricular activities	1,326,757	157,946	-	(1,168,811)
Interest and fiscal charges	938,056	-	-	(938,056)
Total governmental activities	<u>\$ 58,670,589</u>	<u>\$ 5,450,840</u>	<u>\$ 6,167,798</u>	<u>(47,051,951)</u>

General Revenues:

Property taxes levied for:	
General purposes	25,497,533
Debt service	2,082,358
Grants and entitlements not restricted to specific programs	16,091,275
Investment earnings	151,476
Miscellaneous	292,026
Total general revenues	<u>44,114,668</u>
Change in net position	(2,937,283)
Net position at beginning of year, as restated	(660)
Net position at end of year	<u>\$ (2,937,943)</u>

See accompanying notes to the basic financial statements.

Kent City School District
Balance Sheet
Governmental Funds
June 30, 2021

	General	Building	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 31,829,864	\$ 22,718,028	\$ 3,669,648	\$ 58,217,540
Cash and cash equivalents:				
In segregated accounts	-	-	7,500	7,500
Inventory held for resale	-	-	9,322	9,322
Materials and supplies inventory	85,863	-	528	86,391
Receivables:				
Accounts	60,348	-	2,042	62,390
Intergovernmental	500,676	-	191,329	692,005
Accrued interest	10,564	-	-	10,564
Interfund	464,168	-	-	464,168
Taxes	27,159,778	-	2,210,419	29,370,197
Revenue in lieu of taxes	257,315	-	-	257,315
Prepaid items	20,313	-	-	20,313
Total assets	<u>\$ 60,388,889</u>	<u>\$ 22,718,028</u>	<u>\$ 6,090,788</u>	<u>\$ 89,197,705</u>
Liabilities, deferred inflows of resources and fund balances:				
<u>Liabilities:</u>				
Accounts payable	\$ 121,570	\$ 1,907,273	\$ 202,148	\$ 2,230,991
Accrued wages	3,660,069	-	228,366	3,888,435
Interfund payable	-	-	464,168	464,168
Intergovernmental payable	1,252,732	-	30,798	1,283,530
Unearned revenue	-	-	5,354	5,354
Undistributed monies	4,289	-	-	4,289
Total liabilities	<u>5,038,660</u>	<u>1,907,273</u>	<u>930,834</u>	<u>7,876,767</u>
<u>Deferred inflows of resources:</u>				
Property taxes	22,666,615	-	1,821,145	24,487,760
Payments in lieu of taxes	257,315	-	-	257,315
Unavailable revenue - delinquent property taxes	502,651	-	39,293	541,944
Unavailable revenue - other	483,691	-	189,747	673,438
Total deferred inflows of resources	<u>23,910,272</u>	<u>-</u>	<u>2,050,185</u>	<u>25,960,457</u>
<u>Fund balances:</u>				
Nonspendable	106,176	-	1,500	107,676
Restricted	-	20,810,755	3,056,778	23,867,533
Assigned	413,934	-	200,769	614,703
Unassigned	30,919,847	-	(149,278)	30,770,569
Total fund balances	<u>31,439,957</u>	<u>20,810,755</u>	<u>3,109,769</u>	<u>55,360,481</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 60,388,889</u>	<u>\$ 22,718,028</u>	<u>\$ 6,090,788</u>	<u>\$ 89,197,705</u>

See accompanying notes to the basic financial statements.

Kent City School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2021

Total governmental fund balances		\$ 55,360,481
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		27,686,298
Other long-term assets that are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:		
Property taxes	\$ 541,944	
Intergovernmental	240,239	
Tuition and fees	433,199	
		1,215,382
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		5,633,939
The net pension liability and net OPEB liability are not due and payable in the current period; therefore, the asset, the liability and related deferred inflows/outflows are not reported in the funds:		
Deferred outflows - pension	\$ 10,837,788	
Deferred inflows - pension	(1,807,610)	
Net pension liability	(60,247,959)	
Deferred outflows - OPEB	1,292,455	
Deferred inflows - OPEB	(6,422,428)	
Net OPEB liability	(3,437,300)	
Net OPEB asset	3,643,827	
		(56,141,227)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(84,129)
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds:		
Serial and term	\$ (31,065,000)	
Premium	(2,742,181)	
Discount	178,975	
Compensated absences	(2,899,745)	
Energy conservation loan	(80,736)	
Total		(36,608,687)
Net position of governmental activities		\$ (2,937,943)

See accompanying notes to the basic financial statements.

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

	General	Building	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Property taxes	\$ 25,535,817	\$ -	\$ 2,086,524	\$ 27,622,341
Intergovernmental	17,124,348	-	4,890,308	22,014,656
Interest	135,110	16,366	422	151,898
Tuition and fees	5,052,482	-	-	5,052,482
Extracurricular activities	31,586	-	160,221	191,807
Gifts and donations	21,581	-	96,760	118,341
Customer services	9,378	-	54,490	63,868
Rent	195,329	-	1,427	196,756
Miscellaneous	296,177	-	26,817	322,994
Total revenues	<u>48,401,808</u>	<u>16,366</u>	<u>7,316,969</u>	<u>55,735,143</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	20,896,524	-	894,712	21,791,236
Special	6,576,659	-	1,366,541	7,943,200
Vocational	2,104,286	-	9,441	2,113,727
Adult/Continuing	263	-	-	263
Student intervention services	497,641	-	21,616	519,257
Other	2,703,762	-	9,435	2,713,197
Support services:				
Pupils	2,783,417	-	774,597	3,558,014
Instructional staff	1,241,095	-	386,464	1,627,559
Board of education	80,864	27,915	-	108,779
Administration	3,604,268	10,245	4,611	3,619,124
Fiscal	1,060,610	-	36,503	1,097,113
Business	310,814	-	-	310,814
Operation and maintenance of plant	3,663,575	21,956	307,662	3,993,193
Pupil transportation	1,337,813	-	16,171	1,353,984
Central	163,801	-	-	163,801
Operation of non-instructional services:				
Food service operations	-	-	1,006,083	1,006,083
Community services	48,049	-	307,325	355,374
Extracurricular activities	993,252	-	260,072	1,253,324
Capital outlay	465,311	4,335,730	114,970	4,916,011
Debt service:				
Principal retirement	120,902	-	4,555,000	4,675,902
Interest and fiscal charges	7,298	-	702,517	709,815
Issuance costs	-	-	274,941	274,941
Total expenditures	<u>48,660,204</u>	<u>4,395,846</u>	<u>11,048,661</u>	<u>64,104,711</u>
Excess of revenues over (under) expenditures	<u>(258,396)</u>	<u>(4,379,480)</u>	<u>(3,731,692)</u>	<u>(8,369,568)</u>
<u>Other financing sources (uses):</u>				
General obligation bonds issued	-	22,690,000	1,520,000	24,210,000
Premium on bonds issued	-	-	2,487,013	2,487,013
Discount on bonds issued	-	-	(178,975)	(178,975)
Transfers in	-	-	627,011	627,011
Transfers out	(627,011)	-	-	(627,011)
Total other financing sources (uses)	<u>(627,011)</u>	<u>22,690,000</u>	<u>4,455,049</u>	<u>26,518,038</u>
Net change in fund balances	<u>(885,407)</u>	<u>18,310,520</u>	<u>723,357</u>	<u>18,148,470</u>
Fund balances at beginning of year, as restated	<u>32,325,364</u>	<u>2,500,235</u>	<u>2,386,412</u>	<u>37,212,011</u>
Fund balances at end of year	<u>\$ 31,439,957</u>	<u>\$ 20,810,755</u>	<u>\$ 3,109,769</u>	<u>\$ 55,360,481</u>

See accompanying notes to the basic financial statements.

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

Net change in fund balances - total governmental funds \$ 18,148,470

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

In the current period, these amounts are:

Capital outlay	\$	4,916,011	
Depreciation expense		(1,491,904)	
Excess of depreciation expense over capital outlay			3,424,107

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (6,632)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These activities consist of:

Property taxes	\$	(42,450)	
Intergovernmental		129,234	
Tuition and fees		(88,621)	
Net change in deferred inflows of resources during the year			(1,837)

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

Pension			4,263,070
OPEB			97,473

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.

Pension			(6,620,468)
OPEB			368,408

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 4,555,000

General obligation bonds issued and related premium provide current financial resources and are reported as a financing source in the governmental funds but are not reported as such in the statement of activities. (26,697,013)

Repayment of capital lease and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 120,902

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences	\$	(135,973)	
Decrease in accrued interest		(55,482)	
Discount on bonds		178,975	
Amortization of premium		102,182	
Total additional expenditures			89,702

The internal service fund used by management to charge the costs of medical, prescription drug, dental and vision claims to individual funds is reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. (678,465)

Change in net position of governmental activities \$ (2,937,283)

See accompanying notes to the basic financial statements.

Kent City School District

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Taxes	\$ 26,278,218	\$ 26,907,364	\$ 26,907,364	\$ -
Intergovernmental	15,846,790	16,743,650	16,743,650	-
Interest	200,000	200,000	159,154	(40,846)
Tuition and fees	5,056,256	5,056,256	4,978,975	(77,281)
Rent	189,199	189,199	198,458	9,259
Gifts and donations	4,080	4,080	4,080	-
Customer services	12,331	11,134	9,433	(1,701)
Miscellaneous	278,924	278,924	284,050	5,126
Total revenues	<u>47,865,798</u>	<u>49,390,607</u>	<u>49,285,164</u>	<u>(105,443)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	21,113,499	20,914,735	20,951,092	(36,357)
Special	6,953,406	6,663,729	6,696,202	(32,473)
Vocational	2,323,813	2,323,813	2,166,688	157,125
Student intervention services	479,503	479,503	487,667	(8,164)
Other	2,465,274	2,465,274	2,645,700	(180,426)
Support services:				
Pupils	2,956,981	2,954,446	2,890,202	64,244
Instructional staff	1,314,095	1,306,898	1,240,219	66,679
Board of education	80,844	80,844	80,864	(20)
Administration	3,642,052	3,641,196	3,635,535	5,661
Fiscal	1,075,761	1,075,761	1,097,926	(22,165)
Business	317,150	317,150	305,703	11,447
Operation and maintenance of plant	3,981,257	3,915,350	3,931,235	(15,885)
Pupil transportation	1,999,697	1,663,202	1,704,484	(41,282)
Central	123,423	123,423	177,208	(53,785)
Operation of non-instructional services:				
Community services	4,706	2,423	2,422	1
Shared services	367	367	-	367
Extracurricular activities	1,081,062	1,081,062	1,015,944	65,118
Capital outlay	255,894	255,894	230,784	25,110
Total expenditures	<u>50,168,784</u>	<u>49,265,070</u>	<u>49,259,875</u>	<u>5,195</u>
Excess of revenues over (under) expenditures	<u>(2,302,986)</u>	<u>125,537</u>	<u>25,289</u>	<u>(100,248)</u>
<u>Other financing sources (uses):</u>				
Proceeds from sale of capital assets	1,000	1,000	157	(843)
Refund of prior year expenditures	141,503	182,574	548,317	365,743
Refund of prior year receipts	(11,282)	(6,620)	(206)	6,414
Advances in	402,345	402,345	402,345	-
Advances out	(572,000)	(572,000)	(606,168)	(34,168)
Transfers out	(735,011)	(735,011)	(711,011)	24,000
Total other financing sources (uses)	<u>(773,445)</u>	<u>(727,712)</u>	<u>(366,566)</u>	<u>361,146</u>
Net change in fund balance	(3,076,431)	(602,175)	(341,277)	260,898
Fund balance at beginning of year	31,139,791	31,139,791	31,139,791	-
Prior year encumbrances appropriated	358,157	358,157	358,157	-
Fund balance at end of year	<u>\$ 28,421,517</u>	<u>\$ 30,895,773</u>	<u>\$ 31,156,671</u>	<u>\$ 260,898</u>

See accompanying notes to the basic financial statements.

Kent City School District
Statement of Fund Net Position
Internal Service Fund
June 30, 2021

	Self Insurance
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 6,413,233
Total assets	<u>6,413,233</u>
<u>Liabilities:</u>	
Accounts payable	80,739
Claims payable	698,555
Total liabilities	<u>779,294</u>
<u>Net position:</u>	
Unrestricted	5,633,939
Total liabilities and net position	<u>\$ 6,413,233</u>

See accompanying notes to the basic financial statements.

Kent City School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2021

	Self Insurance
<u>Operating revenues</u>	
Charges for services	\$ 5,235,432
Other	61,810
Total operating revenues	<u>5,297,242</u>
<u>Operating expenses:</u>	
Purchased services	888,213
Claims	5,081,536
Other	5,958
Total operating expenses	<u>5,975,707</u>
Change in net position	(678,465)
Net position at beginning of year	6,312,404
Net position at end of year	<u>\$ 5,633,939</u>

See accompanying notes to the basic financial statements.

Kent City School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2021

	Self Insurance
<u>Cash flows from operating activities:</u>	
Cash received from other operating sources	\$ 61,810
Cash received for charges for services	5,235,432
Cash payments to suppliers for goods and services	(813,432)
Cash payments for claims	<u>(5,008,747)</u>
Net cash used for operating activities	<u>(524,937)</u>
 Net decrease in cash and cash equivalents	 (524,937)
 Cash and cash equivalents at beginning of year	 <u>6,938,170</u>
Cash and cash equivalents at end of year	<u>\$ 6,413,233</u>
 <u>Reconciliation of operating loss to net cash used for operating activities:</u>	
Operating loss	<u>\$ (678,465)</u>
 Adjustments to reconcile operating loss to net cash used for operating activities:	
Change in assets:	
(Increase) decrease in assets:	
Accounts receivable	69,765
Change in liabilities:	
Increase (decrease) in liabilities:	
Accounts payable	80,739
Claims payable	3,024
Total adjustments	<u>153,528</u>
Net cash used for operating activities	<u>\$ (524,937)</u>

See accompanying notes to the basic financial statements.

Kent City School District
Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Fiscal Year Ended June 30, 2021

	<u>Custodial</u>
<u>Additions:</u>	
Collections on behalf of OHSAA	<u>\$ 1,441</u>
<u>Deductions:</u>	
Distributions on behalf of OHSAA	<u>1,441</u>
Change in net position	-
Net position beginning of year	-
Net position end of year	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements.

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the School District

The Kent City School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's nine instructional/support facilities staffed by 107 non-certificated employees and 332 certificated teaching and support personnel who provide services to 3,022 students and other community members.

Reporting Entity

The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. This includes general operations, food service, preschool and student-related activities of the School District. The St. Patrick's School is a nonpublic school located within School District boundaries. Current legislation provides for State funding for this school. These monies are received and disbursed by the School District on behalf of the St. Patrick's School as directed by the school's management. Such transactions are reported as governmental activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization.

Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. Based on the above criteria, the School District had no component units at June 30, 2021.

The School District is associated with the Metropolitan Regional Service Council (MRSC) also known as Northeast Ohio Network for Educational Technology (NEOnet), the Six District Educational Compact, and the Ohio Schools Council, which are defined as jointly governed organizations. Jointly governed organizations are governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding these organizations is presented in Note 15. In addition, the School District is associated with the Kent Free Library which is defined as a related organization as more fully explained in Note 16.

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

A. Basis of Presentation - Fund Accounting

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

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund and other internal activity of governmental funds are eliminated to avoid "doubling-up" revenues and expenses as governmental activities.

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

Fund Financial Statements

During the 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 and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

B. 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 various funds of the School District are grouped into three categories: governmental, proprietary and fiduciary.

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Governmental Fund Types

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, liabilities and deferred inflows of resources is reported as fund balance. The School District has two major governmental funds:

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

Building Fund: This capital projects fund is used to account for all special bond funds in the district. All proceeds from the sale of bonds, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of improving and acquiring capital facilities.

The other governmental funds of the School District account for grants and other resources of the School District to which the School District is bound to observe constraints imposed upon the use of the resources.

Proprietary Fund Type

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Internal Service Fund: The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for revenue received from other funds and the settlement expenses for medical, surgical, prescription drug, dental and vision claims of School District employees.

Fiduciary Fund Types

Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust, investment trust, private purpose trust and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's only custodial fund is used to account for money temporarily held for Ohio High School Athletic Association (OHSAA) tournaments.

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets, liabilities, deferred outflows of resources and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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

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

Revenue - Exchange and Nonexchange Transactions

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

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

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

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and other postemployment benefits (OPEB). The deferred outflows of resources related to pension and OPEB are explained in Notes 10 and 11.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance year 2022 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants and tuition. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. See Notes 10 and 11.

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the statement of activities as an expense with a like amount reported within the "Operating Grants, Contributions and Interest" program revenue account. Unused donated commodities are reported in the account "Inventory held for resale" within the basic financial statements.

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

D. Budgets and Budgetary Accounting

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The Certificate of Estimated Resources and the Appropriation Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The amounts reported as the original budgeted revenue in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2021. The amounts reported as the original budgeted expenditures reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditures represent the final appropriation amounts passed by the Board during the year.

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

E. Cash and Investments

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents". During the fiscal year, investments were limited to certificates of deposit, and an interest in STAR Ohio, the State Treasurer's Investment Pool. These investments are stated at cost, which approximates market value (fair value).

The School District investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the School District. 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 a NAV per share that approximates fair value.

For the fiscal year 2021, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice is appreciated 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the Board specifically allows the interest to be recorded in other funds. The Board of Education has passed a resolution to allow interest to also be recorded in other funds as explained in Note 4.

For presentation on the basic financial statements, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

F. Prepaids

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

G. Interfund Balances

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

H. Inventory

On the governmental-wide financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used. Inventories of the general fund were not significant at the end of the year. Inventories of the food service special revenue fund consist of donated food, purchased food and supplies held for resale.

I. Capital Assets

General capital assets are those assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the fund financial statements.

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

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	10 - 50 years
Furniture, fixtures and equipment	5 - 20 years
Vehicles	6 - 8 years

J. Pension and other postemployment benefits (OPEB)

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

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The current accounting standard requires school districts to report their proportionate share of the net pension/OPEB liability or asset using the earning approach to pension and OPEB accounting instead of the funding approach as previously used. The funding approach limited pension and postemployment costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability or asset. Under the new standards, the net pension/OPEB liability or asset equals the School District's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

Pension and OPEB obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. The unfunded portion of this benefit of exchange is a liability of the School District. However, the School District is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the pension and OPEB plans.

There is no repayment schedule for the net pension liability or the net OPEB liability. The School District has no control over the changes in the benefits, contribution rates, and return on investments affecting the balance of the liabilities or assets. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension liability and the OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments. The entire compensated absences liability is reported on the government-wide financial statements.

For the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

L. Accrued Liabilities and Long-Term Obligations

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

M. Fund Balance

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

Nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or 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 loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted fund balance category includes amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. 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 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 fund balance classifications 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. The purpose constraint that represents the intended use is established by the Board of Education or by their designated official. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District or by State statute. The Treasurer is authorized to assign fund balance using encumbrances for planned purchases, provided such amounts have been lawfully appropriated. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

The School District applies restricted resources first when expenditures are incurred for purposes for which 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.

N. Net Position

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

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

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund.

P. Bond Premium and Discount

On the government-wide financial statements, bond premiums and discounts are deferred and amortized for the term of the bonds using the bonds-outstanding method since the results are not significantly different from the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable, whereas bond discounts are presented as a decrease of the face amount of the bond payable. On governmental fund statements, bond premiums are receipted in the year the bonds are issued.

Q. Interfund Transactions

Interfund transactions are reported as other financing sources/uses for governmental funds in the fund financial statements. All transfers between governmental funds have been eliminated within the governmental activities column of the statement of activities.

R. Estimates

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

Kent City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 2 – FUND BALANCES

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

Fund Balances	<u>General</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Nonspendable</u>				
Materials and supplies inventory	\$ 85,863	\$ -	\$ -	\$ 85,863
Prepays	20,313	-	-	20,313
Scholarships	-	-	1,500	1,500
Total nonspendable	<u>106,176</u>	<u>-</u>	<u>1,500</u>	<u>107,676</u>
<u>Restricted for</u>				
Food service	-	-	296,354	296,354
Various student activities	-	-	235,918	235,918
Auxiliary services	-	-	12,448	12,448
Instructional programs	-	-	13,619	13,619
Capital improvements	-	20,810,755	-	20,810,755
Endowments	-	-	1,621	1,621
Special trusts	-	-	53,199	53,199
Local grants	-	-	130,912	130,912
Debt service payments	-	-	2,312,707	2,312,707
Total restricted	<u>-</u>	<u>20,810,755</u>	<u>3,056,778</u>	<u>23,867,533</u>
<u>Assigned</u>				
Uniform school supplies	8,253	-	-	8,253
Public school support	64,930	-	-	64,930
Permanent improvements	-	-	200,769	200,769
Encumbrances	340,751	-	-	340,751
Total assigned	<u>413,934</u>	<u>-</u>	<u>200,769</u>	<u>614,703</u>
Unassigned (deficit)	<u>30,919,847</u>	<u>-</u>	<u>(149,278)</u>	<u>30,770,569</u>
Total fund balances	<u>\$ 31,439,957</u>	<u>\$ 20,810,755</u>	<u>\$ 3,109,769</u>	<u>\$ 55,360,481</u>

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
4. Encumbrances are treated as expenditures (budget basis) rather than assigned fund balance (GAAP basis).
5. The revenues, expenditures and other financing sources and uses of the general fund include activity that is budgeted within special revenue funds (GAAP basis). However, on the budgetary basis, the activity of the special revenue funds is excluded resulting in perspective differences.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

	<u>General</u>
GAAP basis	\$ (885,407)
Net adjustment for revenue accruals	1,562,893
Advances in	402,345
Net adjustment for expenditure accruals	(401,180)
Advances out	(606,168)
Encumbrances (Budget basis) outstanding at year-end	(425,413)
Perspective differences from funds budgeted as special revenue funds:	
Revenues	(131,063)
Transfers from general fund	(84,000)
Expenditures	226,716
Budget basis	<u>\$ (341,277)</u>

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the School District and the investment is not a commercial paper note, a banker's acceptance or a repurchase agreement:

1. United States Treasury bills, notes, bonds, or any other obligations or securities issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above provided that 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;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Commercial paper notes, limited to 40% (5% for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed two hundred seventy days; and

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

8. Bankers acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days.

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

A. Cash on Hand

At fiscal year-end, the School District had \$400 in undeposited cash on hand in various Board-approved change and petty cash accounts which is included as part of “equity in pooled cash and cash equivalents.”

B. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District’s deposits may not be returned. According to state law, public depositories must provide security for the repayment of all public deposits. These institutions shall give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC). The security for these deposits will be made under an agreement using a surety bond and/or by means of pledging allowable securities as collateral to be held by a qualified trustee. The pledged collateral can be held for each public depositor or in a pool for multiple public depositors and must have a market value of at least 105% of the total value of public monies on deposit at the institution. If the institution participates in the Ohio Pooled Collateral System (OPCS), the total market value of the securities pledged can be 102% or lower if permitted by the Treasurer of State.

The School District’s financial institution participates in the OPCS and was approved for a reduced collateral floor of 50 percent. As of June 30, the carrying amount of the School District’s deposits was \$14,773,277, and \$1,371,098 of the School District’s total bank balance of \$15,012,054 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized.

C. Investments

As of June 30, the School District had the following investment and maturity:

<u>Investment type</u>	<u>Fair Value</u>	<u>Percentage of Investments</u>	<u>Maturity</u>	<u>Rating</u>
STAR Ohio	\$ 49,864,596	100.00%	54.4 ⁽²⁾	AAAm ⁽¹⁾

⁽¹⁾ Standard and Poor's rating

⁽²⁾ Days (Average)

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurement as of June 30, 2021. As previously discussed Star Ohio is reported at its net asset value.

The School District's investment in STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

All interest is legally required to be placed in the general, food service, special trust, endowment and auxiliary services funds. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$135,110, which includes \$55,164 assigned from other School District funds.

Custodial credit risk for an investment is the risk that in the event of 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's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's has assigned STAR Ohio an AAAM rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating.

NOTE 5 - PROPERTY TAX

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, public utility and tangible personal property (used for public utilities) 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.

Kent City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2021 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2021, was \$3,990,512 in the general fund, and \$349,981 in the nonmajor governmental funds. The amount available as an advance at June 30, 2020, was \$5,362,059 in the general fund, and \$459,029 in the nonmajor governmental funds.

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

All property is required to be revalued every six years; however, updates are performed periodically. The last update was completed in 2019.

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

<u>Property Category</u>	<u>2020 Assessed Value</u>	<u>2019 Assessed Value</u>
<u>Real Property</u>		
Residential and agricultural	\$ 380,108,500	\$ 378,839,900
Commercial, industrial and minerals	185,245,270	186,230,750
Public utilities	322,920	325,330
<u>Tangible Personal Property</u>		
General	25,060	-
Public utilities	19,666,350	18,979,760
Total	<u>\$ 585,368,100</u>	<u>\$ 584,375,740</u>

NOTE 6 - RECEIVABLES

Receivables at year-end consisted of taxes, accounts (tuition, fees and other miscellaneous), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current year guarantee of federal funds.

The general fund and nonmajor governmental funds had accounts receivable at year-end consisting of fees, tuition and other miscellaneous reimbursements of \$60,348 and \$2,042, respectively.

Kent City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

Also, the general fund and nonmajor governmental funds recorded intergovernmental receivables as shown below:

<u>Intergovernmental receivables</u>	<u>General</u>	<u>Other Governmental Funds</u>
Medicaid reimbursement	\$ 18,179	\$ -
Excess costs reimbursements	482,497	-
State and Federal grant reimbursements	-	191,329
Total intergovernmental receivable	<u>\$ 500,676</u>	<u>\$ 191,329</u>

NOTE 7 – CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Balance June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>
Capital assets, not being depreciated:				
Land	\$ 1,648,218	\$ -	\$ -	\$ 1,648,218
Construction in progress	-	4,346,130	-	4,346,130
Total capital assets, not being depreciated	<u>1,648,218</u>	<u>4,346,130</u>	<u>-</u>	<u>5,994,348</u>
Capital assets, being depreciated:				
Land improvements	1,057,034	32,532	-	1,089,566
Buildings and improvements	42,140,198	72,368	-	42,212,566
Furniture, fixtures and equipment	4,682,462	107,931	(12,435)	4,777,958
Vehicles	3,758,820	357,050	(238,541)	3,877,329
Total capital assets, being depreciated	<u>51,638,514</u>	<u>569,881</u>	<u>(250,976)</u>	<u>51,957,419</u>
Less: Accumulated depreciation				
Land improvements	(539,520)	(43,992)	-	(583,512)
Buildings and improvements	(22,928,548)	(862,127)	-	(23,790,675)
Furniture, fixtures and equipment	(3,080,737)	(293,272)	5,803	(3,368,206)
Vehicles	(2,469,104)	(292,513)	238,541	(2,523,076)
Total accumulated depreciation	<u>(29,017,909)</u>	<u>(1,491,904)</u>	<u>244,344</u>	<u>(30,265,469)</u>
Total capital assets being depreciated, net	<u>22,620,605</u>	<u>(922,023)</u>	<u>(6,632)</u>	<u>21,691,950</u>
Governmental activities capital assets, net	<u>\$ 24,268,823</u>	<u>\$ 3,424,107</u>	<u>\$ (6,632)</u>	<u>\$ 27,686,298</u>

Kent City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 627,941
Special	1,090
Vocational	139,673
Adult	1,398
Support services:	
Instructional staff	7,630
Administration	11,167
Business	1,655
Operation and maintenance of plant	400,364
Pupil transportation	271,938
Central	2,616
Food service operations	2,796
Extracurricular activities	<u>23,636</u>
Total depreciation expense	<u>\$ 1,491,904</u>

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Interfund balances at June 30, 2021 consisted of the following:

Due to general fund from:	
Nonmajor governmental funds	\$ 464,168

Interfund receivables and payables result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2021, all interfund loans outstanding are anticipated to be repaid in fiscal year 2022.

B. Transfers at June 30, 2021 consisted of the following:

Transfers from general fund to:	
Nonmajor governmental funds	\$ 627,011

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 9 - RISK MANAGEMENT

A. Property and Liability Insurance

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. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

B. Employee Medical Benefits

The School District uses an internal service fund to record and report its self-funded health care insurance program. The claims liability of \$698,555 reported in the fund at year end was estimated by the third-party administrator and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported.

Changes in the fund's claims liability during 2020 and 2021 were:

	Year ended 6/30/2021	Year ended 6/30/2020
Unpaid claims, beginning of fiscal year	\$ 695,531	\$ 696,545
Incurred claims (including IBNRs)	5,081,536	4,467,606
Claims refund - accounts receivable	(69,765)	-
Claim payments	<u>(5,008,747)</u>	<u>(4,468,620)</u>
Unpaid claims, end of fiscal year	<u>\$ 698,555</u>	<u>\$ 695,531</u>

C. Worker's Compensation

The School District participates in an insurance group rating program. The group rating program allows school districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire as individual employers. The School District pays the State Bureau of Worker's Compensation a premium based on a rate per \$100 of salaries.

NOTE 10 - 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.

Kent City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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.

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

A. School Employees Retirement System

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:

	Eligible to Retire on or before <u>August 1, 2017</u> *	Eligible to Retire on or after <u>August 1, 2017</u>
Full benefits	Age 65 with 5 years of service; 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.

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

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 \$636,009 for fiscal year 2021. Of this amount \$32,079 is reported as an intergovernmental payable.

B. State Teachers Retirement System

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS 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. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 goes 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, 2021, 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 2021 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$3,627,061 for fiscal year 2021. Of this amount \$488,498 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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:

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability - prior measurement date	0.1573062%	0.2044887%	
Proportion of the net pension liability - current measurement date	<u>0.1524201%</u>	<u>0.2073304%</u>	
Change in proportionate share	<u>-0.0048861%</u>	<u>0.0028417%</u>	
Proportionate share of the net pension liability	\$10,081,387	\$50,166,572	\$60,247,959
Pension expense	\$806,017	\$5,814,451	\$6,620,468

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 19,583	\$ 112,561	\$ 132,144
Changes of assumptions	-	2,692,976	2,692,976
Net difference between projected and actual earnings on pension plan investments	639,964	2,439,606	3,079,570
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	4,888	665,140	670,028
School District contributions subsequent to the measurement date	<u>636,009</u>	<u>3,627,061</u>	<u>4,263,070</u>
Total deferred outflows of resources	<u>\$ 1,300,444</u>	<u>\$ 9,537,344</u>	<u>\$ 10,837,788</u>
Deferred inflows of resources			
Net difference between expected and actual experience	\$ -	\$ 320,781	\$ 320,781
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>177,223</u>	<u>1,309,606</u>	<u>1,486,829</u>
Total deferred inflows of resources	<u>\$ 177,223</u>	<u>\$ 1,630,387</u>	<u>\$ 1,807,610</u>

\$4,263,070 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal <u>Year</u>	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	\$ (107,257)	\$ 1,050,356	\$ 943,099
2023	127,354	756,537	883,891
2024	266,751	1,248,549	1,515,300
2025	<u>200,364</u>	<u>1,224,454</u>	<u>1,424,818</u>
Total	<u>\$ 487,212</u>	<u>\$ 4,279,896</u>	<u>\$ 4,767,108</u>

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Actuarial Assumptions - SERS

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

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

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

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

Wage inflation	3 percent
Future salary increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent
Investment rate of return	7.5 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal

For 2020, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

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

Kent City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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	<u>5.00</u>	6.65
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 earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease <u>(6.50%)</u>	Current discount rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
School District's proportionate share of the net pension liability	\$ 13,810,269	\$ 10,081,387	\$ 6,952,784

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Projected salary increases	2.5 percent at age 65 to 12.5 percent at age 20
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Discount rate of return	7.45 percent
Payroll increases	3 percent
Cost of living adjustments (COLA)	0 percent, effective July 1, 2017

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

STRS'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:

<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	<u>1.00</u>	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% and does not include investment expenses. Over a 30 year period, STRS's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

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 member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 <u>(6.45%)</u>	Current discount rate <u>(7.45%)</u>	1% Increase <u>(8.45%)</u>
School District's proportionate share of the net pension liability	\$ 71,428,465	\$50,166,572	\$32,148,889

C. 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, no members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability or Asset

The net OPEB liability or asset reported on the statement of net position represents a liability or 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 or 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 or 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 OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including OPEB.

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 or asset. Resulting adjustments to the net OPEB liability or 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.

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

A. School Employee Retirement System

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 fiscal year 2021, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated 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 \$97,473.

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 \$97,473 for fiscal year 2021. Of this amount \$97,473 is reported as a pension obligation payable.

B. State Teachers Retirement System

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, 2020. 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, 2021, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liability or Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability (asset) - prior measurement date	0.1613440%	0.2044887%	
Proportion of the net OPEB liability or asset - current measurement date	<u>0.1581584%</u>	<u>0.2073304%</u>	
Change in proportionate share	<u>-0.0031856%</u>	<u>0.0028417%</u>	
Proportionate share of the net OPEB liability (asset)	\$3,437,300	(\$3,643,827)	(\$206,527)
OPEB expense	(\$88,726)	(\$279,682)	(\$368,408)

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

Kent City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 45,145	\$ 233,479	\$ 278,624
Changes of assumptions	585,940	60,151	646,091
Net difference between projected and actual earnings on pension plan investments	38,730	127,701	166,431
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	36,448	67,388	103,836
School District contributions subsequent to the measurement date	<u>97,473</u>	<u>-</u>	<u>97,473</u>
Total deferred outflows of resources	<u>\$ 803,736</u>	<u>\$ 488,719</u>	<u>\$ 1,292,455</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 1,748,107	\$ 725,797	\$ 2,473,904
Changes of assumptions	86,577	3,461,024	3,547,601
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>148,441</u>	<u>252,482</u>	<u>400,923</u>
Total deferred inflows of resources	<u>\$ 1,983,125</u>	<u>\$ 4,439,303</u>	<u>\$ 6,422,428</u>

\$97,473 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	(260,962)	(1,003,969)	\$ (1,264,931)
2023	(258,159)	(917,531)	(1,175,690)
2024	(258,615)	(887,201)	(1,145,816)
2025	(243,118)	(794,699)	(1,037,817)
2026	(186,398)	(171,765)	(358,163)
2027	<u>(69,610)</u>	<u>(175,419)</u>	<u>(245,029)</u>
Total	<u>\$ (1,276,862)</u>	<u>\$ (3,950,584)</u>	<u>\$ (5,227,446)</u>

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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:

Wage inflation	3 percent
Future salary increases, including inflation	3.5 percent to 18.2 percent
Investment rate of return	7.5 percent net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	2.45 percent
Prior measurement date	3.13 percent
Single equivalent interest rate, net of plan investment expense, including price inflation	
Measurement date	2.63 percent
Prior measurement date	3.22 percent
Medical trend assumption	
Pre-Medicare	7.00 to 4.75 percent
Medicare	5.25 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.

Kent City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability 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.

	1% Decrease (1.63%)	Current discount rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	\$ 4,207,169	\$3,437,300	\$2,825,255
	1% Decrease (6.00% decreasing to 3.75%)	Current trend rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$ 2,706,612	\$3,437,300	\$4,414,416

Kent City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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
Payroll increases	3 percent
Discount rate of return	7.45 percent
Health care cost trends:	
Medical	
Pre-Medicare	5.00 percent initial, 4.00 percent ultimate
Medicare	(6.69) percent initial, 4.00 percent ultimate
Prescription drug	
Pre-Medicare	6.50 percent initial, 4.00 percent ultimate
Medicare	11.87 percent initial, 4.00 percent ultimate

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

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

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

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

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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 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 liability as of June 30, 2020.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 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>(6.45%)</u>	<u>Current</u> <u>discount rate</u> <u>(7.45%)</u>	<u>1% Increase</u> <u>(8.45%)</u>
School District's proportionate share of the net OPEB asset	\$ (3,170,367)	(\$3,643,827)	(\$4,045,542)

	<u>1% Decrease</u>	<u>Current</u> <u>trend rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	\$ (4,020,607)	(\$3,643,827)	(\$3,184,856)

NOTE 12 - STATUTORY RESERVES

The School District is required by the state law to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. The School District may replace using general fund revenues with proceeds from various sources (offsets), such as bond or levy proceeds related to the acquisition, replacement, enhancement, maintenance or repair of permanent improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years.

Kent City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

Although the School District had qualifying disbursements and current year offsets during the fiscal year that reduced the set-aside amount to below zero for the capital maintenance reserve, this amount may not be used to reduce the set aside requirement for future years. This negative balance is, therefore, not presented as being carried forward to future years. The following information describes the change in the year-end set-aside amounts for capital maintenance.

	<u>Capital Maintenance Reserve</u>
Set-aside cash balance as of June 30, 2020	\$ -
Current year set-aside requirement	569,634
Qualifying disbursements	<u>(2,280,378)</u>
Total	<u>\$ (1,710,744)</u>
Balance carried forward to future years	<u>\$ -</u>

NOTE 13 – ACCOUNTABILITY

As of June 30, 2021, six funds had deficit fund balances. These deficits were caused by the application of GAAP. The general fund provides advances to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur. The following funds had deficit balances:

<u>Fund</u>	<u>Amount</u>
Special revenue funds:	
Student wellness	\$ 17,109
Title VI- B	67,629
Title I	50,330
IDEA preschool	368
Improving teacher quality	5,591
Miscellaneous federal grants	8,251

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 14 – BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS

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

<u>Governmental activities</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>	<u>Due in one year</u>
<u>General obligation bonds</u>					
2020 School improvement	\$ -	\$ 24,210,000	\$ -	\$ 24,210,000	\$ -
Premium	-	2,487,013	-	2,487,013	-
Discount	-	(178,975)	-	(178,975)	-
2013 Library refunding	6,270,000	-	(625,000)	5,645,000	645,000
Premium	327,048	-	(71,880)	255,168	-
2013 School improvement refunding	2,220,000	-	(1,190,000)	1,030,000	1,030,000
Premium	29,362	-	(29,362)	-	-
2007 Refunding					
Serial and term bonds	420,000	-	(240,000)	180,000	180,000
Premium	940	-	(940)	-	-
Total bonds	9,267,350	26,518,038	(2,157,182)	33,628,206	1,855,000
<u>Direct borrowings:</u>					
Energy conservation loans	201,638	-	(120,902)	80,736	80,736
<u>Notes:</u>					
Bond anticipation note	2,500,000	-	(2,500,000)	-	-
<u>Other obligations</u>					
Compensated absences	2,763,772	587,717	(451,744)	2,899,745	551,313
Total other liabilities	5,465,410	587,717	(3,072,646)	2,980,481	632,049
<u>Net pension liability</u>					
STRS	45,221,438	4,945,134	-	50,166,572	-
SERS	9,411,906	669,481	-	10,081,387	-
Total net pension liability	54,633,344	5,614,615	-	60,247,959	-
<u>Net OPEB liability</u>					
SERS	4,057,462	-	(620,162)	3,437,300	-
Governmental activities long-term liabilities	\$ 73,423,566	\$ 32,720,370	\$ (5,849,990)	\$ 100,293,946	\$ 2,487,049

<u>General Obligation Bonds</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
2007 Refunding	\$ 2,149,996	3.93 - 4.25%	12/1/2021
2013 Library refunding	8,600,000	2% - 4.5%	12/1/2028
2013 School improvement refunding	7,820,000	0.65% - 5%	12/1/2021
2020 School improvement	24,210,000	2% - 4%	12/1/2048

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

General Obligation Bonds: General obligation bonds are direct obligations of the School District for which its full faith and credit are pledged for repayment. General obligation bonds are to be repaid from voted and unvoted general property taxes. Property tax monies will be received in and the debt will be repaid from the bond retirement debt service fund.

During November 2020, the School District issued bonds of \$24,210,000 with a premium on the bonds that come due through 2040 and for a discount for the remaining bonds that are final in 2048. The proceeds are to be used for various capital improvements throughout the district. The activity of these construction projects are reported in the building fund. The premium and discount on this debt was significant and is amortized over the life of the bonds using the bonds outstanding method of amortization. The amortized expenses begin in fiscal year 2022 when the first interest payment is made on the bonds.

During fiscal year 2013, the School District issued \$8,600,000 and \$7,820,000 in general obligation bonds to be used for the refunding of a portion of the 2004 Library Bonds and a portion of the 2004 School Improvement Refunding Bonds respectively.

The 2013 Library Refunding Bonds proceeds consisted of bond principal and \$908,721 of premium. The net proceeds of \$9,397,093 (after payment of underwriting fees, insurance, and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments of the portion of the 2004 Library Bonds refunded. As a result, the bonds are considered to be defeased and the liability is not reported by the School District. The difference between the reacquisition price and the net carrying amount of the old debt was not significant as the remaining old debt was called and was redeemed on December 1, 2014. The premium on the new debt was significant and is amortized over the life of the new bonds using the bonds outstanding method of amortization.

The 2013 School Improvement Refunding Bonds proceeds consisted of bond principal and \$881,710 of premium. The net proceeds of \$8,606,463 (after payment of underwriting fees, insurance, and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments of the portion of the 2004 School Improvement Refunding Bonds refunded. As a result, the bonds are considered to be defeased and the liability is not reported by the School District. The difference between the reacquisition price and the net carrying amount of the old debt was not significant as the remaining old debt was called and was redeemed on December 1, 2014. The premium on the new debt was significant and is amortized over the life of the new bonds using the bonds outstanding method of amortization.

During fiscal year 2008, the School District issued \$2,149,996 in general obligation bonds which include serial and capital appreciation bonds with interest rates varying between 3.625-4.25%. The bonds were used to refund \$2,150,000 of outstanding 1998 School Improvement Bonds with an average interest rate of 5.1%. The final amounts of the 2007 capital appreciation bonds were \$610,000. The bond proceeds consisted of bond principal and \$104,530 of premium. The difference between the reacquisition price and the net carrying amount of the old debt was not significant as the old debt was called and subsequently redeemed. The premium on the new debt was significant and is amortized over the life of the new bonds using the bonds outstanding method of amortization.

Kent City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

On June 25, 2020, the School District issued a note with the anticipation of later issuing bonds. The note came due on December 1, 2020 and had an interest rate of 1.25%.

Principal and interest requirements to amortize all bonds outstanding at June 30, 2021 are as follows:

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,855,000	\$ 982,175
2023	1,240,000	909,975
2024	1,280,000	873,000
2025	1,315,000	834,300
2026	1,365,000	788,525
2027-2031	5,655,000	3,262,575
2032-2036	4,250,000	2,413,400
2037-2041	5,075,000	1,594,500
2042-2046	5,815,000	845,125
2047-2049	<u>3,215,000</u>	<u>146,500</u>
Total	<u>\$ 31,065,000</u>	<u>\$ 12,650,075</u>

Direct borrowings - Energy Conservation Loans During fiscal year 2007, the School District entered into two energy conservation projects that were financed with separate installment agreements. The installment agreements were collateralized as lease-purchase agreements. The first agreement, for \$996,152, began in June 2006 with draws being taken as the project progressed. The second agreement, for \$414,355, began in May 2007 with draws being taken in the same manner as the first agreement. The aggregate amount of the principal component of payments under the agreement was \$1,410,507 and the interest component of those payments accrues at a rate not to exceed 4.29%. The final payment under the agreements is due June 23, 2022. The debt will be repaid from the general fund.

The outstanding direct borrowing energy conservation loans contain: (1) a provision that in accordance with the requirements of the law, the School District must fully budget and appropriate sufficient funds for the current fiscal year to make scheduled payments as they come due and (2) a provision that no event or condition constitutes an event of default.

Principal and interest requirements to amortize both energy conservation loans at June 30, 2021 are as follows:

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 80,736	\$ 2,095	\$ 82,831

Other Obligations: Compensated absences are typically paid from the fund from which the employee is paid when possible. However, compensated absence obligations have primarily been paid from the general fund in prior years. In prior years, capital lease obligations were typically paid from the general fund.

There is not a repayment schedule for the net pension liability and net OPEB liability; however the School District pays pension and OPEB obligations related to employee compensation from the fund benefitting from their service.

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

The Metropolitan Regional Service Council (MRSC) is the computer service organization or Information Technology Center (ITC) used by the School District. MRSC is also known as Northeast Ohio Network for Educational Technology (NEOnet), which is the name used exclusively prior to their reorganization from a consortium to a council of governments. The superintendent from each member entity is appointed to the legislative body of MRSC known as the assembly. The assembly elects a board of directors consisting of nine members. These members comprise the managerial body of the council and meet at least five times yearly. The operations of MRSC are under the control of the board of directors and the executive director. The purpose of the MRSC is to develop and employ a computer system efficiently and effectively for the needs of the member school districts. All members are required to pay fees, charges and assessments as charged. The School District does not maintain an ongoing financial interest or an ongoing financial responsibility. During fiscal year 2021, the School District contributed \$265,637 to MRSC. This contribution includes purchases of software and related items as well as payment for services. Financial information can be obtained by contacting the fiscal agent at 700 Graham Road, Cuyahoga Falls, Ohio 44221.

The Six District Educational Compact is a jointly governed organization consisting of six participating school districts, to provide for the vocational and special education needs of their students. The six-member board consists of the superintendent from each of the participating school districts. Students may attend vocational or special education classes offered by any of the six school districts. If a student is accepted to attend a class offered by a school district other than the school district in which the student resides, the school district of residence pays an instructional fee to the school district which offers the class. The Hudson City School District serves as the fiscal agent for this agreement, collecting and distributing payments. All revenues are generated from charges for services. During fiscal year 2021, the School District paid \$47,481 to the Compact for services. All financial inquiries should be addressed to the Treasurer of the Hudson City School District, 2386 Hudson-Aurora Road, Hudson, Ohio 44236.

The Ohio Schools Council Association (Council) is a jointly governed organization among 249 school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. During fiscal year 2021, the School District paid \$68,344 to the Council in the form of natural gas purchases. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council, at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

NOTE 16 - RELATED ORGANIZATION

The Kent Free Library (the "Library") is a related organization to the School District. The School Board members are responsible for appointing all the trustees of the Library; however, the School Board cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden to the School District. The School District serves in a ministerial capacity as the taxing authority for the Library. Once the Library determines to present a levy to the voters, including the determination of the rate and duration, the School District must place the levy on the ballot. The Library determines its own budget which must be approved by the School District.

NOTE 17 - CONTINGENCIES

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The School District is party to legal proceedings. However, the School District's management is of the opinion that the ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

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

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. ODE has finalized the impact of enrollment adjustments to the June 30, 2021 Foundation funding for the School District. These adjustments were insignificant for the District for fiscal year 2021.

NOTE 18 – CONTRACTUAL COMMITMENTS/ENCUMBRANCES

As of June 30, 2021, the School District's general fund didn't report any individually significant encumbrances, as part of assigned fund balance. However, due to the ongoing construction projects, the building fund has significant encumbrances of \$19,868,750 at year-end, which includes the accounts payable of \$1,907,273. Another governmental fund has encumbrances of \$459,800 of which is mostly related commitment for a significant roof repair at the high school.

NOTE 19 – TAX ABATEMENTS

Pursuant to Ohio Revised Code Chapter 5709, the City of Kent established an initial Community Reinvestment area in 2005 and a second one in 2014, each targeting a specific corridor in the City for development and redevelopment. The City of Kent authorizes incentives through passage of public ordinances, based upon each business' investment criteria, and through a contractual application process with each business, including proof that the improvements have been made. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the Community Reinvestment Areas gave the City the ability to maintain and expand businesses located in the City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate. The City of Kent also contracts with the Kent City School District for payments in lieu of taxes when required by Section 5709.82 of the Ohio Revised Code. During fiscal year 2021, the School District did not receive any payments in lieu of taxes from the City. The School District's share of abated taxes was approximately \$541,546 for fiscal year 2021.

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 20 – CHANGE IN ACCOUNTING PRINCIPAL AND RESTATEMENT OF NET POSITION AND FUND BALANCE

For fiscal year 2021, the School District has implemented GASB Statement No. 84, “Fiduciary Activities”. 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 District will no longer be reporting agency funds. The School District reviewed its agency funds, and these funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the School District’s financial statements.

A net position restatement is required in order to implement GASB Statement No. 84. The June 30, 2020, net position of the governmental activities has been restated as follows:

	<u>Governmental Activities</u>
Net position June 30, 2020	\$ (140,269)
Restatement GASBS No. 84	<u>139,609</u>
Restated net position at July 1, 2021	<u>\$ (660)</u>

The implementation of GASB Statement No. 84 had the following effect on fund balance as reported at June 30, 2020:

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Fund balance June 30, 2020	\$ 32,325,364	\$ 4,747,038	\$ 37,072,402
Restatement GASBS No. 84	<u>-</u>	<u>139,609</u>	<u>139,609</u>
Restated fund balance at July 1, 2021	<u>\$ 32,325,364</u>	<u>\$ 4,886,647</u>	<u>\$ 37,212,011</u>

NOTE 21 – CORONAVIRUS PANDEMIC (COVID-19)

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures have impacted the current period and will continue to impact subsequent periods of the School District. Furthermore, due to the dynamic environment and changes in fiscal policies, the exact impact on the School District’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be reasonably estimated.

Kent City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 22 – SUBSEQUENT EVENT

For fiscal year 2022, school district foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$1,099,529 in revenues and expenditures/expenses related to these programs. Also during fiscal year 2021, the school district reported \$1,880,897 in tuition and fees from the resident school districts which will be direct funded to the School District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique “per-pupil local capacity amount” for each school district. The School District’s state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

Required Supplementary Information

Kent City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Eight Fiscal Years (1)

	2021	2020	2019	2018
School Employees Retirement System (SERS) of Ohio				
School District's proportion of the net pension liability	0.157242%	0.157306%	0.156850%	0.161477%
School District's proportionate share of the net pension liability	\$ 10,081,387	\$ 9,411,906	\$ 8,983,084	\$ 9,647,888
School District's covered payroll	\$ 4,683,379	\$ 4,852,563	\$ 4,715,948	\$ 4,626,100
School District's proportionate share of the net pension liability as a percentage of its covered payroll	215.26%	193.96%	190.48%	208.55%
Plan fiduciary net position as a percentage of total pension liability	68.55%	70.85%	71.36%	69.50%
	2021	2020	2019	2018
State Teachers Retirement System (STRS) of Ohio				
School District's proportion of the net pension liability	0.2044887%	0.2104489%	0.2109857%	0.2083162%
School District's proportionate share of the net pension liability	\$ 50,166,572	\$ 45,221,438	\$ 46,391,020	\$ 49,485,960
School District's covered payroll	\$ 24,912,079	\$ 24,677,864	\$ 23,975,364	\$ 23,052,871
School District's proportionate share of the net pension liability as a percentage of its covered payroll	201.37%	183.25%	193.49%	214.66%
Plan fiduciary net position as a percentage of total pension liability	75.50%	77.40%	77.30%	75.30%

(1) Ten years of information will be presented as information becomes available. Information prior to 2014 is not available.
The amounts presented are as of the School District's measurement date which is the prior fiscal year end.

2017	2016	2015	2014
0.170514%	0.177652%	0.203303%	0.203303%
\$ 12,480,044	\$ 10,136,978	\$ 10,289,049	\$ 12,089,777
\$ 4,755,214	\$ 4,685,137	\$ 5,287,193	\$ 5,417,146
262.45%	216.36%	194.60%	223.18%
62.98%	69.16%	71.70%	65.52%

2017	2016	2015	2014
0.2179713%	0.2142199%	0.2275848%	0.2275848%
\$ 72,961,558	\$ 59,204,117	\$ 55,356,502	\$ 65,940,303
\$ 22,377,879	\$ 22,349,664	\$ 23,465,085	\$ 23,526,692
326.04%	264.90%	235.91%	280.28%
66.80%	72.10%	74.70%	69.30%

Kent City School District
Required Supplementary Information
Schedule of the School District Contributions - Pension
Last Nine Fiscal Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School Employees Retirement System (SERS) of Ohio					
Contractually required contribution	\$ 636,009	\$ 655,673	\$ 655,096	\$ 636,653	\$ 647,654
Contributions in relation to contractually required contribution	<u>(636,009)</u>	<u>(655,673)</u>	<u>(655,096)</u>	<u>(636,653)</u>	<u>(647,654)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 4,542,921	\$ 4,683,379	\$ 4,852,563	\$ 4,715,948	\$ 4,626,100
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%	14.00%

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
State Teachers Retirement System (STRS) of Ohio					
Contractually required contribution	\$ 3,627,061	\$ 3,487,691	\$ 3,454,901	\$ 3,356,551	\$ 3,227,402
Contributions in relation to contractually required contribution	<u>(3,627,061)</u>	<u>(3,487,691)</u>	<u>(3,454,901)</u>	<u>(3,356,551)</u>	<u>(3,227,402)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 25,907,579	\$ 24,912,079	\$ 24,677,864	\$ 23,975,364	\$ 23,052,871
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Ten years of information will be presented as information becomes available. Information prior to 2013 is not available.

2016	2015	2014	2013
\$ 665,730	\$ 617,501	\$ 732,805	\$ 749,733
<u>(665,730)</u>	<u>(617,501)</u>	<u>(732,805)</u>	<u>(749,733)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,755,214	\$ 4,685,137	\$ 5,287,193	\$ 5,417,146
14.00%	13.18%	13.86%	13.84%

2016	2015	2014	2013
\$ 3,132,903	\$ 3,128,953	\$ 3,050,461	\$ 3,058,470
<u>(3,132,903)</u>	<u>(3,128,953)</u>	<u>(3,050,461)</u>	<u>(3,058,470)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 22,377,879	\$ 22,349,664	\$ 23,465,085	\$ 23,526,692
14.00%	14.00%	13.00%	13.00%

Kent City School District**Required Supplementary Information****Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)****Last Five Fiscal Years (1)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School Employees Retirement System (SERS) of Ohio				
School District's proportion of the net OPEB liability	0.158158%	0.161344%	0.159576%	0.163921%
School District's proportionate share of the net OPEB liability	\$ 3,437,300	\$ 4,057,462	\$ 4,427,080	\$ 4,399,198
School District's covered payroll	\$ 4,683,379	\$ 4,852,563	\$ 4,715,948	\$ 4,626,100
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	73.39%	83.61%	93.87%	95.10%
Plan fiduciary net position as a percentage of total OPEB liability	18.17%	15.57%	13.57%	12.46%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
State Teachers Retirement System (STRS) of Ohio				
School District's proportion of the net OPEB liability or asset	0.2073304%	0.2044887%	0.2109857%	0.2083162%
School District's proportionate share of the net OPEB liability (asset)	\$ (3,643,827)	\$ (3,386,823)	\$ (3,390,325)	\$ 8,127,729
School District's covered payroll	\$ 24,912,079	\$ 24,677,864	\$ 23,975,364	\$ 23,052,871
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-14.63%	-13.72%	-14.14%	35.26%
Plan fiduciary net position as a percentage of total OPEB liability	182.40%	174.70%	176.00%	47.10%

(1) Ten years of information will be presented as information becomes available. Information prior to 2017 is not available. The amounts presented are as of the School District's measurement date which is the prior fiscal year end.

2017

0.172673%

\$ 4,921,828

\$ 4,755,214

103.50%

11.49%

2017

0.2179713%

\$ 11,657,161

\$ 22,377,879

52.09%

37.30%

Kent City School District
Required Supplementary Information
Schedule of the School District Contributions - OPEB
Last Nine Fiscal Years (1)

	2021	2020	2019	2018	2017
School Employees Retirement System (SERS) of Ohio					
Contractually required contribution (2)	\$ 97,473	\$ 101,568	\$ 123,380	\$ 111,798	\$ 89,613
Contributions in relation to contractually required contribution	(97,473)	(101,568)	(123,380)	(111,798)	(89,613)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 4,542,921	\$ 4,683,379	\$ 4,852,563	\$ 4,715,948	\$ 4,626,100
Contributions as a percentage of covered payroll	2.15%	2.17%	2.54%	2.37%	1.94%

	2021	2020	2019	2018	2017
State Teachers Retirement System (STRS) of Ohio					
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 25,907,579	\$ 24,912,079	\$ 24,677,864	\$ 23,975,364	\$ 23,052,871
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Ten years of information will be presented as information becomes available. Information prior to 2013 is not available.

(2) Includes surcharge

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 86,842	\$ 132,534	\$ 110,627	\$ 109,518
<u>(86,842)</u>	<u>(132,534)</u>	<u>(110,627)</u>	<u>(109,518)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,755,214	\$ 4,685,137	\$ 5,287,193	\$ 5,417,146
1.83%	2.83%	2.09%	2.02%

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ -	\$ -	\$ 234,651	\$ 235,267
<u>-</u>	<u>-</u>	<u>(234,651)</u>	<u>(235,267)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 22,377,879	\$ 22,349,664	\$ 23,465,085	\$ 23,526,692
0.00%	0.00%	1.00%	1.00%

Kent City School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Net Pension Liability

School Employees Retirement System (SERS) of Ohio

Changes in benefit terms: There was no change in benefit terms for fiscal year 2021. See the notes to the basic financial for benefit terms.

Changes in assumptions: There was no change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021. See the notes to the basic financials for the methods and assumptions in this calculation.

State Teachers Retirement System (STRS) of Ohio

Changes in benefit terms: There was no change in benefit terms for fiscal year 2021. See the notes to the basic financial for benefit terms.

Changes in assumptions: There was no change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021. See the notes to the basic financials for the methods and assumptions in this calculation.

Net OPEB Liability

School Employees Retirement System (SERS) of Ohio

Changes in benefit terms: There was no change in benefit terms for fiscal year 2021. See the notes to the basic financial for benefit terms.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021. See the notes to the basic financials for the methods and assumptions in this calculation.

State Teachers Retirement System (STRS) of Ohio

Changes in benefit terms: There was no change in benefit terms for fiscal year 2021. See the notes to the basic financial for benefit terms.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021. See the notes to the basic financials for the methods and assumptions in this calculation.

**KENT CITY SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

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

Federal Grantor/Pass through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Cash Assistance:			
School Breakfast Program	044164-3L70-21	10.553	\$ 134,074
COVID-19 School Breakfast Program	044164-3L70-21	10.553	24,775
National School Lunch Program	044164-3L60-21	10.555	54,321
COVID-19 National School Lunch Program	044164-3L60-21	10.555	293,620
Summer Foods Program	044164-3GE0-21	10.559	392,259
Cash Assistance Subtotal			<u>899,049</u>
Non-Cash Assistance (Food Distribution):			
School Breakfast Program	N/A	10.553	25,160
National School Lunch Program	N/A	10.555	55,110
Non-Cash Assistance Subtotal			<u>80,270</u>
Total Child Nutrition Cluster			<u>979,319</u>
Total U.S. Department of Agriculture			<u>979,319</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
Title I, Grants to Local Educational Agencies	044164-3M00-20	84.010	110,473
Title I, Grants to Local Educational Agencies	044164-3M00-21	84.010	623,315
Title I, Expanding Opportunities for Each Child	044164-3M00-21	84.010	5,820
Total Title I, Grants to Local Education Agencies			<u>739,608</u>
Special Education Cluster:			
Special Education-Grants to States, IDEA-B	044164-3M20-20	84.027	105,875
Special Education-Grants to States, IDEA-B	044164-3M20-21	84.027	657,924
Special Education-Grants to States, Parent Mentor	044164-3M20-21	84.027A	25,000
Special Education-Grants to States, Parent Mentor Supplemental	044164-3M20-21	84.027A	2,000
Preschool Program	044164-3C50-21	84.173	4,484
Total Special Education Cluster			<u>795,283</u>
Title III, Limited English Proficiency	044164-3Y70-20	84.365	10,413
Title III, Limited English Proficiency	044164-3Y70-21	84.365	14,733
Title III, Immigrant	044164-3Y70-21	84.365	2,140
Total Title III, Limited English Proficiency			<u>27,286</u>
Title II-A, Improving Teacher Quality State Grants	044164-3Y60-20	84.367	14,756
Title II-A, Improving Teacher Quality State Grants	044164-3Y60-21	84.367	84,254
Total Improving Teacher Quality			<u>99,010</u>

**KENT CITY SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

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

Federal Grantor/Pass through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION (continued)			
<i>Passed Through Ohio Department of Education: (continued)</i>			
Comprehensive Literacy Development Program	044164-3HL0-21	84.371	225,263
Title IV-A, Student Support and Academic Enrichment Program	044164-3H10-20	84.424	4,956
Title IV-A, Student Support and Academic Enrichment Program	044164-3H10-21	84.424	36,573
Total Title IV-A, Student Support and Academic Enrichment Program			41,529
COVID-19 Elementary and Secondary School Emergency Relief Fund	044164-3HS0-21	84.425D	494,985
<i>Passed Through Six District Educational Compact:</i>			
Career and Technical Education - Basic Grants to State	N/A	84.048	66,074
Total U.S. Department of Education			2,701,544
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Department of Education:</i>			
COVID-19 Coronavirus Relief Fund	044164-5CV1-21	21.019	174,128
COVID-19 BroadbandOhio Connectivity	044164-5CV1-21	21.019	38,378
Total Coronavirus Relief Fund			212,506
Total U.S. Department of Treasury			212,506
INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
<i>Passed Through the State Library of Ohio</i>			
COVID-19 Library Services and Technology Act, Grants to States	3130	45.310	2,988
Total Institute of Museum and Library Services			2,988
Total Federal Financial Assistance			\$ 3,683,851

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

**KENT CITY SCHOOL DISTRICT
PORTAGE COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE E - CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

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

NOTE J - TRANSFERS BETWEEN PROGRAM YEARS

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

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amt. Transferred</u>
Title I - Grants to Local Educational Agencies	84.010	\$ 74,802
Special Education - Grants to States	84.027	\$ 40,705
Preschool Program	84.173	\$ 17,184
Title III - Limited English Proficiency	84.365	\$ 25,092
Title III - Immigrant	84.365	\$ 1,692
Title II-A - Improving Teacher Quality State Grants	84.367	\$ 34,458
Title IV-A - Student Support and Academic Enrichment	84.424	\$ 24,679

This page intentionally left blank.



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

Kent City School District
Portage County
321 North Depeyster Street
Kent, Ohio 44240

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kent City School District, Portage County, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 23, 2022, wherein we noted the District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

May 23, 2022

OHIO AUDITOR OF STATE KEITH FABER



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

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

Kent City School District
Portage County
321 North Depeyster Street
Kent, Ohio 44240

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Kent City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2021

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

May 23, 2022

**KENT CITY SCHOOL DISTRICT
PORTAGE COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



KENT CITY SCHOOL DISTRICT

PORTAGE 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 6/16/2022

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