



2022

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30, 2022



KENSTON
S C H O O L S

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Education
Kenston Local School District
17419 Snyder Road
Chagrin Falls, Ohio 44023

We have reviewed the *Independent Auditor's Report* of the Kenston Local School District, Geauga County, prepared by Ciuni & Panichi, Inc., for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 03, 2023

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ANNUAL COMPREHENSIVE
FINANCIAL REPORT

OF THE

KENSTON LOCAL
SCHOOL DISTRICT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2022

PREPARED BY
TREASURER'S OFFICE
PAUL PESTELLO, TREASURER

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CHAGRIN FALLS, OHIO 44023

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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INTRODUCTORY SECTION



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KENSTON

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Kenston Local Schools

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Strategic Initiatives*

Paul J. Pestello
Treasurer

December 29, 2022

The Board of Education and residents of Kenston Local School District:

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the Kenston Local School District (the “School District” or “District”) for the fiscal year ended June 30, 2022. This ACFR, which includes financial statements and other financial and statistical data, conforms to Generally Accepted Accounting Principles (GAAP) as applicable to governmental entities. The ACFR enables the School District to comply with the Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP basis, and Ohio Revised Code Section 117.38 which requires school districts reporting on a GAAP basis to file an unaudited annual report with the Auditor of State within one hundred fifty days (150) of fiscal year end.

Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District. All disclosures necessary to enable the reader to gain an understanding of the School Districts’ financial activities have been included.

This report provides the taxpayers of the School District, bond rating agencies and other interested parties with comprehensive financial information, enabling them to gain a clear understanding of the School District’s finances. This report is intended to contribute to meeting the accountability requirements of the public. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

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

Organizational Structure

Statutorily, the School District operates under standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code, to provide services mandated by state and/or federal agencies.

The Board of Education (the “Board”) of the School District is comprised of five (5) members elected at large by the citizens of the School District for overlapping four-year terms. The Board serves as the taxing authority, contracting body, and policy maker for the School District. The Board is a politic and corporate, as defined by Section 3313.03 of the Ohio Revised Code and has only those powers and authority conferred upon it by the Ohio Revised Code. The Kenston Board of Education is as follows:

<u>Member</u>	<u>Term of Office</u>	<u>Years on the Board</u>
Mrs. Neysa Gaskins – President	1/1/2020 – 12/31/2023	6.5
Mrs. Jennifer Troutman - Vice	1/1/2022 – 12/31/2025	0.5
Dr. Beth Krause	1/1/2022 – 12/31/2025	12.5
Mr. Thomas Manning	1/1/2020 – 12/31/2023	6.5
Mr. Dennis Berganksy	1/1/2022 – 12/31/2025	0.5

The Board elects is President and Vice President annually at the Organizational Meeting held in January. The Board is also responsible for hiring the Superintendent and the Treasurer.

The Superintendent is the Chief Executive Officer (CEO) of the School District and is responsible directly to the Board for all operations within the School District. Mrs. Nancy R. Santilli was appointed Superintendent of the School District on August 1, 2014. She was employed under a five-year contract which expired on July 31, 2022. Mrs. Santilli resigned effective July 31, 2022 and the Board of Education appoint Mr. Steven A. Sayers as Interim Superintendent from August 1, 2022 through June 30, 2023.

The Treasurer is the Chief Financial Officer (CFO) of the School District and is responsible directly to the Board for all financial operations and serves as Secretary to the Board. Mr. Paul J. Pestello was appointed Treasurer of the School District on August 1, 2019. He is currently employed under a four-year contract which expires on July 31, 2023.

Profile of the School District

The Kenston Local School District is located in northeastern Ohio, east of Cleveland. The School District is primarily a residential suburban community located in the southwest corner of Geauga County adjacent to the Village of Chagrin Falls (Cuyahoga County) and the City of Aurora (Portage County). It is approximately thirty five (35) miles southeast of Cleveland, twenty five (25) miles west of Youngstown, and twenty (20) miles north of Akron. The School District was created in 1953 when the former Bainbridge and Auburn Local School Districts were consolidated to form the present School District.

The Kenston Local School District is one (1) of the five (5) school districts and second largest located in Geauga County and serves both the Township of Auburn and the Township of Bainbridge. The School District provides education to 2,547 students [June, 2022 enrollment] enrolled in Pre-K through twelve. The School District operates one high school, one middle school, one intermediate school and one elementary school.

Students enrolled in the Kenston Local School District attend classes in the following School District owned buildings during the 2021-2022 school year:

- Kenston High School (grades 9 – 12), built in 2006
- Kenston Middle School (grades 7 & 8), built in 1956 and includes five additions
- Kenston Intermediate School (grades 4 – 6), built in 1967 and includes three additions
- Timmons Elementary School (Pre-K – 3rd grade), built in 1994 and includes one addition

The Kenston Local School District is proud of the broad spectrum of programs it offers. In addition to many academic choices, Kenston offers a wide array of co-curricular and extra-curricular opportunities for students.

Kenston Schools has enjoyed an excellent reputation as one of the top school systems in Ohio. This is due, at least in part, to its excellent and committed staff, the majority whom hold advanced degrees.

Strategic Thinking, Mission, Beliefs and Goals

Late in 2016, a representative group of approximately fifty (50) Kenston employees, community members, parents and students partnered with the Schlechty Center, a private, non-profit organization, in "Taking Stock" sessions to gather important feedback from our stakeholders. These key leaders in the district and community provided valuable insight into the strategic thinking process to transform our classrooms and schools into an engagement-focused organization and formulated the following goals:

Curriculum and Instruction Goal

Kenston Schools will provide students with the content and skills necessary to become global, independent, productive, and successful citizens.

Finance Goal

Continue to build the community trust that Kenston Local Schools are dedicated to educating all the students in the District and are good financial stewards of public funds.

Facilities and Technology Goal

Over the next ten years Kenston Schools will develop, implement, and maintain safe facilities, and improve technology to enhance quality instruction for all students based on the needs of the community today and tomorrow.

Community Partnerships Goal

To continually address the needs of all children in Kenston Local Schools through community partnerships to help them thrive as students and citizens.

In October 2019, again under the Schlechty Center's guidance, the district met with key leaders in the community to evaluate and map our vision for the future, updating the Strategic Thinking document. The conversations focused on student engagement and its impact on our district goals.

Strategic Thinking is the ability to recognize the relationships, complexities and implications of a situation and anticipate possibilities and plans.

The Kenston Local Schools are equipped and ready to handle global trends such as the increased demand for college, career and life readiness, and to keep pace with necessary access to technology and information, academically and socially. The School District must emphasize the importance of students knowing and understanding their role as global citizens; including the value of cultural knowledge and diversity recognition. This awareness positions them to contribute and successfully function in our worldwide community. Students need to learn how to connect and collaborate with others in a broader community.

Our Mission

The Mission of the Kenston Local School District is for each student to achieve individual academic excellence and to maximize personal growth in a community which demonstrates and develops mutual respect, responsibility, and life-long learning.

Our Beliefs

- We believe student engagement is an essential part of learning.
- We believe in developing students' ability to think critically, collaborate and communicate effectively.
- We believe in unique opportunities for all student learners.
- We believe that families and communities are vital to student success.
- We believe that creating a safe environment is critical to learning and building meaningful relationships.
- We believe that teachers should be life-long learners and recognize the importance of collaboration and professional development.
- We believe in the importance of strong financial stewardship.
- We believe in developing, implementing, maintaining and improving our facilities and technology.
- We believe that the Board of Education and our employees are advocates for all youth.

Our Goals

- **Inspiring Student Achievement** – Ensure a framework to provide our students with engaging content and skills necessary to become global, independent, productive and contributing citizens.
- **Inspiring Citizenship** – Emphasize key qualities that encourage positive and respectful actions toward oneself and others, and promote the development of the necessary life skills to live and prosper in the world with empathy, mindfulness, acceptance and respect.
- **Inspiring Health and Wellness** – Educate and foster healthy life choices to physical and mental well-being.
- **Inspiring Innovation** – Integrate creativity, collaboration and real-world problem solving skills into authentic learning experiences using technology and other tools and strategies.
- **Inspiring Connections/Communications** – Develop strong relationships with students, faculty, families and citizens to foster community awareness and active participation in the education process.

Academic Achievement

With a focus on engaged learning, we utilize project-based initiatives and real-world experience to enhance instruction and inspire students to achieve individual success.

PEAK

Our Peaceful Environment at Kenston platform is intended to maximize growth within our community which demonstrates and develops mutual respect, responsibility and life-long learning.

Play Blue

Promoting Learning through Active Youth is our platform for Health and Wellness education and initiatives which strive to enhance both mental and physical well-being.

Innovate

From real-world problem-solving techniques to collaborative working experiences and Renew Blue environmental initiatives, our focus on innovation is core to who we are.

Connections

Feeling a part of something bigger and developing skills for future success is vital to student growth. Through Kenston INC, career preparedness, business partnerships and service we strive to build relationships and connections between student, teacher and community.

Employee Relations

Certified licensed personnel including classroom teachers, tutors, librarians, guidance counselors, and specialists are represented by the Kenston Education Association (KEA). On October 18, 2021, the School District and the KEA announced ratification of a two-year collective bargaining agreement for the period of March 1, 2022 through February 29, 2024. The contract provided for a two percent (2%) cost of living adjustment (COLA) in each of the two (2) years. For the 2022-23 school year, the base salary is \$44,604 and the base salary for the 2023-24 school year is \$45,496.

Classified employees (education aides, cafeteria staff, secretarial-clerical, custodial, maintenance and grounds staff, transportation staff, mechanics, health aides and proctors) of the School District are represented by the Ohio Association of Public School Employees (OAPSE) Chapter 501. On June 27, 2022, the School District and OAPSE Chapter 501 announced ratification of a two-year collective bargaining agreement for the period of July 1, 2022 through June 30, 2024. This contract provides for a two percent (2%) wage increase in each year of the agreement.

The School District's certified administrators, supervisors and other exempt employees are not members of any bargaining unit. Certified administrators and supervisors are provided individual contracts approved by the Board of Education.

The Reporting Entity

The School District has reviewed its reporting entity definition in order to insure conformity with the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and 34". In evaluating how to define the School District for financial reporting purposes, management considers all agencies, departments and organizations making up the School District (the primary government) and its potential component units. The School District has no component units and the School District is not a component unit of any other governmental organization.

Excluded from the reporting entity because they are fiscally independent of the School District are the townships of Auburn and Bainbridge, the Kenston Parent Teacher Organizations, the Kenston Athletic, Music and Academic Boosters, the Bomber Elite, the Kenston Baseball Association and the Kenston Foundation. The School District is associated with four jointly governed organizations. The jointly governed organizations are the Kenston Community Education, the Lake Geauga Computer Association, Auburn-Bainbridge Recreation Board, and the Ohio Schools' Council Association. These organizations are described in Note 2. A to the basic financial statements.

A complete discussion of the School District's reporting entity is provided in Note 2 to the basic financial statements.

Economic Condition and Outlook

In May 2015, the Kenston Community supported a combination levy for a \$10 million bond issue and a 4.0 mill operating levy. Funds generated by the bond issue were used to pay for capital improvements within the district including technology infrastructure, building repairs, heating and cooling upgrades, updates to the transportation department and updates to the stadium. Funds generated by the operating levy were first collected in 2016 and are used to pay for the School District's daily operation. The district receives approximately \$3 million annually related to the 4.0 mill levy.

In May 2021, the Kenston Community did not support a combination 6.5 mill continuing levy which included a 1.75 mill permanent improvement levy and a 4.75 mill operating levy. The permanent improvement levy would have generated approximately \$1.6 million yearly and the operating levy would have generated approximately \$4.4 million yearly. The district has never had a permanent improvement levy which is needed for care, maintenance and repairs to district facilities including replacement of district vehicles such as buses, vans and maintenance vehicles.

The School District's primary sources of revenues are through the levying of property taxes on real and agricultural property, commercial and industrial property and public utilities (including State property tax reimbursements), the homestead and rollback reimbursement program and the State Foundation Program, which combined accounts for nearly ninety-five percent (95%) of total operating revenue used to pay for the day-to-day operating expenses of the School District, which includes salaries, benefits, contracted services, supplies and materials, equipment and dues and fees.

Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions generally occur in a new fiscal year. Property taxes include amounts levied against all real and public utility located in the School District. Assessed values are established by State law at thirty-five percent (35%) of appraised market value. All property is required to be revalued every six (6) years. The Ohio Revised Code and Ohio Administrative Code mandate Geauga County to conduct a re-appraisal of property every six (6) years, an update every three (3) years and annual valuation of improvements based upon building permits received from each township annually. The last re-appraisal took place for tax year 2017 for tax collections beginning in calendar year 2018 and the last update took place for tax year 2020 for tax collections beginning in calendar year 2021.

With the exception of all new levies or replacement levies passed after September 29, 2013, State laws grants tax relief to property owners (property tax rollbacks) in the form of a ten percent (10%) reduction in real property tax bills. In addition, a two and a half percent (2.5%) reduction is granted for owner occupied homesteads (a total of 12.5%). Additionally, the State of Ohio contributes a portion of real estate taxes for qualified senior and/or disabled citizens, based on income thresholds, on the dwelling that is the individual's principal place of residence (known as the Homestead Exemption). The State reimburses the School District for the loss of real property taxes as a result of the rollback provisions and the homestead exemption.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation implementing a 1980 constitutional amendment classifies real property between (1) residential and agricultural and (2) all other real property, and provides for tax reduction factors to be separately computed for and applied to each class (1 & 2). These credits apply to certain voted levies on real property, and do not apply to unvoted tax levies or voted tax levies to pay debt service on general obligation debt.

Additionally, in 1976 the General Assembly passed House Bill 920 (HB 920). This law provides that real property owners receive tax credits equal to any tax increase caused by an increase in value of all real property in taxing districts as a result of reappraisal, update or readjustment. This does not apply to inside non-voted millage, tangible property or new construction. In effect, HB 920 removes inflationary revenue growth from the applicable real property by requiring an adjustment to the voted millage rate, thereby resulting in a lower effective millage rate.

Property taxes are also collected for the payment of principal and interest on voter approved bond issues related to the construction of buildings. Bond issue millage rates are set by the County Auditor, with information provided by the School District, in order to generate sufficient revenue to pay the principal and interest on the bonds issued.

State Foundation Aid

The State’s School Foundation program is the second largest source of revenue and accounts for approximately nine percent (9%) of the District’s General Fund. The State assists public school districts under a statutory program, which includes direct payments to districts based upon a statutory formula. Such payments are made through the School Foundation program established by the Ohio Revised Code. School Foundation program funds distributed to a District are required to be used for current operating expenses, unless specifically allocated by the State for some other purpose. Basic eligibility for School Foundation program payments is based on a District’s compliance with State-mandated minimum standards.

In the summer of 2021, the State of Ohio approved their FY 22-23 biennial budget which became law on July 1, 2021. Under the new biennial budget, the State Foundation Formula adopted the new Fair School Funding Plan. In this plan funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The base cost is currently calculated for two years using a statewide average from historical actual data.

The June 2022 final base cost funding report reflected the following base costs for the Kenston Local School District:

Classroom Teacher Base Cost	\$10,444,402
Student Support Base Cost	\$ 2,140,975
District Leadership and Accountability Base Cost	\$ 1,190,031
Building Leadership and Operations Base Cost	\$ 3,827,384
Athletic Co-Curricular Activities Base Cost	<u>\$ 409,250</u>
Total Aggregate Base Cost	\$18,012,042
District Base Cost Per Pupil	\$7,186

In FY 2022, the Kenston Local School District received \$2,248,547 in base cost allocations.

Perhaps one of the biggest changes that Ohio made to per pupil funding is the definition of enrollment. Starting in FY 2022 Ohio will use "district educated" enrollment which is composed of resident students attending and open enrollment "in" students. In prior funding formulas the District total/ formula ADM was used to calculate state funding. This change, in some cases reduces net state funding because the District is no longer receiving funding for community school, scholarship students, etc. However, at the same time, the District will not be expensing tuition to pay for these students and therefore cost will be lower.

The biennial budget decreased restricted funding for Student Wellness programs; however, the District received Student Wellness funds of \$115,380 in Fiscal Year 2022, which is up from \$110,148 received in Fiscal Year 2021.

Major Initiatives

At Kenston Local School District, learning is engaging and meaningful. Standards-based instruction is designed to promote deep and rich learning. Beyond consumers of important academic content, our goal is to nurture students to be thinkers and problem-solvers. All School District teachers have participated in ongoing professional development in the area of student engagement to ensure all students receive the support needed for profound learning to maximize their individual growth. Within the framework of 21st Century and entrepreneurial skills, student experiences are focused on the development of critical thinking skills, collaborative learning, communication strategies and the fostering of creativity.

The School District along with a select group of districts around the state of Ohio are part of the *Innovative School Network*. This network structure and support from the Schlechty Center allows the School District to work together collectively as a district and create leadership and expertise within our own school community to lead and sustain this curricular work. One of our initial steps in this work was a two-day Taking Stock process with fifty (50) representatives from our District, our families and our community to solidify values and vision for our students' educational experience. This year, our August professional development day work was led by Steve McCannon, the CEO of the Schlechty Center, involving all teachers in this learning process.

In our fifth year, the entire School District faculty is participating in professional development, both inside and outside the District that is aligned with the work of Phil Schlechty, a respected national educational leader. His core work is centered around the essential connection between the quality and design of student work and a student's willingness to engage in their schoolwork for profound learning. We recognize that student learning requires our focus on high-quality lesson design. Using the framework of Schlechty, we have collectively embarked on a process of analyzing lessons to improve the quality of work we offer our students. Two types of professional development activities are currently present and ongoing in this District initiative: teacher training with outside experts over an extended period of time and the development of our own in-house experts to lead the work with teacher teams on designing meaningful student work. Additionally, this year we completed a second "taking stock" process with students, parents, faculty, and community representatives to ensure our goals as a District continues to target student engagement through a systems approach.

The School District also has an agreement with the Educational Service Center of Northeast Ohio for education services through collaborating and partnering with local, regional, state and national agencies and organizations. The School District believes this relationship provides greater opportunities for professional development, innovations, and collaborations with neighboring school districts. The School District also has an agreement with the Educational Service Center of the Western Reserve for special education services.

The School District is actively involved with individuals, organizations, and businesses in planning for student success. The School District maintains regular dialogue with many community organizations, including Kenston Inc. (Innovate, Nurture, Connect), The Kenston Foundation, Kenston Alumni Association, and the Kenston Citizens Advisory Committee. This combination connects Kenston students with community partners providing exceptional learning experiences that encourage career development with a strong focus on community business partnerships.

In 2007, the Kenston Board of Education organized the Kenston Citizens Advisory Committee (KCAC) whose overall purpose is to serve as a conduit between the Kenston Board of Education and the Kenston community. KCAC is comprised of eleven (11) members serving three-year (3) terms.

Committed to a holistic education, the School District incorporates additional priorities within the academic program including citizenship, health and wellness and innovation.

Innovation, Technology Integration

It is essential for the School District to prepare our students for a technology-based economy. Recent advances in our technology infrastructure, devices and instructional support for teachers and students have allowed us to provide increased opportunities to develop digital skills. The targeted infusion of technology throughout the curriculum provides instructional enhancements, increases student engagement and offers real-world applications. Blending classroom instruction with online resources fosters unique and deep learning that expands the pace and place of their experience.

The School District has demonstrated a commitment to integrate technology into the educational experience with the addition of one-to-one devices in all school buildings; our students have ready access to this learning tool. Technology integration coaches in each building support the meaningful use of technology across the curriculum by supporting and guiding teachers and students.

As a Google district, all administrators, teachers and students are users of this common platform for instruction, communication and collaboration. Computing environments within the district include portable wireless stations for laptops, Chrome Books and iPads, multi-media labs and interactive devices such as white boards, projectors, document cameras, digital printers, and green screens which are available to our students.

Innovation, Go Green

It is a goal of the School District to be innovative and forward-thinking while remaining practical and relevant. In one of our innovative efforts, the School District has demonstrated an active role in educating our students on sustainable energy and caring for the environment beyond the Kenston campus. A large wind turbine, a hybrid bus, lighting, hydration stations, recycling, lights-out days in our schools, brown bag lunches, butterfly garden, outdoor classroom and the addition of beautiful fitness trails around the wooded perimeter of the School District's property provides real-world application of environmental respect for our students. Sustainable energy is also included in various courses and content throughout the K-12 academic program.

At Kenston, we teach the ABC's, 123's, reading, writing and arithmetic as well as reduce, reuse and recycle. We are committed to supporting our Go Green Initiative and educating environmentally responsible students. To help accomplish this, our classrooms go beyond the walls of our buildings.

Our campus has become an outdoor classroom where real-world learning is available. Research shows that close encounters with nature create a direct, personal involvement with the outdoors that cannot be matched by classroom discussion or photos in a textbook. By modeling sustainable living, we build the foundation for future generations of active citizens who take care of their community.

- The 750KW American-made **Wind Turbine** generates power to offset a portion of the high school's annual electricity energy consumption.
- Our **Arboretum** is a walking tour that starts at the Wind Turbine and highlights a variety of tree species and memorial markers. The project was completed by a 2014 graduate as her Girl Scout Gold Award.
- The **Outdoor Classroom** brings learning to life. This gathering place with amphitheater style seating and stage, located behind Timmons Elementary School, provides an opportunity for students to integrate nature into a variety of subjects.
- **Kenston Trails** is a community supported project that encourages students and community members to enjoy outdoor physical activity. The 1.5 mile geo-friendly trails were designed to have a long lifespan with little maintenance. Funds from the King Family Trust allowed for the expansion of the running and walking path.
- **Solar Panels** located in the front of Kenston Intermediate School create a brighter future for our community. The solar arrays produce enough energy for six (6) energy efficient Ohio homes.

Play Blue – Health and Wellness

Academic and life success is linked to physical activity and nutrition. The School District has committed resources and curricular activities to educate and expose students to healthy lifestyle choices. Brain breaks, fitness rooms, increased recess and physical education periods are some of the ways we support this initiative. Through building activities, health and physical education classes and in collaboration with our food service provider, we strive to model healthy practices in School District decision-making. Building our capacity for the support of student mental and emotional wellness is a focus area for our district health and wellness committee.

Peaceful Environment at Kenston (PEAK)

PEAK is an essential affective component of a positive school culture for learning. This framework represents a belief system that expects all members of the Kenston community to behave in a manner towards themselves and others that instills a harmonious existence. Monthly character traits are identified and emphasized, a common logo is used, and district and building level PEAK committees use the Positive Behavioral Interventions and Supports (PBIS) framework to identify strategies to embed the goals of this program in everyday routines and expectations.

There is always an emphasis on student safety; with faculty reviews of A.L.I.C.E. training, development of the Emergency Plan, the addition of classroom trauma medical supplies, and parent education on internet safety as well as training on texting and driving. In addition, the School District implemented a system to check visitor identification badges against a national crime database. A review of the D.A.R.E. curriculum and collaborative efforts with the local police department identify the best methods to educate students on safe lifestyle choices. A resource office is present daily on campus to support the School District’s safety efforts.

College and Career Readiness

The School District is committed to preparing students for life beyond our campus. This is accomplished through the development of individual pathways for each student. In addition to suggested academic pathways, students have ongoing opportunities to participate in business and community visitations, shadowing experiences, internships, technical training, speaker series, and career fairs to guide them in decision-making for their future.

Specific programs which support College and Career Readiness include: Kenston, INC., a district committee with 6-12 representation, printed materials and a dedicated website for parent information, the addition of career tech courses at the Middle School and partnerships with local career centers and ESC’s for student services.

Kenston’s secondary program employs five (5) Counselors who have had training in academic and career advising. Additionally, the Counselors oversee the use of a digital platform, Naviance, in grades 6-12 which manages individual student records, career interests and college preparation activities.

College Credit Plus is a statewide program that allows students to earn college and high school credit simultaneously in a designated class offered on the Kenston campus or through community colleges or universities. The purpose of the program is to provide rigorous academic options to college ready students.

Significant Academic Achievements and Honors

Academic Achievements

Kenston students, as a whole, exhibit a strong and committed academic ability. Here are some of the Class of 2022 Graduate Highlights:

Graduates	231
Summa Cum Laude (All A’s)	20
Magna Cum Laude (Less than 4 B’s)	41
Cum Laude (Less than 8 B’s)	23
Honors Diplomas	96
Students completing coursework at Auburn Career Center	19
Community Service Awards (60 hours or more)	77
Presidential Education Awards	45
National Merit Finalists	1
National Merit Commended Scholars	4
Seal of Biliteracy	8
Eagle Scouts	4
Legacy Seniors	31
Attended since Kindergarten	135
AP Scholars	126

Additionally, eighty six percent (86%) of the graduating class plans to attend a two (2) or four-year (4) college or university spanning sixty five (65) institutions throughout twenty four (24) of the United States and fourteen percent (14%) plan to enter the workforce or join the military.

Honors

Best High Schools - U.S. News and World Report - 2017-2022 (KHS)
Green Ribbon Schools - Recognized nationally for providing effective environmental and sustainability education and reduced environmental impact.
Purple Star Award - Supporting Military Families - Ohio Department of Education (KMS)
Purple Star Award - Supporting Military Families - Ohio Department of Education (TES)
Niche - Best School - #1 in Geauga County #24 in Ohio - 2018-2022 (District)
5 Star rating - Step Up to Quality: Ohio Department of Education - PreK Program - 2020-2022
Medical Mutual Pillar Award for Community Service - for partnership and contributions with the Northern Ohio Chapter of "A Kid Again" charity.
PBIS (Positive Behavioral Interventions and Supports) Gold Award - (TES)
PBIS (Positive Behavioral Interventions and Supports) Bronze Award - (KMS)
PBIS (Positive Behavioral Interventions and Supports) Silver Award - (KHS)
One student selected for the OMEA All-State Band
One student had artwork recognized in the "top 25" in the Annual Governor's Youth Art Exhibition.
Two students had their artwork recognized with a Scholastic Gold Key Award.
One student was honored with a Scholastic Gold Key for his creative writing.
Janus, Literary Magazine, rated "Superior" by the National Council of Teachers of English, recognizing Excellence in Art and Literary Magazines.
Five students qualified for the 2022 National Speech and Debate Competition
Award of Distinction - Auditor of State - 2018-2021 (District)
GFOA Certificate of Achievement for Excellence in Financial Reporting - 20+ years

Long-Term Financial Planning

Annually, through a collaborative process, the administration assists the Board of Education in determining and prioritizing the needs of the School District. As a result of this process, the School District prepares a five-year financial forecast for the general operating fund of the District. The financial forecast is the foundation for the School District's operations and is used as a financial planning tool to assist the School District with short and long range financial planning which attempts to forecast the need for future educational and capital expenditures. The forecast provides a snapshot of the past three (3) fiscal year's actual revenue and expenses and projected revenue and expenses for the next five (5) years and is accompanied by the financial assumption notes. In accordance with State law, the Board of Education approves the financial forecast and submits it to the Ohio Department of Education prior to November 30th and updates it and submits again prior to May 31.

The most recent District five-year forecast (May, 2022) projects a positive cash balance of \$7.65 million at the end of Fiscal Year 2023, \$4.7 million at the end of Fiscal Year 2024, \$1.1 million at the end of Fiscal Year 2025 and a projected deficit of \$3.14 million at the end of Fiscal Year 2026. Based on this data and the guidelines outlined in Board Policy 6210 – Fiscal Planning, the District will need to consider corrective action for Fiscal Year 2024.

The Kenston Board of Education is committed to long-term financial planning and strongly supports this notion through its policy 6210 – Fiscal Planning (revised on April 11, 2022). This policy states as follows:

The Board of Education shall collect and assemble the information necessary to discharge its responsibility for the fiscal management of the School District and to plan for the financial needs of the educational program. The Board will strive toward maintaining both short and long range projections of District financial requirements.

Accordingly, the Board directs the Treasurer to:

- A. include cost estimates in all ongoing financial requirements;*
- B. prepare a long range year-by-year plan for the maintenance and replacement of facilities and equipment;*
- C. maintain a plan of anticipated local, State and Federal revenues;*
- D. report to the Board any serious financial implications that emerge from the District's ongoing fiscal planning.*

In addition, the Board directs the Treasurer to maintain annually a detailed five (5) year projection of estimated revenues and expenditures, as required by Policy 6231.

The Board hereby affirms and declares it to be the Board philosophy, in the interest of sound fiscal management, that tax levies may be pursued, and the school district's finances otherwise managed, to ensure a general fund cash balance equivalent to at least thirty (30) days of operating expenses (for the purpose of determining operating expenses the district shall use line 5.05 of the districts prior year five year forecast).

Promptly upon the official determination that such a cash balance may not be achieved within the first three years of the current five year forecast period, the Treasurer shall report such a finding to the Board along with options for recovery to be developed by the Treasurer and Superintendent no later than ninety (90) days from reporting such findings.

Financial Information

Internal Accounting and Controls

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

The School District utilizes an automated accounting and payroll system as designed by the State software development team. An internal controls system for capital assets is provided by an outside company. These systems, coupled with the manual auditing of each voucher prior to payment, ensures that the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the School District adopts either a temporary or permanent appropriation measure for that fiscal year. If a temporary appropriation measure is first adopted, the permanent appropriation measure must be adopted upon the receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within the first three months of the fiscal year.

Annual appropriations must not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the School District's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority. Budgets are controlled at the fund level. All purchases must be approved by the appropriate levels of authority and purchase orders are certified by the treasurer, encumbering the necessary funds. The State software accounting system used by the School District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date.

The School District maintains a cash management program that expedites the receipt of revenues and prudently deposits and invests available cash in obligations collateralized by instruments issued by the U.S. government, government agencies, corporations, or the State of Ohio, or insured by the Federal Deposit Insurance Corporation (FDIC) and/or the Securities Investor Protection Corporation (SIPC.)

Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of the budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimate resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than fiduciary funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the fund level. Any budgetary modifications are made by board resolution.

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

Financial Reporting

The School District's basic financial statements report on the financial activities as follows:

Government-wide financial statements: These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

Fund financial statements: The focus of fund financial statements is on major funds rather than reporting funds by type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and included reconciliation to the governmental activities accrual information presented in the governmental-wide financial statements. Enterprise and fiduciary funds use the accrual basis of accounting.

Statements of budgetary comparisons: These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this reporting model, management is responsible for preparing a Management Discussion and Analysis (MD&A) of the District. This discussion is presented in the financial section of this report and intended to be read in conjunction with the School District's MD&A.

Independent Audit

State statutes require the School District to be subjected to an annual examination either by the Auditor of State or an independent public accounting firm, if permitted by the Auditor of State. Ciuni & Panichi, Inc. rendered an opinion on the School District's financial statements as of June 30, 2022 and the Independent Auditor's Report on the basic financial statements is included in the financial section of this report. The independent audit was conducted by the firm of Ciuni & Panichi, Inc. and the goal was to provide reasonable assurance that the financial statements of the School District for the year ended June 30, 2022 are free of material misstatement.

Awards

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kenston Local School District for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The publication of this report significantly increases the accountability of the School District to the taxpayers. This accomplishment would not have been possible without the support and efforts of the staff of the Treasurer's Office and various administrators and employees of the School District. Assistance of the Geauga County Auditor's office staff and other outside agencies made possible the fair presentation of statistical data. Special appreciation is expressed to Julian & Grube, Inc., for assistance in planning, designing, and compiling this financial report. Finally, sincere appreciation is extended to the Board of Education for its interest in and support of this project.

Respectfully submitted,



Steven A. Sayers, Interim Superintendent



Paul J. Pestello, Treasurer

KENSTON LOCAL SCHOOL DISTRICT

BOARD OF EDUCATION

Mrs. Neysa Gaskins, J.D.	President
Mrs. Jennifer Troutman, J.D.	Vice President
Dr. Beth Krause, Ph.D.	Member
Mr. Thomas Manning	Member
Mr. Dennis Bergansky	Member

TREASURER

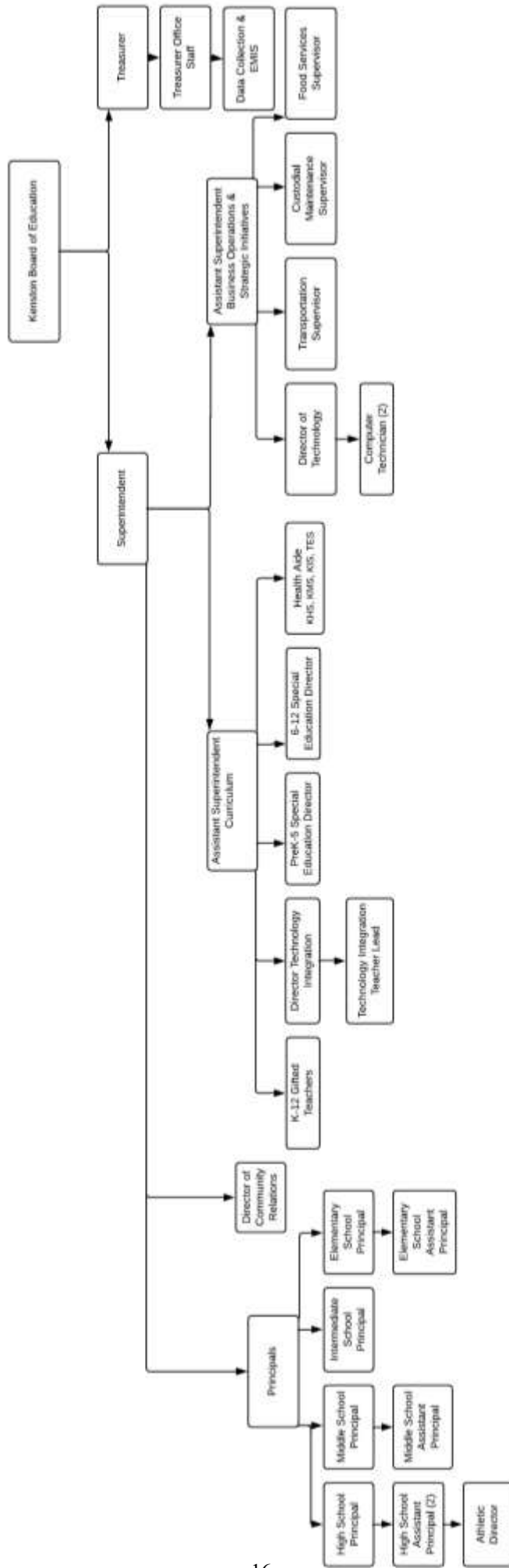
Mr. Paul Pestello

ADMINISTRATION

Mrs. Nancy R. Santilli	Superintendent
Mr. Steven A. Sayers	Interim Superintendent, beginning August 1, 2022
Mr. Jeremy McDevitt	Assistant Superintendent
Dr. Kathleen M. Poe, Ed.D.	Assistant Superintendent



KENSTON S C H O O L S





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Kenston Local School District
Ohio**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION



KENSTON
S C H O O L S

Independent Auditor's Report

Board of Education and Management
Kenston Local School District
Chagrin Falls, Ohio

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual fund statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance

Ciampi & Parricchi, Inc.

Cleveland, Ohio
December 29, 2022

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

The discussion and analysis of the Kenston Local 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, 2022. 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 transmittal letter, notes to the basic financial statements, and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- In total, net position increased \$5,076,538 from 2021's net position. Net position of governmental activities increased \$4,466,949 from 2021's net position. Business-type activities net position increased \$609,589 from 2021.
- General revenues accounted for \$42,943,079 in revenue or 88.73% of total revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$5,454,001 or 11.27% of total revenues.
- Total revenues for fiscal year 2022 were \$48,397,080. Of this total, \$46,098,399 was reported in the governmental activities and \$2,298,681 in the business-type activities.
- The School District had \$41,631,450 in expenses related to governmental activities; only \$3,354,590 of these expenses was offset by program specific charges for services, operating and capital grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$42,743,809 were adequate to provide for these programs.
- The School District's major governmental funds are the general fund and the bond retirement fund. The general fund had \$40,793,878 in revenues and other financing sources and \$40,721,338 in expenditures and other financing uses. During fiscal year 2022, the general fund's fund balance increased \$72,540 from a balance of \$13,618,141 to \$13,690,681.
- The bond retirement fund had \$3,632,746 in revenues and other financing sources and \$3,393,528 in expenditures. During fiscal year 2022, the bond retirement fund's fund balance increased \$239,218 from \$4,668,292 to \$4,907,510.

Using this Annual Financial Report

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

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2022?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current fund'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 that 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 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 District is divided into two distinct kinds of activities:

Governmental activities - Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The School District's food service, uniform school supplies, and adult education are reported as business activities.

The School District's statement of net position and statement of activities can be found on pages 37 - 39 of this report.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major governmental funds begins on page 32 and the analysis of the School District's enterprise funds begins on page 33. Fund financial reports provide detailed information about the School District's major funds.

The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and bond retirement fund. The School District did not have any major enterprise funds at June 30, 2022.

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 statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 40 - 44 of this report.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the School District as a whole. The basic proprietary fund financial statements can be found on pages 45 - 47 of this report.

Reporting the School District's Fiduciary Responsibilities

The School District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in custodial funds. The School District's fiduciary activities are reported in a separate statement of changes in fiduciary net position. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations. The School District's fiduciary activities had no activity during fiscal year 2022.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 49 - 96.

Required Supplementary Information

Required supplementary information concerning the School District's net pension liability and net OPEB liability/asset can be found on pages 98 - 116 of this report.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

The School District as a Whole

The statement of net position provides the perspective of the School District as a whole. The table below provides a summary of the School District's net position for 2022 and 2021. Certain 2021 amounts in governmental activities have been restated as described in Note 3.A.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	Restated 2021	2022	2021	2022	Restated 2021
Assets						
Current and other assets	\$ 52,972,607	\$ 56,651,649	\$ 701,450	\$ 239,837	\$ 53,674,057	\$ 56,891,486
Net OPEB asset	3,058,147	2,524,024	2,046	1,437	3,060,193	2,525,461
Capital assets, net	42,103,024	44,110,648	84,289	52,090	42,187,313	44,162,738
Total assets	98,133,778	103,286,321	787,785	293,364	98,921,563	103,579,685
Deferred outflows						
Unamortized deferred charges	567,599	696,112	-	-	567,599	696,112
Pension	9,397,852	7,761,152	168,120	116,830	9,565,972	7,877,982
OPEB	1,037,483	1,196,414	109,753	62,915	1,147,236	1,259,329
Total deferred outflows	11,002,934	9,653,678	277,873	179,745	11,280,807	9,833,423
Liabilities						
Current liabilities	5,999,426	6,105,786	96,326	108,207	6,095,752	6,213,993
Long-term liabilities						
Due within one year	3,102,747	3,029,238	-	-	3,102,747	3,029,238
Due in more than one year						
Net pension liability	24,728,110	45,812,591	514,690	782,707	25,242,800	46,595,298
Net OPEB liability	3,203,442	3,639,897	260,242	251,015	3,463,684	3,890,912
Other amounts	30,243,455	32,910,505	52,063	45,473	30,295,518	32,955,978
Total liabilities	67,277,180	91,498,017	923,321	1,187,402	68,200,501	92,685,419
Deferred inflows						
Property taxes	23,555,124	26,845,945	-	-	23,555,124	26,845,945
Unamortized deferred gain	587	678	-	-	587	678
Pension	19,655,485	784,407	316,012	91,585	19,971,497	875,992
OPEB	5,674,391	5,303,956	235,686	213,072	5,910,077	5,517,028
Total deferred inflows	48,885,587	32,934,986	551,698	304,657	49,437,285	33,239,643
Net position						
Net investment in capital assets	13,307,248	13,467,109	84,289	52,090	13,391,537	13,519,199
Restricted	4,982,876	4,049,245	-	-	4,982,876	4,049,245
Unrestricted (deficit)	(25,316,179)	(29,009,358)	(493,650)	(1,071,040)	(25,809,829)	(30,080,398)
Total net position (deficit)	\$ (7,026,055)	\$ (11,493,004)	\$ (409,361)	\$ (1,018,950)	\$ (7,435,416)	\$ (12,511,954)

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

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

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

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

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

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

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

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2022, the School District's liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by \$7,435,416.

At year-end, capital assets represented 42.65% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and intangible right to use assets. The net investment in capital assets at June 30, 2022, was \$13,391,537. These capital assets are used to provide services to the 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.

Current assets decreased due to a decrease in property taxes receivable as the School District expects to collect less tax revenue.

Deferred outflows related to pension increased primarily due to changes in assumptions by the State Teachers Retirement System (STRS). See Note 12 for more detail.

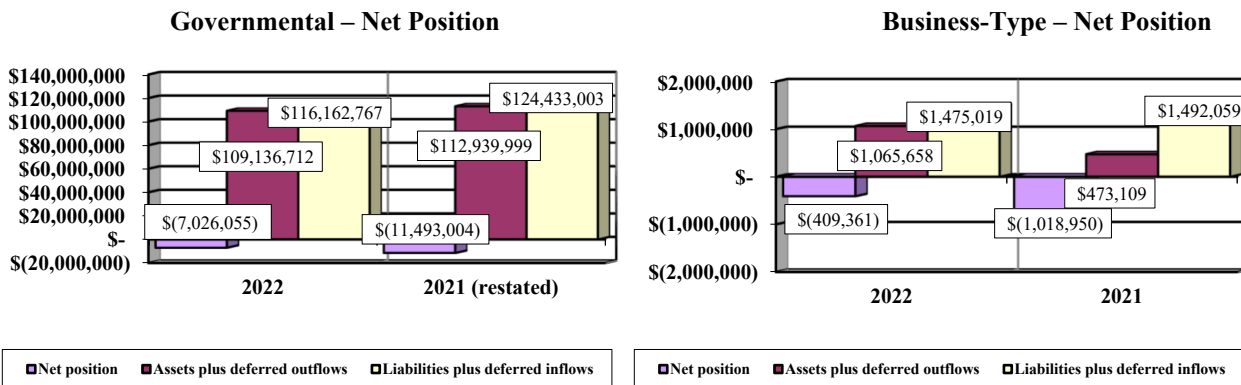
Total assets include a net OPEB asset reported by STRS. See Note 13 for more detail.

Long-term liabilities decreased primarily due to a decrease in the net pension liability. This liability is outside of the control of the School District. The School District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to School District employees, not the School District.

The net pension liability decreased \$21,352,498 or 45.83% and deferred inflows of resources related to pension increased \$19,095,505 or 2,179.87%. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Net investment income on investments at both pension systems exceeded estimates for the fiscal year 2021 measurement that are used for the fiscal year 2022 reporting which cause a large increase in fiduciary net position.

A portion of the School District's net position, \$4,983,876, represents resources that are subject to external restriction on how they may be used. The balance of unrestricted net position is a deficit of \$25,809,829, which is primarily caused by the reporting of the net pension liability and net OPEB liability.

The graphs below show the assets plus deferred outflows, liabilities plus deferred inflows and net position of the governmental activities and business-type activities at June 30, 2022 and 2021. Certain 2021 amounts in governmental activities have been restated as described in Note 3.A.



**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
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The table that follows shows the change in net position for fiscal years 2022 and 2021.

Change in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program revenues:						
Charges for services and sales	\$ 1,352,141	\$ 1,258,447	\$ 664,857	\$ 382,925	\$ 2,016,998	\$ 1,641,372
Operating grants and contributions	2,002,449	1,785,662	1,434,554	744,799	3,437,003	2,530,461
General revenues:						
Property taxes	35,243,828	38,314,024	-	-	35,243,828	38,314,024
Payments in lieu of taxes	145	201,143	-	-	145	201,143
Grants and entitlements	7,646,499	7,498,590	-	-	7,646,499	7,498,590
Investment earnings	(197,712)	44,086	1,205	-	(196,507)	44,086
Other	51,049	74,587	198,065	163,648	249,114	238,235
Total revenues	<u>46,098,399</u>	<u>49,176,539</u>	<u>2,298,681</u>	<u>1,291,372</u>	<u>48,397,080</u>	<u>50,467,911</u>
Expenses						
Instruction:						
Regular	16,965,327	18,895,342	-	-	16,965,327	18,895,342
Special	5,431,922	6,106,647	-	-	5,431,922	6,106,647
Vocational	472,772	418,010	-	-	472,772	418,010
Other	429,588	716,523	-	-	429,588	716,523
Support services:						
Pupil	2,401,146	2,581,368	-	-	2,401,146	2,581,368
Instructional staff	1,808,577	1,905,092	-	-	1,808,577	1,905,092
Board of education	108,344	66,257	-	-	108,344	66,257
Administration	2,511,034	2,996,386	-	-	2,511,034	2,996,386
Fiscal	1,324,888	1,302,804	-	-	1,324,888	1,302,804
Business	379,339	393,042	-	-	379,339	393,042
Operations and maintenance	3,996,398	4,006,711	-	-	3,996,398	4,006,711
Pupil transportation	3,242,602	3,199,845	-	-	3,242,602	3,199,845
Central	287,840	372,138	-	-	287,840	372,138
Operation of non-instructional services	3,086	87,048	-	-	3,086	87,048
Extracurricular activities	1,331,379	1,328,287	-	-	1,331,379	1,328,287
Interest and fiscal charges	937,208	863,738	-	-	937,208	863,738
Food service	-	-	1,178,838	899,173	1,178,838	899,173
Uniform school supplies	-	-	149,714	204,115	149,714	204,115
Adult education	-	-	360,540	161,747	360,540	161,747
Total expenses	<u>41,631,450</u>	<u>45,239,238</u>	<u>1,689,092</u>	<u>1,265,035</u>	<u>43,320,542</u>	<u>46,504,273</u>
Changes in net position	4,466,949	3,937,301	609,589	26,337	5,076,538	3,963,638
Net position at beginning of year	<u>(11,493,004)</u>	<u>(15,430,305)</u>	<u>(1,018,950)</u>	<u>(1,045,287)</u>	<u>(12,511,954)</u>	<u>(16,475,592)</u>
Net position at end of year	<u>\$ (7,026,055)</u>	<u>\$ (11,493,004)</u>	<u>\$ (409,361)</u>	<u>\$ (1,018,950)</u>	<u>\$ (7,435,416)</u>	<u>\$ (12,511,954)</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

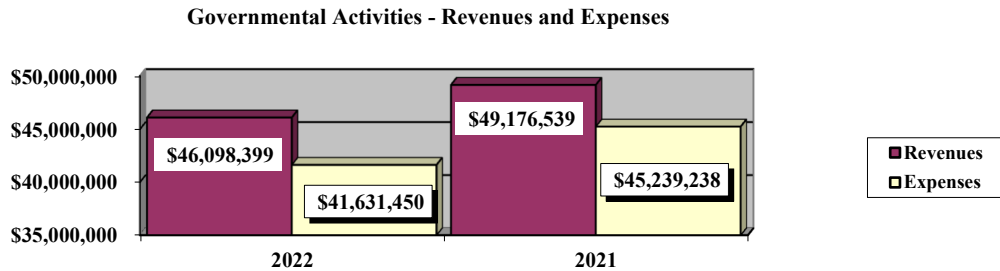
Governmental Activities

For fiscal year 2022, the net position of the School District’s governmental activities increased \$4,466,949 from 2021’s net position. Total governmental expenses of \$41,631,450 were partially offset by program revenues of \$3,354,590 and general revenues of \$42,743,809. Program revenues supported 8.06% of the total governmental expenses.

Revenues decreased due to a decrease in property taxes. In response to the COVID-19 pandemic, Geauga County, Ohio received approval from the Ohio Tax Commissioner to extend the due date of the second half 2020 real estate tax payments. As a result of the extension, the amount of property taxes collected by Geauga County and available as advance to the District changed dramatically from 2020 - 2021. The amounts of taxes collected and available as advance were \$8,944,628, \$8,058,776 and \$3,796,413 at June 30, 2022, 2021, and 2020, respectively. These amounts are reported as tax revenue by the District. Interest earnings decreased due to a loss in fair value of the School District’s investments. The School District intends to hold investments to maturity to mitigate the risk of fair value loss. The School District also received money from the Elementary and Secondary School Emergency Relief (ESSER) program to combat COVID-19.

Overall, expenses of the governmental activities decreased \$3,607,788 or 7.97%. This decrease is primarily the result of a decrease in pension expense. Pension expense decreased approximately \$5,770,880. This decrease was the result of a decrease in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to an increase in net investment income on investments compared to previous years.

The graph below presents the School District’s governmental activities revenue and expenses for fiscal year 2022 and 2021.



**KENSTON LOCAL SCHOOL DISTRICT
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MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
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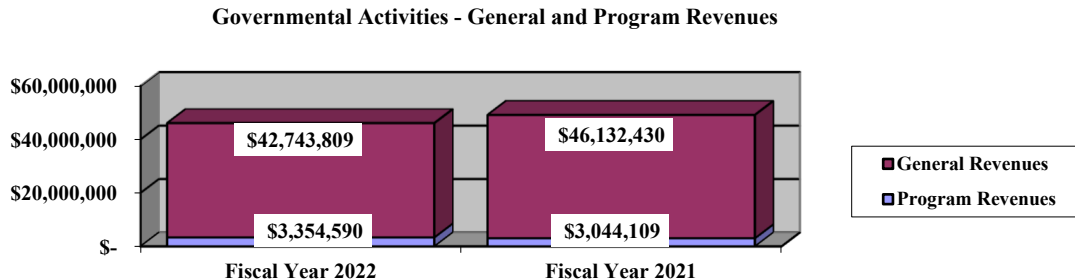
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2022 and 2021. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As stated above, fluctuations in the pension expense reported under GASB 68 and GASB 75 makes it difficult to compare financial information between years.

Governmental Activities

	Total Cost of Services <u>2022</u>	Net Cost of Services <u>2022</u>	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>
Program expenses:				
Instruction:				
Regular	\$ 16,965,327	\$ 16,093,046	\$ 18,895,342	\$ 17,921,547
Special	5,431,922	4,605,302	6,106,647	5,329,049
Vocational	472,772	472,421	418,010	417,191
Other	429,588	429,588	716,523	716,523
Support services:				
Pupil	2,401,146	1,929,067	2,581,368	2,322,634
Instructional staff	1,808,577	1,709,635	1,905,092	1,826,337
Board of education	108,344	108,344	66,257	66,257
Administration	2,511,034	2,503,014	2,996,386	2,828,049
Fiscal	1,324,888	1,324,888	1,302,804	1,302,804
Business	379,339	379,339	393,042	393,042
Operations and maintenance	3,996,398	3,607,393	4,006,711	3,722,676
Pupil transportation	3,242,602	2,947,261	3,199,845	3,034,646
Central	287,840	287,295	372,138	372,138
Operation of non-instructional services	3,086	2,371	87,048	5,851
Extracurricular activities	1,331,379	940,688	1,328,287	1,072,647
Interest and fiscal charges	<u>937,208</u>	<u>937,208</u>	<u>863,738</u>	<u>863,738</u>
Total expenses	<u>\$ 41,631,450</u>	<u>\$ 38,276,860</u>	<u>\$ 45,239,238</u>	<u>\$ 42,195,129</u>

The dependence upon tax revenues during fiscal year 2022 for governmental activities is apparent, as 92.71% of 2022 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 91.94%. The School District’s taxpayers and unrestricted grants and entitlements from the State of Ohio, are the primary support for School District’s students.

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



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Business-type Activities

Business-type activities include food service operation, uniform school supplies and adult education. These programs had revenues of \$2,298,681 and expenses of \$1,689,092 for fiscal year 2022. Management reviews these programs to develop policies to allow these services to become self-supporting, exclusive of the impact of the reporting related to GASB 68 and GASB 75 as previously discussed.

The School District's Funds

Governmental Funds

The School District's governmental funds reported a combined fund balance of \$19,503,480, which is more than last year's fund balance of \$18,895,925.

The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2022 and 2021.

	Fund Balance <u>June 30, 2022</u>	Fund Balance <u>June 30, 2021</u>	<u>Change</u>
General	\$ 13,690,681	\$ 13,618,141	\$ 72,540
Bond retirement	4,907,510	4,668,292	239,218
Other governmental	<u>905,289</u>	<u>609,492</u>	<u>295,797</u>
Total	<u>\$ 19,503,480</u>	<u>\$ 18,895,925</u>	<u>\$ 607,555</u>

General Fund

The School District's general fund balance increased \$72,540. The table that follows assists in illustrating the revenues of the general fund.

	<u>2022</u> <u>Amount</u>	<u>2021</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Revenues				
Property taxes	\$ 32,004,183	\$ 34,442,990	\$ (2,438,807)	(7.08) %
Intergovernmental	7,866,239	7,374,675	491,564	6.67 %
Investment earnings	(199,064)	53,673	(252,737)	(470.88) %
Tuition and fees	974,369	1,052,355	(77,986)	(7.41) %
Other revenues	<u>113,370</u>	<u>328,154</u>	<u>(214,784)</u>	<u>(65.45) %</u>
Total	<u>\$ 40,759,097</u>	<u>\$ 43,251,847</u>	<u>\$ (2,492,750)</u>	<u>(5.76) %</u>

In total, revenues decreased \$2,492,750 or 5.76% from 2021. This decrease was primarily due to a decrease in property tax revenues. Property taxes revenue decreased \$2,438,807 or 7.08%. In response to the COVID-19 pandemic, Geauga County, Ohio received approval from the Ohio Tax Commissioner to extend the due date of the second half 2020 real estate tax payments. As a result of the extension, the amount of property taxes collected by Geauga County and available as advance to the District at June 30, 2022 changed dramatically. The amounts of taxes collected and available as advance to the general fund were \$8,129,491, \$7,174,236 and \$3,382,435 at June 30, 2022, 2021, and 2020, respectively. These amounts are reported as tax revenue by the District. Intergovernmental revenues increased due to an increase in foundation payments received from the State of Ohio. Earnings on investment decreased \$252,737 or 470.88% due to increased interest rates on the District's investments causing the fair value of the investments held to decrease. Tuition decreased due to a decrease in open enrollment revenue. Other revenues decreased due to decreased payments in lieu of taxes.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)

	<u>2022</u> <u>Amount</u>	<u>2021</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>				
Instruction	\$ 23,236,306	\$ 23,192,109	\$ 44,197	0.19 %
Support services	15,659,934	14,958,226	701,708	4.69 %
Operation of non-instructional services	1,689	1,575	114	7.24 %
Extracurricular activities	938,713	862,454	76,259	8.84 %
Facilities acquisition and construction	-	1,246	(1,246)	(100.00) %
Debt service	<u>87,696</u>	<u>-</u>	<u>87,696</u>	100.00 %
Total	<u>\$ 39,924,338</u>	<u>\$ 39,015,610</u>	<u>\$ 908,728</u>	2.33 %

In total, expenditures increased \$908,728 or 2.33% from 2021. Support services increased due to increases in operations and maintenance and pupil transportation expenses due to routine maintenance and repair. Extracurricular activities increased due to increased participation during the fiscal year. All expenditures remained comparable to fiscal year 2021 or were insignificant in amount.

Bond Retirement Fund

The bond retirement fund had \$3,632,746 in revenues and other financing sources and \$3,393,528 in expenditures. During fiscal year 2022, the bond retirement fund's fund balance increased \$239,218 from \$4,668,292 to \$4,907,510.

Enterprise Funds

The School District's enterprise funds reported operating revenues of \$862,922, operating expenses of \$1,689,092 and nonoperating revenues of \$1,435,759. Net position of the enterprise funds increased \$609,589 from a deficit of \$1,018,950 to a deficit of \$409,361. The enterprise funds reported an operating loss of \$826,170. Nonoperating revenues of \$1,435,759 were sufficient to report a positive change in net position. In fiscal year 2022, the School District received money from the American Rescue Plan Act program to help with the School District's food service program.

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.

For the general fund, the original and final budgeted revenue and other financing sources were \$39,557,000 and \$40,618,605, respectively. Actual revenue and other financing sources were \$40,827,725, which was a \$209,120 increase from final budgeted amounts.

The original budgeted expenditures and other financing uses were \$42,283,983. Final budgeted expenditures and other financing uses were \$42,807,983, which was a \$524,000 increase from original budgeted expenditures. Total actual expenditures and other financing uses on the budget basis (cash outlays plus encumbrances) were \$41,846,485. This amount was \$961,498 less than the final budgeted amount (appropriations plus prior year encumbrances) mainly due to a decrease in regular instruction services.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
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Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the School District had \$42,187,313 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, intangible right to use assets. The following table shows fiscal year 2022 balances compared to 2021. The capital assets at June 30, 2021 have been restated as described in Note 3.

Capital Assets at June 30 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2022	Restated 2021	2022	2021	2022	Restated 2021
Land	\$ 1,321,516	\$ 1,321,516	\$ -	\$ -	\$ 1,321,516	\$ 1,321,516
Land improvements	4,841,476	5,362,745	-	-	4,841,476	5,362,745
Buildings and improvements	33,853,720	34,891,293	-	-	33,853,720	34,891,293
Furniture and equipment	459,225	456,082	84,289	52,090	543,514	508,172
Vehicles	1,541,631	1,743,224	-	-	1,541,631	1,743,224
Intangible right to use	85,456	170,912	-	-	85,456	170,912
Construction in progress	-	164,876	-	-	-	164,876
Total	<u>\$ 42,103,024</u>	<u>\$ 44,110,648</u>	<u>\$ 84,289</u>	<u>\$ 52,090</u>	<u>\$ 42,187,313</u>	<u>\$ 44,162,738</u>

Overall capital assets, net of accumulated depreciation, decreased \$1,975,425 from fiscal year 2021 to fiscal year 2022. Capital outlays of \$533,131 were exceeded by depreciation expense of \$2,325,007 and disposals, net of depreciation and expensed construction in progress of \$183,549 during the year. See Note 8 to the basic financial statements for more detail on the School District's capital assets.

Debt Administration

At June 30, 2022, the School District has \$29,776,569 in long-term debt outstanding (excluding unamortized bond discounts and premiums). Of this total, \$2,824,667 is due within one year and \$26,951,902 is due in greater than one year. The outstanding debt at June 30, 2021 has been restated as described in Note 3.A. The following table summarizes outstanding long-term debt:

Outstanding Debt, at Year End

	Governmental Activities 2022	Restated Governmental Activities 2021
General obligation bonds	\$ 29,690,375	\$ 32,196,608
Lease payable	86,194	170,912
Total	<u>\$ 29,776,569</u>	<u>\$ 32,367,520</u>

See Note 9 to the basic financial statements for more detail on the School District's long-term obligations.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

Current Financial Related Activities

Kenston Local School District is a high performing school district that serves the communities of Bainbridge and Auburn Townships. The Kenston Board of Education, faculty, and staff are committed to a tradition of providing a high-quality education to all students through academic programs that provide opportunities for all students to reach their full potential. The School District has a responsibility to be accountable for the resources afforded to it from local, state, and federal sources. Additionally, the School District has a responsibility to ensure that those resources are efficiently deployed to maximize the value each student receives in the classroom.

The Kenston Local School District receives State Foundation funding aid from the State of Ohio on a "Guarantee" basis. The current state funding formula allows school districts that are relatively higher in property wealth to receive a guaranteed minimum amount of state funding. This provides stability in state funding for higher wealth school districts. Historically the School District has received approximately \$4 million annual in State Foundation funding. However, in fiscal year 2020 the district received just under \$3.6 million due to a reduction imposed by the Governor resulting from declining state revenue as a result of the implications of the COVID-19 pandemic. The State Budget for fiscal year 2022 presented a host of changes related to school funding. In fiscal year 2022, the district received just under \$3.9 million in categorical funding. Categorical funding included: Base Cost, Student Wellness, Targeted Assistance, Special Education, Disadvantage Pupils (DPIA), English Learners, Gifted, Career Technical Education, Temporary Transitional Aid, Special Education Preschool and Special Education Transportation. State Foundation funding typically accounts for less than 10% of General Fund revenue each year.

The Kenston Local School District like so many others in the State, depends heavily on real estate tax dollars paid by local property owners. The General Fund receives just under 80% of its yearly revenue from real estate taxes paid on residential, agricultural, commercial, industrial and public utility properties. While property values declined during the recession, property values have steadily risen since calendar year 2012 from \$753,608,890 to \$932,630,920 in calendar year 2021 with larger increases occurring in calendar year 2017 (nearly 4%) and again in calendar year 2020 (just over 10%). Overall property values are expected to continue to increase over the next few years.

In May 2015 the School District passed its first operating levy since 2005. The combination \$10 million Bond Issue and continuing 4.0 mills for operating expenses became effective in January 2016. The typical cycle of an operating levy is one in which the School District's revenue will exceed expenditures in the beginning, but as time goes on the District will experience deficit spending whereby yearly expenditures will exceed yearly revenue. A key indicator that additional funding is needed to sustain current programming is when deficit spending begins to occur and continues for at least a two (2) year period.

The School District first realized deficit spending of nearly \$1 million in fiscal year 2017. In fiscal year 2018, the District realized a surplus of nearly \$850,000, but again realized deficit spending of just over \$1.3 million in fiscal year 2019. The District realized a surplus of only \$14,000 in fiscal year 2020 and has seen deficit spending in fiscal year 2021 and fiscal year 2022 of just over \$800,000 and nearly \$800,000, respectively. The five-year forecast approved in May 2022 projects deficit spending in fiscal years 2023 through 2026.

The School District sought a 6.5 mill combination General Operating Levy (4.75 mills) and Permanent Improvement Levy (1.75 mills) in May 2021 to address the current financial condition presented in the 5-year forecast submitted in September 2020. The community overwhelmingly defeated this issue by almost a 3 to 1 margin. As a result of this defeat, the Board of Education along with Administration chose not to place a levy on the ballot in November 2021.

The School District relies on prudent financial management in order to maintain a strong financial position in a climate of uncertainty with respect to State funding and growing economically challenging times. Cost containment measures are investigated often in an effort to conserve funding for where it is needed most. The School District's Five-Year Forecast and assumptions are a crucial element in understanding the School District's financial condition. The most recent financial forecast approved in May 2022 projected positive year end cash balances through fiscal year 2025 (June 30, 2025). In order to preserve its commitment to providing an excellent education to every student in the Kenston Local School District, the Board of Education may seek a ballot issue sometime during calendar year 2024.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

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 about this report or need additional information, contact Paul Pestello, Treasurer at Kenston Local School District, 17419 Snyder Road, Chagrin Falls, Ohio 44023 or e-mail at paul.pestello@kenstonapps.org.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash, cash equivalents, and investments	\$ 18,943,932	\$ 686,825	\$ 19,630,757
Receivables:			
Property taxes	33,680,822	-	33,680,822
Accounts	3,414	993	4,407
Accrued interest	21,718	-	21,718
Intergovernmental	136,969	-	136,969
Prepayments	148,607	-	148,607
Materials and supplies inventory	35,045	6,087	41,132
Inventory held for resale	-	9,645	9,645
Internal balance	2,100	(2,100)	-
Net OPEB asset	3,058,147	2,046	3,060,193
Capital assets:			
Nondepreciable capital assets	1,321,516	-	1,321,516
Depreciable capital assets, net	40,781,508	84,289	40,865,797
Capital assets, net	<u>42,103,024</u>	<u>84,289</u>	<u>42,187,313</u>
Total assets	<u>98,133,778</u>	<u>787,785</u>	<u>98,921,563</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	567,599	-	567,599
Pension	9,397,852	168,120	9,565,972
OPEB	1,037,483	109,753	1,147,236
Total deferred outflows of resources	<u>11,002,934</u>	<u>277,873</u>	<u>11,280,807</u>
Liabilities:			
Accounts payable	136,134	-	136,134
Accrued wages and benefits payable	4,229,095	79,169	4,308,264
Intergovernmental payable	116,871	830	117,701
Pension and postemployment benefits payable	665,657	16,327	681,984
Accrued interest payable	145,183	-	145,183
Claims payable	706,486	-	706,486
Long-term liabilities:			
Due within one year	3,102,747	-	3,102,747
Due in more than one year:			
Net pension liability	24,728,110	514,690	25,242,800
Net OPEB liability	3,203,442	260,242	3,463,684
Other amounts due in more than one year	30,243,455	52,063	30,295,518
Total liabilities	<u>67,277,180</u>	<u>923,321</u>	<u>68,200,501</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	23,555,124	-	23,555,124
Unamortized deferred gain on debt refunding	587	-	587
Pension	19,655,485	316,012	19,971,497
OPEB	5,674,391	235,686	5,910,077
Total deferred inflows of resources	<u>48,885,587</u>	<u>551,698</u>	<u>49,437,285</u>
Net position:			
Net investment in capital assets	13,307,248	84,289	13,391,537
Restricted for:			
Capital projects	639,266	-	639,266
Debt service	3,852,878	-	3,852,878
State funded programs	6,752	-	6,752
Student activities	401,329	-	401,329
Other purposes	82,651	-	82,651
Unrestricted (deficit)	<u>(25,316,179)</u>	<u>(493,650)</u>	<u>(25,809,829)</u>
Total net position (deficit)	<u>\$ (7,026,055)</u>	<u>\$ (409,361)</u>	<u>\$ (7,435,416)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental activities:			
Instruction:			
Regular	\$ 16,965,327	\$ 651,730	\$ 220,551
Special	5,431,922	327,544	499,076
Vocational	472,772	-	351
Other	429,588	-	-
Support services:			
Pupil	2,401,146	21,972	450,107
Instructional staff	1,808,577	7,246	91,696
Board of education	108,344	-	-
Administration	2,511,034	-	8,020
Fiscal	1,324,888	-	-
Business	379,339	-	-
Operations and maintenance	3,996,398	-	389,005
Pupil transportation	3,242,602	-	295,341
Central	287,840	268	277
Operation of non-instructional services	3,086	-	715
Extracurricular activities	1,331,379	343,381	47,310
Interest and fiscal charges	937,208	-	-
Total governmental activities	41,631,450	1,352,141	2,002,449
Business-type activities:			
Food service	1,178,838	321,964	1,434,554
Uniform school supplies	149,714	128,603	-
Adult education	360,540	214,290	-
Total business-type activities	1,689,092	664,857	1,434,554
Totals	\$ 43,320,542	\$ 2,016,998	\$ 3,437,003

General revenues:

Property taxes levied for:

 General purposes

 Debt service

Payments in lieu of taxes

Grants and entitlements not restricted
to specific programs

Investment earnings

(Decrease) in fair value of investments

Miscellaneous

Total general revenues

Change in net position

Net position (deficit) at beginning of year

Net position (deficit) at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ (16,093,046)	\$ -	\$ (16,093,046)
(4,605,302)	-	(4,605,302)
(472,421)	-	(472,421)
(429,588)	-	(429,588)
(1,929,067)	-	(1,929,067)
(1,709,635)	-	(1,709,635)
(108,344)	-	(108,344)
(2,503,014)	-	(2,503,014)
(1,324,888)	-	(1,324,888)
(379,339)	-	(379,339)
(3,607,393)	-	(3,607,393)
(2,947,261)	-	(2,947,261)
(287,295)	-	(287,295)
(2,371)	-	(2,371)
(940,688)	-	(940,688)
(937,208)	-	(937,208)
<u>(38,276,860)</u>	<u>-</u>	<u>(38,276,860)</u>
-	577,680	577,680
-	(21,111)	(21,111)
-	(146,250)	(146,250)
<u>-</u>	<u>410,319</u>	<u>410,319</u>
<u>(38,276,860)</u>	<u>410,319</u>	<u>(37,866,541)</u>
32,106,289	-	32,106,289
3,137,539	-	3,137,539
145	-	145
7,646,499	-	7,646,499
156,101	1,205	157,306
(353,813)	-	(353,813)
51,049	198,065	249,114
<u>42,743,809</u>	<u>199,270</u>	<u>42,943,079</u>
4,466,949	609,589	5,076,538
<u>(11,493,004)</u>	<u>(1,018,950)</u>	<u>(12,511,954)</u>
<u>\$ (7,026,055)</u>	<u>\$ (409,361)</u>	<u>\$ (7,435,416)</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash				
cash equivalents, and investments	\$ 9,972,055	\$ 4,092,373	\$ 1,664,804	\$ 15,729,232
Receivables:				
Property taxes	30,758,140	2,922,682	-	33,680,822
Accounts	2,214	-	1,200	3,414
Accrued interest	21,718	-	-	21,718
Interfund loans	643,040	-	-	643,040
Intergovernmental	20,055	-	116,914	136,969
Materials and supplies inventory	35,045	-	-	35,045
Total assets	<u>\$ 41,452,267</u>	<u>\$ 7,015,055</u>	<u>\$ 1,782,918</u>	<u>\$ 50,250,240</u>
Liabilities:				
Accounts payable	\$ 125,368	\$ -	\$ 10,766	\$ 136,134
Accrued wages and benefits payable	4,129,950	-	99,145	4,229,095
Compensated absences payable	96,004	-	-	96,004
Intergovernmental payable	115,704	-	1,167	116,871
Pension and postemployment benefits payable	654,331	-	11,326	665,657
Interfund loans payable	-	-	640,940	640,940
Total liabilities	<u>5,121,357</u>	<u>-</u>	<u>763,344</u>	<u>5,884,701</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	21,520,295	2,034,829	-	23,555,124
Delinquent property tax revenue not available	1,108,354	72,716	-	1,181,070
Intergovernmental revenue not available	-	-	114,285	114,285
Accrued interest not available	11,580	-	-	11,580
Total deferred inflows of resources	<u>22,640,229</u>	<u>2,107,545</u>	<u>114,285</u>	<u>24,862,059</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	35,045	-	-	35,045
Unclaimed funds	13,322	-	-	13,322
Restricted:				
Debt service	-	4,907,510	-	4,907,510
Capital improvements	-	-	639,266	639,266
State funded programs	-	-	6,752	6,752
Extracurricular	-	-	401,329	401,329
Other purposes	-	-	69,329	69,329
Committed:				
Capital improvements	-	-	15,013	15,013
Assigned:				
Student and staff support	422,770	-	-	422,770
Subsequent year's appropriations	1,897,000	-	-	1,897,000
Unassigned (deficit)	11,322,544	-	(226,400)	11,096,144
Total fund balances	<u>13,690,681</u>	<u>4,907,510</u>	<u>905,289</u>	<u>19,503,480</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 41,452,267</u>	<u>\$ 7,015,055</u>	<u>\$ 1,782,918</u>	<u>\$ 50,250,240</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

Total governmental fund balances		\$	19,503,480
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			42,103,024
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	1,181,070	
Accrued interest receivable		11,580	
Intergovernmental receivable		114,285	
Total		114,285	1,306,935
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 on the statement of net position.			2,656,821
Unamortized premiums on bonds issued are not recognized in the funds.			(585,932)
Unamortized amounts on refundings are not recognized in the funds.			567,599
Unamortized gains on refundings are not recognized in the funds.			(587)
Unamortized discount on bonds issued are not recognized in the funds.			16,046
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(145,183)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		9,397,852	
Deferred inflows - pension		(19,655,485)	
Net pension liability		(24,728,110)	
Deferred outflows - OPEB		1,037,483	
Deferred inflows - OPEB		(5,674,391)	
Net OPEB asset		3,058,147	
Net OPEB liability		(3,203,442)	
Total		(3,203,442)	(39,767,946)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(29,690,375)	
Lease payable		(86,194)	
Compensated absences		(2,903,743)	
Total		(32,680,312)	(32,680,312)
Net position of governmental activities		\$	(7,026,055)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 32,004,183	\$ 3,143,994	\$ -	\$ 35,148,177
Intergovernmental	7,866,239	346,752	1,665,418	9,878,409
Investment earnings	154,749	-	-	154,749
Tuition and fees	974,369	-	-	974,369
Extracurricular	41,048	-	330,462	371,510
Charges for services	-	-	6,262	6,262
Contributions and donations	29,578	-	51,174	80,752
Payment in lieu of taxes	145	-	-	145
Miscellaneous	42,599	-	21,621	64,220
(Decrease) in fair value of investments	(353,813)	-	-	(353,813)
Total revenues	<u>40,759,097</u>	<u>3,490,746</u>	<u>2,074,937</u>	<u>46,324,780</u>
Expenditures:				
Current:				
Instruction:				
Regular	16,738,678	-	235,620	16,974,298
Special	5,560,435	-	300,528	5,860,963
Vocational	484,907	-	-	484,907
Other	452,286	-	-	452,286
Support services:				
Pupil	2,262,712	-	369,182	2,631,894
Instructional staff	1,828,519	-	94,611	1,923,130
Board of education	110,211	-	-	110,211
Administration	2,749,399	-	9,786	2,759,185
Fiscal	1,337,658	52,069	-	1,389,727
Business	403,060	-	-	403,060
Operations and maintenance	3,713,911	-	590,627	4,304,538
Pupil transportation	2,943,957	-	307,516	3,251,473
Central	310,507	-	-	310,507
Operation of non-instructional services	1,689	-	-	1,689
Extracurricular activities	938,713	-	510,620	1,449,333
Facilities acquisition and construction	-	-	15,650	15,650
Debt service:				
Principal retirement	84,718	1,699,666	-	1,784,384
Interest and fiscal charges	2,978	631,793	-	634,771
Accretion on capital appreciation bonds	-	1,010,000	-	1,010,000
Total expenditures	<u>39,924,338</u>	<u>3,393,528</u>	<u>2,434,140</u>	<u>45,752,006</u>
Excess of revenues over (under) expenditures	<u>834,759</u>	<u>97,218</u>	<u>(359,203)</u>	<u>572,774</u>
Other financing sources (uses):				
Insurance proceeds	34,781	-	-	34,781
Transfers in	-	142,000	655,000	797,000
Transfers (out)	(797,000)	-	-	(797,000)
Total other financing sources (uses)	<u>(762,219)</u>	<u>142,000</u>	<u>655,000</u>	<u>34,781</u>
Net change in fund balances	72,540	239,218	295,797	607,555
Fund balances at beginning of year	<u>13,618,141</u>	<u>4,668,292</u>	<u>609,492</u>	<u>18,895,925</u>
Fund balances at end of year	<u>\$ 13,690,681</u>	<u>\$ 4,907,510</u>	<u>\$ 905,289</u>	<u>\$ 19,503,480</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

Net change in fund balances - total governmental funds	\$	607,555
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.		
Capital asset additions	\$ 496,162	
Construction in progress expensed	(164,876)	
Current year depreciation/amortization	(2,320,237)	
Total		(1,988,951)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(18,673)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	95,651	
Earnings on investments	1,352	
Intergovernmental	(358,165)	
Total		(261,162)
Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
Bonds	1,699,666	
Accretion on capital appreciation bonds	1,010,000	
Lease payable	84,718	
Total		2,794,384
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	2,493	
Accreted interest on capital appreciation bonds	(203,433)	
Amortization of bond premiums	27,615	
Amortization of bond discounts	(690)	
Amortization of deferred gain	91	
Amortization of deferred charges	(128,513)	
Total		(302,437)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	3,355,240	
OPEB	100,161	
Total		3,455,401
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	494,863	
OPEB	341,051	
Total		835,914
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(141,869)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		(513,213)
Change in net position of governmental activities	\$	4,466,949

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 30,635,605	\$ 31,048,931	\$ 31,048,931	\$ -
Intergovernmental	7,718,197	7,818,591	7,822,329	3,738
Investment earnings	155,226	155,000	157,320	2,320
Tuition and fees	960,552	775,000	973,512	198,512
Contributions and donations	705	-	715	715
Payment in lieu of taxes	143	145	145	-
Miscellaneous	86,572	85,000	87,740	2,740
Total revenues	<u>39,557,000</u>	<u>39,882,667</u>	<u>40,090,692</u>	<u>208,025</u>
Expenditures:				
Current:				
Instruction:				
Regular	17,461,564	17,094,963	16,903,095	191,868
Special	5,542,898	5,650,068	5,534,528	115,540
Vocational	441,497	499,497	484,548	14,949
Other	544,000	482,000	456,978	25,022
Support services:				
Pupil	2,381,456	2,348,046	2,249,558	98,488
Instructional staff	2,168,041	2,036,097	1,925,722	110,375
Board of education	105,500	140,000	122,222	17,778
Administration	2,903,729	2,876,564	2,801,801	74,763
Fiscal	1,353,151	1,379,151	1,349,902	29,249
Business	420,100	429,100	417,296	11,804
Operations and maintenance	3,841,822	4,017,122	3,861,707	155,415
Pupil transportation	2,934,341	3,009,791	2,975,118	34,673
Central	356,369	368,369	340,239	28,130
Operation of non-instructional services	-	3,000	1,689	1,311
Extracurricular activities	909,515	977,515	932,042	45,473
Facilities acquisition and construction	-	2,000	-	2,000
Total expenditures	<u>41,363,983</u>	<u>41,313,283</u>	<u>40,356,445</u>	<u>956,838</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,806,983)</u>	<u>(1,430,616)</u>	<u>(265,753)</u>	<u>1,164,863</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	65,000	65,902	902
Transfers in	-	50,000	50,000	-
Transfers (out)	(800,000)	(850,000)	(847,000)	3,000
Advances in	-	558,938	558,938	-
Advances (out)	(120,000)	(644,700)	(643,040)	1,660
Sale of capital assets	-	62,000	62,193	193
Total other financing sources (uses)	<u>(920,000)</u>	<u>(758,762)</u>	<u>(753,007)</u>	<u>5,755</u>
Net change in fund balance	(2,726,983)	(2,189,378)	(1,018,760)	1,170,618
Fund balance at beginning of year	10,443,605	10,443,605	10,443,605	-
Prior year encumbrances appropriated	283,983	283,983	283,983	-
Fund balance at end of year	<u>\$ 8,000,605</u>	<u>\$ 8,538,210</u>	<u>\$ 9,708,828</u>	<u>\$ 1,170,618</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Assets:		
Current assets:		
Equity in pooled cash, cash equivalents, and investments	\$ 686,825	\$ 3,214,700
Receivables:		
Accounts	993	-
Prepayments	-	148,607
Materials and supplies inventory	6,087	-
Inventory held for resale	9,645	-
Total current assets	703,550	3,363,307
Noncurrent assets:		
Net OPEB asset	2,046	-
Depreciable capital assets, net	84,289	-
Total noncurrent assets	86,335	-
Total assets	789,885	3,363,307
Deferred outflows of resources:		
Pension	168,120	-
OPEB	109,753	-
Total deferred outflows of resources	277,873	-
Liabilities:		
Current:		
Accrued wages and benefits	79,169	-
Pension and postemployment benefits payable	16,327	-
Interfund loan payable	2,100	-
Intergovernmental payable	830	-
Claims payable	-	706,486
Total current liabilities	98,426	706,486
Long-term liabilities:		
Compensated absences payable	52,063	-
Net pension liability	514,690	-
Net OPEB liability	260,242	-
Total long-term liabilities	826,995	-
Total liabilities	925,421	706,486
Deferred inflows of resources:		
Pension	316,012	-
OPEB	235,686	-
Total deferred inflows of resources	551,698	-
Net position:		
Investment in capital assets	84,289	-
Unrestricted (deficit)	(493,650)	2,656,821
Total net position (deficit)	\$ (409,361)	\$ 2,656,821

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Operating revenues:		
Tuition and fees	\$ 128,603	\$ -
Charges for services	536,254	7,401,907
Other	198,065	-
Total operating revenues	862,922	7,401,907
Operating expenses:		
Personal services	617,675	28,786
Purchased services	210,631	-
Materials and supplies	849,756	-
Other	6,260	-
Claims	-	7,886,334
Depreciation	4,770	-
Total operating expenses	1,689,092	7,915,120
Operating (loss)	(826,170)	(513,213)
Nonoperating revenues:		
Grants and subsidies	1,361,768	-
Interest revenue	1,205	-
Federal donated commodities	72,786	-
Total nonoperating revenues	1,435,759	-
Change in net position	609,589	(513,213)
Net position (deficit) at beginning of year	(1,018,950)	3,170,034
Net position (deficit) at end of year	\$ (409,361)	\$ 2,656,821

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Total Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from tuition and fees	\$ 127,640	\$ -
Cash received from charges for services	643,352	7,402,787
Cash received from other operations	201,050	-
Cash payments for personal services	(728,983)	(88,306)
Cash payments for purchased services	(212,906)	-
Cash payments for materials and supplies	(773,944)	-
Cash payments for claims	-	(7,773,505)
Cash payments for other expenses	(6,260)	-
Net cash (used in) operating activities	(750,051)	(459,024)
Cash flows from noncapital financing activities:		
Cash received from grants and subsidies	1,361,768	-
Cash received from interfund loans	2,100	-
Cash used in repayment of interfund loans	(15,698)	-
Net cash provided by noncapital financing activities	1,348,170	-
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(36,969)	-
Net cash (used in) capital and related financing activities	(36,969)	-
Cash flows from investing activities:		
Interest received	1,205	-
Net cash provided by investing activities	1,205	-
Net increase (decrease) in cash and cash cash equivalents	562,355	(459,024)
Cash and cash equivalents at beginning of year	124,470	3,673,724
Cash and cash equivalents at end of year	\$ 686,825	\$ 3,214,700
Reconciliation of operating (loss) to net cash (used in) operating activities:		
Operating income (loss)	\$ (826,170)	\$ (513,213)
Adjustments:		
Depreciation	4,770	-
Federal donated commodities	72,786	-
Changes in assets and liabilities:		
Decrease in materials and supplies inventory	2,268	-
Decrease in accounts receivable	2,142	880
Decrease in inventory held for resale	2,952	-
Decrease in intergovernmental receivable	106,978	-
(Increase) in prepayments	-	(47,581)
(Increase) in net OPEB asset	(609)	-
(Increase) in deferred outflows - pensions	(51,290)	-
(Increase) in deferred outflows - OPEB	(46,838)	-
(Decrease) in accounts payable	(4,469)	-
(Decrease) in accrued wages and benefits	(5,232)	-
(Decrease) in intergovernmental payable	(32)	(59,520)
Increase in compensated absences payable	6,590	-
(Decrease) in pension and postemployment benefits payable	(2,148)	-
(Decrease) in net pension liability	(268,017)	-
Increase in net OPEB liability	9,227	-
Increase in deferred inflows - pensions	224,427	-
Increase in deferred inflows - OPEB	22,614	-
Increase in claims payable	-	160,410
Net cash (used in) operating activities	\$ (750,051)	\$ (459,024)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Kenston Local School District (the “School District”) operates under a locally-elected board form of government and provides educational services as authorized by state and/or federal agencies. The School District has four (4) instructional facilities (Kenston High School, Kenston Middle School, Kenston Intermediate School and Timmons Elementary School). The School District’s Transportation facility is operated from Gardiner Elementary School which no longer serves as an educational facility. The School District is staffed by approximately 370 full-time and part-time employees providing instruction and support to approximately 2,547 students.

The School District was established through the consolidation of existing land areas and school districts and is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected-at-large for staggered four-year terms.

The School District serves areas of Auburn and Bainbridge townships, located in Geauga County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

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

The following organizations are described due to their relationship to the School District:

JOINTLY GOVERNED ORGANIZATIONS

Kenston Community Education (KCE)

Kenston Community Education is a joint vocational school district which is a jointly governed board appointment organization among eleven school districts. Each participating school district appoints one member to KCE's Board of Education. The students of each participating school district may attend classes offered at the vocational facility. Each participant's control over the operation of KCE is limited to its representation on the Board. KCE receives 1.5 mills of the School District's property tax, which is paid to KCE directly by Geauga County. No other contribution by the School District is required. Continued existence of KCE is not dependent on the School District's continued participation. Financial information can be obtained from 8140 Auburn Road, Concord Twp., Ohio 44077.

Lake Geauga Computer Association

The Lake Geauga Computer Association (the LGCA) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS, and other applications to its eighteen member school districts. Each of the school districts supports LGCA based upon a per pupil charge. The School District contributed \$120,059 to LGCA during fiscal year 2022. The Executive Committee (Governing Board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. LGCA's continued existence is not dependent on the School District's continued participation. LGCA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. Financial information can be obtained from 8221 Auburn Road, Concord Twp., Ohio 44077.

Auburn-Bainbridge Recreation Board

The Auburn-Bainbridge Recreation Board is a jointly governed organization of the School District. The Board of Education appoints two members of the six member commission. The School District makes no financial contributions to the Board, but it does provide the use of its facilities and land. The School District's control is limited to its representation on the governing board. The Board's continued existence is not dependent on the School District's continued participation. Financial information on the Board can be obtained from Kenston Community Education, 17425 Snyder Road, Chagrin Falls, Ohio 44023.

Ohio Schools' Council Association

The Ohio Schools' Council Association (Council) is a jointly governed organization among 265 school districts, educational service centers, joint vocational districts, and Developmental Disabilities boards in 37 Ohio counties. The jointly governed organization was formed to bring quality products and services at the lowest possible cost to the member school districts. The Council's Board consists of seven superintendents of the participating school districts whose terms rotate every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2022, the School District paid \$76,027 to the Council for annual membership, fees and services. Financial information can be obtained by contacting William J. Zelei, the Executive Director of the Ohio Schools' Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

The School District participates in the natural gas program. This program allows the School District to purchase natural gas at reduced rates. Compass Energy has been selected as the supplier and program manager. There are currently more than 170 program members in the program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). School districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and school districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Bond Retirement fund - The bond retirement fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

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

Proprietary Funds

The proprietary funds focus on the determination of operating income/loss, changes in net position, financial position, and cash flows and are classified as either enterprise or internal service.

Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's enterprise funds account for the financial transactions related to the food service operations, adult education classes, and the purchase and sale of school supplies. The School District has no major enterprise funds.

Internal Service Fund

The internal service fund accounts for the financial services provided by one department or agency to other departments or agencies of the School District, or to other governments, on a cost reimbursement basis. The internal service fund of the School District account for a self-insurance program which provides medical, dental, and vision benefits to the School District's employees and workers compensation premium payments.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. The School District does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's custodial fund accounts for monies collected on behalf of and disbursed to the Ohio High School Athletic Association. The School District's fiduciary fund had no activity during fiscal year 2022.

C. Basis of Presentation and Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements distinguish between those activities that are governmental and those that are considered business-type activities. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund 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.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

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

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. 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 fiscal year end.

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, see Notes 12 and 13 for deferred outflows of resources related to the School District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, unavailable revenue, pension, OPEB, and a deferred gain on debt refunding. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

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

For the School District, see Notes 12 and 13 for deferred inflows of resources related to the School District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the fund level for all budgeted funds. Any budgetary modifications are made by Board resolution.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Tax Budget:

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

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commissions' certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts from the certificate of estimated resources that was in effect at the time the original permanent appropriations covering the entire fiscal year were passed by the Board of Education. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts from the certificate of amended resources that was in effect at the time the final appropriations were passed by the Board of Education.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

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

Appropriations:

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

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

Lapsing of Appropriations:

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the legal level of control.

F. Cash and Investments

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

During fiscal year 2022, investments were limited to Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, U.S. Treasury notes, negotiable certificates of deposits (negotiable CDs), U.S. government money market mutual fund, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for investments in STAR Ohio, investments are reported at fair value, which is based on quoted market prices.

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

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2022 amounted to \$154,749, which includes \$72,860 assigned from other School District funds.

For presentation on the basic financial statements, investments purchased by the cash management pool and investments with original maturities 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 are reported as investments. An analysis of the School District’s investment account at fiscal year end is provided in Note 4.

G. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time inventory items are consumed. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale, and are expensed when used.

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

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

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 an asset's life are not.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	5 - 30 Years	N/A
Buildings and Improvements	15 - 50 Years	N/A
Furniture and Equipment	5 - 20 Years	5 - 20 Years
Vehicles	5 - 10 Years	N/A
Intangible right to use	5 Years	N/A

**KENSTON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables" and receivables and payables resulting from interfund goods and services provided are classified and "due to/due from other funds." These interfund balances are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as a component of "internal balance" on the statement of net position.

J. Compensated Absences

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service; or 20 years service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

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

**KENSTON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

L. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes. When unassigned fund balance is a deficit in the general fund, assigned fund balance may not be presented in the general fund.

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

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

**KENSTON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

M. Net Position

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

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

N. Estimates

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

O. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds.

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

P. Issuance Costs/Bond Premiums and Discounts and Accounting Gain or Loss on Debt Refunding

On the governmental fund financial statements, issuance costs, bond premiums, bond discounts, and deferred charges from debt refunding are recognized in the current period.

On the government-wide financial statements, issuance costs are recognized in the current period and are not amortized. Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Unamortized bond premiums are presented as an addition to the face amount of the bonds reported on the statement of net position. Unamortized bond discounts are presented as a reduction to the face amount of the bonds reported on the statement of net position. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 9.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow or deferred inflow of resources.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

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

Q. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plans. 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.

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service, uniform school supplies, and tuition and fees for adult education. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenue and expenses not meeting these definitions are classified as nonoperating.

S. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. These items are reported in the financial statements using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

T. Fair Value Measurements

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.

U. Extraordinary and Special Items

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

These changes were incorporated in the School District's fiscal year 2022 financial statements. The School District recognized \$170,912 in governmental activities in leases payable at July 1, 2021; however, this entire amount was offset by the intangible asset, right to use lease - equipment.

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

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

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

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

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

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

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

Elementary and secondary school emergency relief fund	\$ 117,454
IDEA Part B	82,931
Title III	480
Title I	18,707
Title II-A	6,828
<u>Nonmajor enterprise funds</u>	
Food service	206,442
Adult education	273,486

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

**KENSTON LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

A. Deposits with Financial Institutions

At June 30, 2022, the carrying amount of all School District deposits was \$3,039,477 and the bank balance of all School District deposits was \$3,297,611. Of the bank balance, \$500,000 was covered by the FDIC, \$1,831,997 was covered by the Ohio Pooled Collateral System, and \$965,615 was exposed to custodial credit risk discussed below because those deposits were uninsured and uncollateralized.

Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2022, both of the School District's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

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

Measurement/ Investment type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair Value:</i>						
FFCB	\$ 929,970	\$ -	\$ -	\$ -	\$ -	\$ 929,970
FHLB	963,935	-	-	-	-	963,935
FHLMC	991,540	-	-	-	-	991,540
U.S. Treasury notes	975,740	-	-	-	-	975,740
Negotiable CD's	3,871,355	-	745,400	240,352	1,723,833	1,161,770
U.S. Government money market mutual fund	101,577	101,577	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	8,757,163	8,757,163	-	-	-	-
Total	\$ 16,591,280	\$ 8,858,740	\$ 745,400	\$ 240,352	\$ 1,723,833	\$ 5,022,955

The School District's weighted average length to maturity for investments in is 1.12 years.

The School District's investments in U.S Government money market mutual funds are valued using quoted market prices (Level 1 inputs). The School District's investments in federal agency securities (FFCB, FHLB, FHLMC), U.S. Treasury notes, and negotiable CD's are valued using quoted market prices that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either direct or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the School District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The School District's investments in U.S. Government money market mutual fund and STAR Ohio have been assigned an AAAM money market rating by Standard & Poor's. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The federal agency securities (FFCB, FHLB, FHLMC) were rated Aaa and AA+ by Moody's Investor Services and Standard & Poor's, respectively. The U.S. Treasury notes were rated Aaa and AA+ by Moody's Investor Services and Standard & Poor's, respectively. The negotiable CD's are not rated but are fully insured by the FDIC. The School District has no investment policy dealing with credit risk.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee. The negotiable CD's were fully insured by the FDIC.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FFCB	\$ 929,970	5.61
FHLB	963,935	5.81
FHLMC	991,540	5.98
U.S. Treasury notes	975,740	5.88
Negotiable CD's	3,871,355	23.33
U.S. government money market mutual fund	101,577	0.61
<i>Amortized Cost:</i>		
STAR Ohio	<u>8,757,163</u>	<u>52.78</u>
Total	<u>\$ 16,591,280</u>	<u>100.00</u>

C. Reconciliation of Cash and Investments to the Statement of Net Position

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

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,039,477
Investments	<u>16,591,280</u>
Total	<u>\$ 19,630,757</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 18,943,932
Business-type activities	<u>686,825</u>
Total	<u>\$ 19,630,757</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances

Interfund balances at June 30, 2022 as reported on the fund statements consist of the following interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 640,940
General fund	Nonmajor enterprise funds	<u>2,100</u>
		<u>\$ 643,040</u>

The primary purpose of the interfund balances is to cover negative cash balances in specific funds where revenues were not received by June 30. Interfund balances between governmental funds are eliminated on the government-wide financial statements. These amounts are expected to be paid within one year.

B. Transfers

Interfund transfers for the fiscal year ended June 30, 2022, consisted of the following, as reported on the fund statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Bond retirement	\$ 142,000
Nonmajor governmental funds	<u>655,000</u>
Total	<u>\$ 797,000</u>

Interfund transfers represent the use of unrestricted revenues collected in the general fund that are used to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers between governmental funds are eliminated for reporting on the statement of activities. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

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

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 6 - PROPERTY TAXES - (Continued)

The School District receives property taxes from Geauga 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, 2022, are available to finance fiscal year 2022 operations. The amount available as an advance at June 30, 2022 was \$8,129,491 in the general fund and \$815,137 in the bond retirement fund. This amount is recorded as revenue. The amount available as an advance at June 30, 2021 was \$7,174,236 in the general fund and \$884,540 in the bond retirement fund. This amount was recorded as revenue. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

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

	2021 Second Half Collections		2022 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 897,667,360	98.00	\$ 913,384,240	97.94
Public utility personal	<u>18,314,690</u>	<u>2.00</u>	<u>19,246,680</u>	<u>2.06</u>
Total	<u>\$ 915,982,050</u>	<u>100.00</u>	<u>\$ 932,630,920</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 90.22		\$ 89.46	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2022 consisted of taxes, accounts, accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

A summary of the principal items of receivables reported on the statement of net position follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Property taxes	\$ 33,680,822	\$ -
Accounts	3,414	993
Accrued interest	21,718	-
Intergovernmental	<u>136,969</u>	<u>-</u>
Total	<u>\$ 33,842,923</u>	<u>\$ 993</u>

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 8 - CAPITAL ASSETS

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

	Restated Balance <u>06/30/21</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/22</u>
Governmental activities:				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 1,321,516	\$ -	\$ -	\$ 1,321,516
Construction in progress	<u>164,876</u>	<u>-</u>	<u>(164,876)</u>	<u>-</u>
Total capital assets, not being depreciated/amortized	<u>1,486,392</u>	<u>-</u>	<u>(164,876)</u>	<u>1,321,516</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	12,525,505	15,087	-	12,540,592
Building and improvements	58,920,955	185,438	-	59,106,393
Furniture and equipment	7,913,208	49,141	-	7,962,349
Vehicles	4,278,429	246,496	(186,731)	4,338,194
Intangible right to use:				
Lease equipment	<u>170,912</u>	<u>-</u>	<u>-</u>	<u>170,912</u>
Total capital assets, being depreciated/amortized	<u>83,809,009</u>	<u>496,162</u>	<u>(186,731)</u>	<u>84,118,440</u>
<i>Less: accumulated depreciation/amortization</i>				
Land improvements	(7,162,760)	(536,356)	-	(7,699,116)
Building and improvements	(24,029,662)	(1,223,011)	-	(25,252,673)
Furniture and equipment	(7,457,126)	(45,998)	-	(7,503,124)
Vehicles	(2,535,205)	(429,416)	168,058	(2,796,563)
Intangible right to use:				
Lease equipment	<u>-</u>	<u>(85,456)</u>	<u>-</u>	<u>(85,456)</u>
Total accumulated depreciation/amortization	<u>(41,184,753)</u>	<u>(2,320,237)</u>	<u>168,058</u>	<u>(43,336,932)</u>
Governmental activities capital assets, net	<u>\$ 44,110,648</u>	<u>\$ (1,824,075)</u>	<u>\$ (183,549)</u>	<u>\$ 42,103,024</u>
Business-type Activities:				
<i>Capital assets, being depreciated:</i>				
Furniture and equipment	\$ 456,514	\$ 36,969	\$ -	\$ 493,483
<i>Less: accumulated depreciation</i>				
Furniture and equipment	<u>(404,424)</u>	<u>(4,770)</u>	<u>-</u>	<u>(409,194)</u>
Business-type activities capital assets, net	<u>\$ 52,090</u>	<u>\$ 32,199</u>	<u>\$ -</u>	<u>\$ 84,289</u>

The School District expensed \$164,876 in construction in progress related to non-capital construction projects in fiscal year 2022.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 8 - CAPITAL ASSETS - (Continued)

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

Instruction:

Regular	\$ 1,753,471
Special	453

Support Services:

Instructional staff	27,512
Administration	21,231
Fiscal	2,286
Business	672
Operations and maintenance	61,028
Pupil transportation	414,780
Extracurricular activities	<u>38,804</u>
Total depreciation/amortization expense	<u>\$ 2,320,237</u>

Depreciation expense of the business-type activities was charged to the food service nonmajor enterprise fund.

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 9 - LONG-TERM OBLIGATIONS

Due to the implementation of GASB Statement No. 87 (see Note 3.A for detail), the School District has reported obligations for leases payable which are reflected in the schedule below. During fiscal year 2022, the following changes occurred in governmental and business-type activities long-term obligations.

	<u>Restated Balance 06/30/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/22</u>	<u>Amount Due in One Year</u>
Governmental Activities					
<u>General Long-Term Bonds:</u>					
School Improvement Refunding Bonds - Series 2011:					
Capital Appreciation Bonds	\$ 1,150,000	\$ -	\$ (1,150,000)	\$ -	\$ -
Accreted Interest	942,404	67,596	(1,010,000)	-	-
School Improvement Refunding Bonds - Series 2012:					
Capital Appreciation Bonds	725,000	-	-	725,000	-
Accreted Interest	847,830	135,837	-	983,667	-
School Improvement Bonds - Series 2017A	4,815,000	-	(110,000)	4,705,000	95,000
School Improvement Bonds - Series 2017B	4,745,000	-	(90,000)	4,655,000	110,000
School Improvement Refunding Bonds - Series 2019	6,565,000	-	(175,000)	6,390,000	175,000
School Improvement Refunding Bonds - Series 2020	11,485,000	-	(55,000)	11,430,000	2,235,000
Energy Improvement Conservation Bonds - Series 2018	921,374	-	(119,666)	801,708	123,473
Total General Obligation Bonds	<u>32,196,608</u>	<u>203,433</u>	<u>(2,709,666)</u>	<u>29,690,375</u>	<u>2,738,473</u>
<u>Other Obligations:</u>					
Net Pension Liability	45,812,591	-	(21,084,481)	24,728,110	-
Net OPEB Liability	3,639,897	-	(436,455)	3,203,442	-
Lease payable	170,912	-	(84,718)	86,194	86,194
Compensated Absences	2,975,412	432,616	(408,281)	2,999,747	278,080
Total Other Obligations	<u>52,598,812</u>	<u>432,616</u>	<u>(22,013,935)</u>	<u>31,017,493</u>	<u>364,274</u>
Total Governmental Long-Term Liabilities	84,795,420	<u>\$ 636,049</u>	<u>\$ (24,723,601)</u>	60,707,868	<u>\$ 3,102,747</u>
Less: Unamortized Bond Discount	(16,736)			(16,046)	
Add: Unamortized Bond Premium	613,547			585,932	
Total on Statement on Net Position	<u>\$ 85,392,231</u>			<u>\$ 61,277,754</u>	
Business-Type Activities					
Compensated Absences	\$ 45,473	\$ 6,590	\$ -	\$ 52,063	\$ -
Net Pension Liability	782,707	-	(268,017)	514,690	-
Net OPEB Liability	251,015	9,227	-	260,242	-
Total Business-Type Activities	<u>\$ 1,079,195</u>	<u>\$ 15,817</u>	<u>\$ (268,017)</u>	<u>\$ 826,995</u>	<u>\$ -</u>

Payments of principal and interest relating to the liabilities of the School Improvement general obligation bonds will be made from the bond retirement fund and will be repaid from property taxes.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

School Improvement Refunding Bonds - Series 2011

On December 29, 2011, the School District issued general obligation bonds for advance refunding a portion of the School Improvement Bonds, Series 2003, which were originally for school improvements. The advance refundings met the requirements of an in-substance debt defeasance and the defeased bonds were removed from the School District's government-wide financial statements. The defeased debt has been paid in full.

This issue is comprised of both serial bonds, par value \$27,210,000, and capital appreciation bonds, par value \$1,150,000. The interest rates on the serial bonds range from 2.0 percent to 5.0 percent. The capital appreciation bonds matured on December 1, 2021 (approximate initial offering yield at maturity 3.14 percent), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date.

The accreted value at maturity for the capital appreciation bonds is \$2,160,000.

In fiscal year 2021, a portion of the current interest bonds (\$11,485,000) was refunded by the Series 2020 School Refunding Bonds.

School Improvement Refunding Bonds - Series 2012

On January 25, 2012, the School District issued general obligation bonds for advance refunding a portion of the School Improvement Bonds, Series 2003, which were originally for school improvements.

This issue is comprised of both current interest serial and term bonds, par value \$7,885,000, and capital appreciation bonds, par value \$725,000. On October 3, 2019, the School District refunded the remaining amount of the current interest bonds. The interest rates on the current interest serial and term bonds range from 1.0 percent to 3.0 percent. The capital appreciation bonds mature on December 1, 2027 (approximate initial offering yield at maturity 3.92 percent), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$2,695,000. A total of \$983,667 in accreted interest on these capital appreciation bonds has been included in the long term liabilities on the Statement of Net Position at June 30, 2022.

The net proceeds from the fiscal year 2012 issuances of the general obligation refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are called. The advance refundings met the requirements of an in-substance debt defeasance and the defeased bonds were removed from the School District's government-wide financial statements. The defeased debt has been paid in full.

The reacquisition price exceeded the net carrying amount of the old debt by \$564,410. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

School Improvement Bonds - Series 2017A

On May 18, 2017, the School District issued \$5,000,000 in School Improvement Bonds at an interest rate of 4.25 - 5.00% per year with the maturity date of September 1, 2045, for the purpose of constructing, renovating, remodeling, and otherwise improving buildings and facilities.

School Improvement Bonds - Series 2017B

On June 14, 2017, the School District issued \$5,000,000 in School Improvement Bonds at an interest rate of 3.375- 5.00% per year with maturity date of September 1, 2045, for the purpose of constructing, renovating, remodeling, and otherwise improving buildings and facilities.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Series 2019 Refunding General Obligation Bonds

On October 3, 2019, the School District issued general obligation bonds (Series 2019 Refunding Bonds) to current refund the callable portion of the Series 2012 Current Interest School Improvement Refunding Bonds (principal \$6,830,000; interest rate of 2.00% to 3.00%). Issuance proceeds of \$6,715,000 and cash of \$186,788 were used to purchase securities which were placed in an irrevocable trust to provide resources for the debt service payment due on December 1, 2019 when the refunded debt was called. The Series 2012 School Improvement Refunding bonds have been defeased and removed from the statement of net position. The balance of the refunded bonds at June 30, 2022 has been fully paid.

The refunding issue is comprised of current interest bonds, par value \$6,715,000. The interest rate on the current interest bonds is 2.125%.

The net carrying amount of the old debt (including unamortized premiums and unamortized deferred charges removed upon refunding) exceeded the reacquisition price by \$838. This deferred gain on refunding is amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The unamortized portion of the deferred gain is reported as a deferred inflow on the statement of net position. The refunding was undertaken to reduce future debt service payments by \$722,680 resulting in a current economic gain of \$617,496.

Payments of principal and interest relating to the Series 2019 refunding bonds are recorded as expenditures in the bond retirement fund. Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2029.

Series 2020 Refunding General Obligation Bonds

On September 8, 2020, the School District issued general obligation bonds (Series 2020 Refunding Bonds) to current refund the callable portion of the Series 2011 Current Interest School Improvement Refunding Bonds (principal \$11,485,000; interest rate of 2.00% to 5.00%). Issuance proceeds of \$11,485,000 and cash of \$184,885 were used to purchase securities which were placed in an irrevocable trust to provide resources for the debt service payment due on December 1, 2020 when the refunded debt was called. The Series 2011 School Improvement Refunding bonds have been defeased and removed from the statement of net position. The balance of the refunded bonds at June 30, 2022 has been fully paid.

The refunding issue is comprised of current interest bonds, par value \$11,485,000. The interest rate on the current interest bonds is 1.03%.

The reacquisition price exceeded the net carrying amount of the old debt (including unamortized premiums and unamortized deferred charges removed upon refunding) by \$792,497. This deferred charge on refunding is amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The unamortized portion of the deferred charge is reported as a deferred outflow on the statement of net position. The refunding was undertaken to reduce future debt service payments by \$1,231,373 resulting in a current economic gain of \$985,098.

Payments of principal and interest relating to the Series 2020 refunding bonds are recorded as expenditures in the bond retirement fund. Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2026.

Energy Improvement Conservation Bonds - Series 2018

On February 14, 2018, the School District issued \$1,237,146 in Energy Improvement Conservation Bonds - Series 2018. The bonds bear an interest rate ranging from 2.75-3.18 % per year with a final maturity date of December 1, 2027. The bonds were issued for the purpose of performing energy improvement projects to School District buildings.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Leases Payable

The School District has entered into a lease agreement for the use of right to use equipment. Due to the implementation of GASB Statement No. 87, the School District will report a intangible capital asset and corresponding liability for the future scheduled payments under the lease. The lease payments will be paid from the general fund.

The School District has entered into a lease agreement for copier equipment:

<u>Purpose</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Copier equipment	2019	5	2023	Annual

Future Debt Service Requirements

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2022, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>School Improvement Refunding Bonds-Series 2020 Current Interest</u>			<u>Lease payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2023	\$ 2,235,000	\$ 106,219	\$ 2,341,219	\$ 86,194	\$ 1,502
2024	2,265,000	83,044	2,348,044	-	-	-
2025	2,285,000	59,612	2,344,612	-	-	-
2026	2,310,000	35,947	2,345,947	-	-	-
2027	2,335,000	12,025	2,347,025	-	-	-
Total	\$ 11,430,000	\$ 296,847	\$ 11,726,847	\$ 86,194	\$ 1,502	\$ 87,696

<u>Fiscal Year Ending June 30</u>	<u>School Improvement Refunding Bonds-Series 2012 Capital Appreciation Bonds</u>			<u>School Improvement Refunding Bonds-Series 2019 Current Interest</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2023	\$ -	\$ -	\$ -	\$ 175,000	\$ 127,310
2024	-	-	-	180,000	123,725	303,725
2025	-	-	-	185,000	120,039	305,039
2026	-	-	-	190,000	116,251	306,251
2027	-	-	-	195,000	112,362	307,362
2028 - 2030	725,000	1,970,000	2,695,000	5,465,000	221,139	5,686,139
Total	\$ 725,000	\$ 1,970,000	\$ 2,695,000	\$ 6,390,000	\$ 820,826	\$ 7,210,826

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year Ending June 30	School Improvement Bonds-Series 2017A			School Improvement Bonds-Series 2017B		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 95,000	\$ 193,237	\$ 288,237	\$ 110,000	\$ 169,943	\$ 279,943
2024	120,000	189,438	309,438	115,000	164,444	279,444
2025	130,000	184,637	314,637	120,000	158,694	278,694
2026	140,000	179,438	319,438	125,000	152,694	277,694
2027	150,000	173,837	323,837	130,000	147,694	277,694
2028 - 2032	850,000	773,188	1,623,188	780,000	657,470	1,437,470
2033 - 2037	990,000	592,587	1,582,587	1,145,000	465,719	1,610,719
2038 - 2042	1,150,000	378,988	1,528,988	1,105,000	281,356	1,386,356
2043 - 2046	<u>1,080,000</u>	<u>116,875</u>	<u>1,196,875</u>	<u>1,025,000</u>	<u>87,611</u>	<u>1,112,611</u>
Total	<u>\$ 4,705,000</u>	<u>\$ 2,782,225</u>	<u>\$ 7,487,225</u>	<u>\$ 4,655,000</u>	<u>\$ 2,285,625</u>	<u>\$ 6,940,625</u>

Fiscal Year Ending June 30	Energy Improvement Conservation Bonds - Series 2018		
	Principal	Interest	Total
2023	\$ 123,473	\$ 22,675	\$ 146,148
2024	127,400	18,685	146,085
2025	131,453	14,568	146,021
2026	135,635	10,320	145,955
2027	139,949	6,238	146,187
2028	<u>143,798</u>	<u>2,158</u>	<u>145,956</u>
Total	<u>\$ 801,708</u>	<u>\$ 74,644</u>	<u>\$ 876,352</u>

Net Pension Liability

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

Net OPEB Liability/Asset

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

Compensated Absences

The liability for compensated absences will be paid from the fund from which the employee was paid. For the School District, this is primarily the general fund and the food service fund (nonmajor enterprise fund).

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the School District. The assessed valuation use in determining the School District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the School District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2022, are a voted debt margin of \$60,939,293 (including available funds of \$4,907,510), an unvoted debt margin of \$932,631, and an energy conservation debt margin of \$7,591,970.

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and state laws.

Only administrative and school support personnel accumulate annual vacation leave. Accumulated unused vacation time is paid upon termination of employment. Administrative personnel are advanced 20 days of vacation leave per their contract and the Superintendent and Treasurer are advanced 25 days of vacation leave at the start of each contract year, per their contracts.

NOTE 10 - COMPENSATED ABSENCES

Each professional staff member is entitled to fifteen (15) days sick leave with pay for each year under contract. The sick leave accrues at the rate of one and one fourth (1-1/4) days for each calendar month under contract. Sick leave is cumulative to 300 days for noncertified employees and 320 days for certified employees. An employee is paid a severance benefit equal up to 32 percent of the value of their accumulated sick leave not to exceed 250 days for noncertified employees and 235 days for certified employees depending on when the employee notifies the Board of his/her retirement. The severance benefit is calculated at current wage rates, upon retirement with the balance being forfeited. The Superintendent and Assistant Superintendent are advanced 15 sick days at the start of each contract year, per their contracts.

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 11 - RISK MANAGEMENT

A. Comprehensive

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2022, the School District contracted with Liberty Mutual and Traveler's Insurance for various coverages, which are outlined below:

Type of Coverage	Coverage
Property and Inland Marine	\$ 128,317,196
Flood	1,000,000
Earthquake	1,000,000
Crime	250,000
General Liability	
Each occurrence	1,000,000
In aggregate	3,000,000
Fleet:	
Combined Single Limit	1,000,000
Uninsured Motorists Limit	1,000,000
Comprehensive	Actual cash value
Collision	Actual cash value
Buses	Replacement cost
Employee Benefit Liability	1,000,000
In aggregate	3,000,000
Employer's (Stop Gap) Liability	1,000,000
In aggregate	3,000,000
School Leaders Errors and Omissions:	
(Professional) Liability	1,000,000
In aggregate	3,000,000
Sexual Misconduct and Molestation Liability:	
Limit	1,000,000
In aggregate	1,000,000
Violent Event Response:	
Each Person - Death Benefit	15,000
Each Person Limit - Loss	25,000
Each Violent Event Limit	1,000,000
Each Violent Event Aggregate Limit	1,000,000
Law Enforcement	
Limit	1,000,000
In aggregate	1,000,000
Non-monetary Relief Defense	100,000
Umbrella	10,000,000
Inland Marine - Wind Turbine	2,141,500

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in coverage from last year.

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

NOTE 11 - RISK MANAGEMENT - (Continued)

B. Employee Insurance Benefits

The School District provides medical/surgical and dental insurance to employees through a self-insurance internal service fund. The School District’s self-insurance program has been administered by Medical Mutual of Ohio (MMO). Payments are made to MMO for the actual amount of claims processed, monthly stop-loss premiums, and administrative charges. Operating revenues of the internal service fund consist of payments from other funds and are based on self-insurance losses, stop-loss premiums, and other operating expenses.

The claims liability of \$706,486 reported in the internal service fund at June 30, 2022, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 30, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. The balance of claims payable at June 30, 2022 represents an estimate of the liability for unpaid claims costs provided by Medical Mutual of Ohio.

Changes in the claims liability for the past two fiscal years follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2022	\$ 546,076	\$ 7,886,334	\$ (7,725,924)	\$ 706,486
2021	597,038	6,340,929	(6,391,891)	546,076

C. Workers’ Compensation

For fiscal year 2022, the School District participated in the Ohio Group Retrospective Rating Program, which is administered by Comp Management, a third-party administrator. The Group Retrospective Rating Program offers an opportunity for school districts that may not qualify for a Group Rating program to receive substantial discounts on their claims. There is also an increased emphasis on safety and claims management. Through the program, school districts are grouped together to achieve premium refunds based on the performance of the group. However, school districts continue to pay their own individual merit-rated premium to the Ohio BWC and depending on the performance, the participating school districts can receive either a retrospective premium refund or an assessment. Retrospective refunds are achieved when the standard premium of the group exceeds the developed claims costs. Comp Management assists the school district in active claims management throughout the year.

D. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the Dearborn Life Insurance in the amount of \$25,000 for certified employees and administrators, \$25,000 for non-teaching employees working 4 or more hours per day, and \$10,000 for non-teaching employees working at least 2 hours but less than 4 hours per day.

**KENSTON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description - The 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.

**KENSTON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2021, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2022.

Funding Policy – Plan members are required to contribute 10.00% of their annual covered salary and the School District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$914,498 for fiscal year 2022. Of this amount, \$123,366 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0% to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$2,511,131 for fiscal year 2022. Of this amount, \$430,908 is reported as pension and postemployment benefits payable.

**KENSTON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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 projected contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.178795500%	0.143696280%	
Proportion of the net pension liability current measurement date	<u>0.181183200%</u>	<u>0.145141653%</u>	
Change in proportionate share	<u>0.002387700%</u>	<u>0.001445373%</u>	
Proportionate share of the net pension liability	\$ 6,685,135	\$ 18,557,665	\$ 25,242,800
(Reduction) of pension expense	\$ (119,117)	\$ (400,239)	\$ (519,356)

Of the School District's total pension expense of (\$519,356), (\$494,863) is reported in the governmental activities and (\$24,493) is reported in the business-type activities.

At June 30, 2022, 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	\$ 646	\$ 573,343	\$ 573,989
Changes of assumptions	140,769	5,148,230	5,288,999
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	77,550	199,805	277,355
Contributions subsequent to the measurement date	<u>914,498</u>	<u>2,511,131</u>	<u>3,425,629</u>
Total deferred outflows of resources	<u>\$1,133,463</u>	<u>\$8,432,509</u>	<u>\$9,565,972</u>

**KENSTON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 173,373	\$ 116,320	\$ 289,693
Net difference between projected and actual earnings on pension plan investments	3,443,044	15,993,157	19,436,201
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	44,706	200,897	245,603
Total deferred inflows of resources	\$ 3,661,123	\$ 16,310,374	\$ 19,971,497

\$3,425,629 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 fiscal year ending June 30, 2023. Of the total contributions made subsequent to the measurement date, \$3,355,240 relates to governmental activities and \$70,389 relates to business-type activities.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	\$ (841,997)	\$ (2,657,189)	\$ (3,499,186)
2024	(724,724)	(2,233,183)	(2,957,907)
2025	(818,632)	(2,377,531)	(3,196,163)
2026	(1,056,805)	(3,121,093)	(4,177,898)
Total	\$ (3,442,158)	\$ (10,388,996)	\$ (13,831,154)

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. Future benefits for all current plan members were projected through 2132.

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.

**KENSTON LOCAL SCHOOL DISTRICT
GEOUGA, COUNTY**

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

Sensitivity of the 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 7.00%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 11,122,422	\$ 6,685,135	\$ 2,942,976

Actuarial Assumptions - STRS

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

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

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

	Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability	\$ 34,751,561	\$ 18,557,665	\$ 4,873,858

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 12 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2022, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the School District's surcharge obligation was \$108,298.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$108,298 for fiscal year 2022. Of this amount, \$108,298 is reported as pension and postemployment benefits payable.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.179030200%	0.143696280%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.183013700%</u>	<u>0.145141653%</u>	
Change in proportionate share	<u>0.003983500%</u>	<u>0.001445373%</u>	
Proportionate share of the net OPEB liability	\$ 3,463,684	\$ -	\$ 3,463,684
Proportionate share of the net OPEB asset	\$ -	\$ 3,060,193	\$ 3,060,193
(Reduction) of OPEB expense	\$ (100,414)	\$ (248,107)	\$ (348,521)

Of the District's total OPEB expense of (\$348,521), (\$341,051) is reported in the governmental activities and (\$7,470) is reported in the business-type activities.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 36,919	\$ 108,964	\$ 145,883
Changes of assumptions	543,370	195,470	738,840
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	150,029	4,186	154,215
Contributions subsequent to the measurement date	<u>108,298</u>	<u>-</u>	<u>108,298</u>
Total deferred outflows of resources	<u>\$ 838,616</u>	<u>\$ 308,620</u>	<u>\$ 1,147,236</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 1,725,070	\$ 560,683	\$ 2,285,753
Net difference between projected and actual earnings on OPEB plan investments	75,253	848,233	923,486
Changes of assumptions	474,324	1,825,634	2,299,958
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>330,405</u>	<u>70,475</u>	<u>400,880</u>
Total deferred inflows of resources	<u>\$ 2,605,052</u>	<u>\$ 3,305,025</u>	<u>\$ 5,910,077</u>

\$108,298 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/asset in the fiscal year ending June 30, 2023. Of the total contributions made subsequent to the measurement date, \$100,161 relates to governmental activities and \$8,137 relates to business-type activities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2023	\$ (455,835)	\$ (870,240)	\$ (1,326,075)
2024	(456,363)	(849,014)	(1,305,377)
2025	(414,250)	(803,002)	(1,217,252)
2026	(338,379)	(356,592)	(694,971)
2027	(171,193)	(120,462)	(291,655)
Thereafter	<u>(38,714)</u>	<u>2,905</u>	<u>(35,809)</u>
Total	<u>\$ (1,874,734)</u>	<u>\$ (2,996,405)</u>	<u>\$ (4,871,139)</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEOUGA, COUNTY**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, 2021 are presented below:

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Sensitivity of the 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, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 4,291,924	\$ 3,463,684	\$ 2,802,027
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 2,666,753	\$ 3,463,684	\$ 4,528,140

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
	School District's proportionate share of the net OPEB asset	\$ 2,582,330	\$ 3,060,193

	1% Decrease	Current Trend Rate	1% Increase
	School District's proportionate share of the net OPEB asset	\$ 3,443,201	\$ 3,060,193

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (1,018,760)
Net adjustment for revenue accruals	598,494
Net adjustment for expenditure accruals	244,478
Net adjustment for other sources/uses	(9,212)
Funds budgeted elsewhere	10,115
Adjustment for encumbrances	247,425
GAAP basis	\$ 72,540

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund and unclaimed monies fund.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 15 - CONTINGENCIES

A. Grants

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

B. Litigation

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

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional School Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. ODE has finalized the impact of enrollment adjustments to the June 30, 2022 foundation funding for the School District. These adjustments were insignificant for the School District.

NOTE 16 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2021	\$ -
Current year set-aside requirement	458,775
Current year offsets	<u>(540,000)</u>
Total	<u>\$ (81,225)</u>
Balance carried forward to fiscal year 2023	<u>\$ -</u>
Set-aside balance June 30, 2022	<u><u>\$ -</u></u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

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

NOTE 17 - OTHER COMMITMENTS

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance to the extent fund balance is available. For the general fund, fund balance is not reported as assigned for encumbrances as unassigned fund balance is negative. At year end, the School District's commitments for encumbrances (less amounts already reported as payables) in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 191,165
Nonmajor governmental	<u>388,907</u>
Total	<u>\$ 580,072</u>

NOTE 18 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the School District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The School District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

The School District received \$904,465 in COVID-19 funding during fiscal year 2022. This amount is reported in the Elementary and Secondary School Emergency Relief special revenue fund.

REQUIRED SUPPLEMENTARY INFORMATION

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's proportion of the net pension liability	0.18118320%	0.17879550%	0.18195000%	0.17663700%
School District's proportionate share of the net pension liability	\$ 6,685,135	\$ 11,825,911	\$ 10,886,388	\$ 10,116,328
School District's covered payroll	\$ 6,057,157	\$ 6,349,393	\$ 6,608,467	\$ 6,177,644
School District's proportionate share of the net pension liability as a percentage of its covered payroll	110.37%	186.25%	164.73%	163.76%
Plan fiduciary net position as a percentage of the total pension liability	82.86%	68.55%	70.85%	71.36%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014
0.18987460%	0.18650790%	0.18926900%	0.19078600%	0.19078600%
\$ 11,344,588	\$ 13,650,658	\$ 10,799,873	\$ 9,655,571	\$ 11,345,431
\$ 6,022,750	\$ 5,697,329	\$ 5,780,873	\$ 5,510,195	\$ 5,066,561
188.36%	239.60%	186.82%	175.23%	223.93%
69.50%	62.98%	69.16%	71.70%	65.52%

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's proportion of the net pension liability	0.14514165%	0.14369628%	0.14416827%	0.14494026%
School District's proportionate share of the net pension liability	\$ 18,557,665	\$ 34,769,387	\$ 31,881,947	\$ 31,869,109
School District's covered payroll	\$ 18,197,471	\$ 17,472,064	\$ 16,939,057	\$ 16,388,679
School District's proportionate share of the net pension liability as a percentage of its covered payroll	101.98%	199.00%	188.22%	194.46%
Plan fiduciary net position as a percentage of the total pension liability	87.78%	75.48%	77.40%	77.31%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014
0.14481134%	0.14911747%	0.15014397%	0.15412794%	0.15412794%
\$ 34,400,244	\$ 49,914,112	\$ 41,495,402	\$ 37,489,251	\$ 44,656,948
\$ 16,055,000	\$ 15,672,850	\$ 15,745,257	\$ 15,871,677	\$ 16,139,446
214.26%	318.48%	263.54%	236.20%	276.69%
75.30%	66.80%	72.10%	74.70%	69.30%

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 914,498	\$ 848,002	\$ 888,915	\$ 892,143
Contributions in relation to the contractually required contribution	<u>(914,498)</u>	<u>(848,002)</u>	<u>(888,915)</u>	<u>(892,143)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 6,532,129	\$ 6,057,157	\$ 6,349,393	\$ 6,608,467
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014	2013
\$ 833,982	\$ 843,185	\$ 797,626	\$ 761,919	\$ 763,713	\$ 701,212
<u>(833,982)</u>	<u>(843,185)</u>	<u>(797,626)</u>	<u>(761,919)</u>	<u>(763,713)</u>	<u>(701,212)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,177,644	\$ 6,022,750	\$ 5,697,329	\$ 5,780,873	\$ 5,510,195	\$ 5,066,561
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%

**KENSTON LOCAL SCHOOL DISTRICT
GEOUGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Contractually required contribution	\$ 2,511,131	\$ 2,547,646	\$ 2,446,089	\$ 2,371,468
Contributions in relation to the contractually required contribution	(2,511,131)	(2,547,646)	(2,446,089)	(2,371,468)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 17,936,650	\$ 18,197,471	\$ 17,472,064	\$ 16,939,057
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 2,294,415	\$ 2,247,700	\$ 2,194,199	\$ 2,204,336	\$ 2,063,318	\$ 2,098,128
<u>(2,294,415)</u>	<u>(2,247,700)</u>	<u>(2,194,199)</u>	<u>(2,204,336)</u>	<u>(2,063,318)</u>	<u>(2,098,128)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 16,388,679	\$ 16,055,000	\$ 15,672,850	\$ 15,745,257	\$ 15,871,677	\$ 16,139,446
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's proportion of the net OPEB liability	0.18301370%	0.17903020%	0.18532490%	0.18016620%
School District's proportionate share of the net OPEB liability	\$ 3,463,684	\$ 3,890,912	\$ 4,660,531	\$ 4,998,297
School District's covered payroll	\$ 6,057,157	\$ 6,349,393	\$ 6,608,467	\$ 6,177,644
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	57.18%	61.28%	70.52%	80.91%
Plan fiduciary net position as a percentage of the total OPEB liability	24.08%	18.17%	15.57%	13.57%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>
0.19249060%	0.18880778%
\$ 5,165,942	\$ 5,381,720
\$ 6,022,750	\$ 5,697,329
85.77%	94.46%
12.46%	11.49%

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's proportion of the net OPEB liability/asset	0.14514165%	0.14369628%	0.14416827%	0.14494026%
School District's proportionate share of the net OPEB liability/(asset)	\$ (3,060,193)	\$ (2,525,461)	\$ (2,387,772)	\$ (2,329,042)
School District's covered payroll	\$ 18,197,471	\$ 17,472,064	\$ 16,939,057	\$ 16,388,679
School District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	16.82%	14.45%	14.10%	14.21%
Plan fiduciary net position as a percentage of the total OPEB liability	174.73%	182.10%	174.70%	176.00%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>
0.14481134%	0.14911747%
\$ 5,650,004	\$ 7,974,841
\$ 16,055,000	\$ 15,672,850
35.19%	50.88%
47.10%	37.33%

**KENSTON LOCAL SCHOOL DISTRICT
GEOUGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 108,298	\$ 99,979	\$ 84,243	\$ 140,825
Contributions in relation to the contractually required contribution	<u>(108,298)</u>	<u>(99,979)</u>	<u>(84,243)</u>	<u>(140,825)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 6,532,129	\$ 6,057,157	\$ 6,349,393	\$ 6,608,467
Contributions as a percentage of covered payroll	1.66%	1.65%	1.39%	2.13%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 132,520	\$ 104,041	\$ 94,690	\$ 47,403	\$ 102,164	\$ 102,492
<u>(132,520)</u>	<u>(104,041)</u>	<u>(94,690)</u>	<u>(47,403)</u>	<u>(102,164)</u>	<u>(102,492)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,177,644	\$ 6,022,750	\$ 5,697,329	\$ 5,780,873	\$ 5,510,195	\$ 5,066,561
2.15%	1.73%	1.66%	0.82%	1.85%	2.02%

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 17,936,650	\$ 18,197,471	\$ 17,472,064	\$ 16,939,057
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ -	\$ -	\$ -	\$ -	\$ 161,878	\$ 161,394
-	-	-	-	(161,878)	(161,394)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 16,388,679	\$ 16,055,000	\$ 15,672,850	\$ 15,745,257	\$ 15,871,677	\$ 16,139,446
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms:

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

Changes in assumptions:

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms:

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

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

PENSION (CONTINUED)

Changes in assumptions:

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms:

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

Changes in assumptions:

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

(Continued)

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms:

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

Changes in assumptions:

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

COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>General Fund</u>				
Total Revenues and Other Financing Sources	\$ 39,557,000	\$ 40,618,605	\$ 40,827,725	\$ 209,120
Total Expenditures and Other Financing Uses	42,283,983	42,807,983	41,846,485	961,498
Net Change in Fund Balance	(2,726,983)	(2,189,378)	(1,018,760)	1,170,618
Fund Balance, July 1	10,443,605	10,443,605	10,443,605	-
Prior Year Encumbrances Appropriated	283,983	283,983	283,983	-
Fund Balance, June 30	<u>\$ 8,000,605</u>	<u>\$ 8,538,210</u>	<u>\$ 9,708,828</u>	<u>\$ 1,170,618</u>
<u>Bond Retirement Fund</u>				
Total Revenues and Other Financing Sources		\$ 3,702,149	\$ 3,702,149	\$ -
Total Expenditures and Other Financing Uses		7,485,901	3,393,528	4,092,373
Net Change in Fund Balance		(3,783,752)	308,621	4,092,373
Fund Balance, July 1		3,783,752	3,783,752	-
Fund Balance, June 30		<u>\$ -</u>	<u>\$ 4,092,373</u>	<u>\$ 4,092,373</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

FUND DESCRIPTIONS - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The term proceeds of specific revenue sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. A description of the District's special revenue funds follows:

Trust Scholarship Fund

This fund accounts for scholarships provided to students for which the District has administrative involvement.

Other Grants Fund

This fund is used to account for the proceeds of specific revenue sources, except for state and federal grants that are assigned to expenditures for specified purpose.

District Managed Student Activity Fund

This fund is used to account for those student activity programs which have student participation in the activity but do not have student management of the programs. This fund includes all athletic programs, except supplemental coaching contacts, and accounts for revenues and costs of the School District's athletic programs.

Miscellaneous State Grants Fund

This fund is used to account for various monies received through state agencies from state government or directly from the state government which are not classified elsewhere. A separate special cost center must be used for each grant.

Data Communication Fund

This fund is used to account for money appropriated for Ohio Educational Computer Network Connections.

College Ready Ohio Fund

This fund accounts for grant monies received through the Straight A Program. These grant monies are used for projects that will provide for advancement in student achievement, achieve spending reductions in five-year forecast or allow a greater share of resources to be utilized in the classroom.

IDEA - Education of Handicapped Children Fund

The purpose of this federal program is to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least-restrictive, alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

Title III – Limited English Proficiency Fund

This fund is used to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency.

Title I - Disadvantaged Children/Targeted Assistance Fund

This fund is used to provide financial assistance to state and local educational agencies to meet the special needs of educationally deprived children.

IDEA Preschool Grant for the Handicapped Fund

This fund is used to account for grant monies pertaining to Section 619 of Public Law 99-457, addressing the improvement and expansion of services for handicapped children ages three (3) through five (5) years.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

FUND DESCRIPTIONS - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds - (Continued)

Title II-A Fund

This fund is used to account for monies to hire additional classroom teachers in grades 1 through 3 so that the number of students per teacher will be reduced.

Miscellaneous Federal Grants Fund

This fund is used to account for various monies received through state agencies from federal government or directly from the federal government which are not classified elsewhere. A separate special cost center must be used for each grant.

Student Managed Activity Fund

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

Student Wellness and Success Fund

This fund accounts for revenues received from the State to be used for students well being and success, such as providing mental health services for students.

Elementary and Secondary School Emergency Relief (ESSER) Fund

This fund accounts for revenues received from the federal government to combat the COVID-19 pandemic.

Title IV-A Fund

This fund accounts for revenues received from the federal government to provide student support and enrichment programs.

The following funds are included in the general fund (GAAP basis), but have a separate legally adopted budget (budget basis). These funds are not included in the combining statements for the nonmajor special revenue funds since these funds are reported in the general fund (GAAP basis); however, the budgetary schedules for these funds are presented in this section.

Public School Support Fund

This fund is used for the general support of the school buildings, staff, and students. As a result of the School District's implementation of GASB Statement No. 54, this fund has been combined with the General Fund on the governmental fund financial statements.

Unclaimed Monies Fund

This fund accounts for stale-dated payroll checks held for five years for employees.

Nonmajor Capital Projects Fund

Capital Projects funds are used to account for and report financial resources that are restricted, committed, or assigned for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). Following is a description of the nonmajor capital projects funds:

Permanent Improvement Fund

This fund is used to account for all transactions relating to the acquiring, constructing, or improving facilities.

Building Fund

This fund is used to account for the receipts and expenditures related to all special bond funds in the District. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities, including real property.

Special Project Construction Fund

This fund is used to accumulate funds for one or more capital projects that will not be financed from the General Fund. Funds collected in this fund may come from a number of sources. The projects financed by this fund will fall under the direction of the Assistant Superintendent in Charge of Business Operations.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:			
Equity in pooled cash, cash equivalents and investments	\$ 1,000,959	\$ 663,845	\$ 1,664,804
Receivables:			
Accounts	-	1,200	1,200
Intergovernmental	<u>116,914</u>	<u>-</u>	<u>116,914</u>
Total assets	<u>\$ 1,117,873</u>	<u>\$ 665,045</u>	<u>\$ 1,782,918</u>
Liabilities:			
Accounts payable	\$ -	\$ 10,766	\$ 10,766
Accrued wages and benefits payable	99,145	-	99,145
Intergovernmental payable	1,167	-	1,167
Pension and postemployment benefits payable	11,326	-	11,326
Interfund loans payable	<u>640,940</u>	<u>-</u>	<u>640,940</u>
Total liabilities	<u>752,578</u>	<u>10,766</u>	<u>763,344</u>
Deferred inflows of resources:			
Intergovernmental revenue not available	<u>114,285</u>	<u>-</u>	<u>114,285</u>
Total deferred inflows of resources	<u>114,285</u>	<u>-</u>	<u>114,285</u>
Fund balances:			
Restricted:			
Capital improvements	-	639,266	639,266
State funded programs	6,752	-	6,752
Extracurricular	401,329	-	401,329
Other purposes	69,329	-	69,329
Committed:			
Capital improvements	-	15,013	15,013
Unassigned (deficit)	<u>(226,400)</u>	<u>-</u>	<u>(226,400)</u>
Total fund balances	<u>251,010</u>	<u>654,279</u>	<u>905,289</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,117,873</u>	<u>\$ 665,045</u>	<u>\$ 1,782,918</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEOUGA COUNTY, OHIO**

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

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental	\$ 1,665,418	\$ -	\$ 1,665,418
Extracurricular	330,462	-	330,462
Charges for services	6,262	-	6,262
Contributions and donations	51,174	-	51,174
Miscellaneous	13,171	8,450	21,621
Total revenues	<u>2,066,487</u>	<u>8,450</u>	<u>2,074,937</u>
Expenditures:			
Current:			
Instruction:			
Regular	220,900	14,720	235,620
Special	300,528	-	300,528
Support services:			
Pupil	369,182	-	369,182
Instructional staff	94,611	-	94,611
Administration	9,786	-	9,786
Operations and maintenance	413,207	177,420	590,627
Pupil transportation	61,020	246,496	307,516
Other non-instructional services	-	-	-
Extracurricular activities	474,630	35,990	510,620
Facilities acquisition and construction	-	15,650	15,650
Total expenditures	<u>1,943,864</u>	<u>490,276</u>	<u>2,434,140</u>
Excess (deficiency) of revenues over (under) expenditures	<u>122,623</u>	<u>(481,826)</u>	<u>(359,203)</u>
Other financing sources:			
Transfers in	115,000	540,000	655,000
Total other financing sources	<u>115,000</u>	<u>540,000</u>	<u>655,000</u>
Net change in fund balances	237,623	58,174	295,797
Fund balances at beginning of year	13,387	596,105	609,492
Fund balances at end of year	<u>\$ 251,010</u>	<u>\$ 654,279</u>	<u>\$ 905,289</u>

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	<u>Trust Scholarship</u>	<u>Other Grants</u>	<u>District Managed Student Activity</u>	<u>Miscellaneous State Grants</u>	<u>College Ready Ohio</u>	<u>IDEA - Education of Handicapped Children</u>
Assets:						
Equity in pooled cash, cash equivalents, and investments	\$ 57,097	\$ 12,232	\$ 347,466	\$ 10,875	\$ 3,877	\$ 81,410
Receivables:						
Intergovernmental	-	-	-	-	-	890
Total assets	<u>\$ 57,097</u>	<u>\$ 12,232</u>	<u>\$ 347,466</u>	<u>\$ 10,875</u>	<u>\$ 3,877</u>	<u>\$ 82,300</u>
Liabilities:						
Accrued wages and benefits payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,944
Intergovernmental payable	-	-	-	-	-	853
Pension and postemployment benefits payable	-	-	2	-	-	8,244
Interfund loans payable	-	-	-	8,000	-	82,300
Total liabilities	<u>-</u>	<u>-</u>	<u>2</u>	<u>8,000</u>	<u>-</u>	<u>164,341</u>
Deferred inflows of resources:						
Intergovernmental revenue not available	-	-	-	-	-	890
Fund balances:						
Restricted:						
State funded programs	-	-	-	2,875	3,877	-
Extracurricular	-	-	347,464	-	-	-
Other purposes	57,097	12,232	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	(82,931)
Total fund balances (deficit)	<u>57,097</u>	<u>12,232</u>	<u>347,464</u>	<u>2,875</u>	<u>3,877</u>	<u>(82,931)</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 57,097</u>	<u>\$ 12,232</u>	<u>\$ 347,466</u>	<u>\$ 10,875</u>	<u>\$ 3,877</u>	<u>\$ 82,300</u>

Title III - Limited English Proficiency	Title I - Disadvantaged Children/Targeted Assistance	Title II-A	Student Managed Activity	ESSER	Title IV-A	Total Nonmajor Special Revenue Funds
\$ 260	\$ 28,887	\$ 16,184	\$ 55,265	\$ 385,302	\$ 2,104	\$ 1,000,959
-	2,629	750	-	112,645	-	116,914
\$ 260	\$ 31,516	\$ 16,934	\$ 55,265	\$ 497,947	\$ 2,104	\$ 1,117,873
\$ -	\$ 16,813	\$ 5,992	\$ -	\$ 3,396	\$ -	\$ 99,145
-	178	87	-	49	-	1,167
-	1,716	-	-	1,364	-	11,326
740	31,516	16,933	1,400	497,947	2,104	640,940
740	50,223	23,012	1,400	502,756	2,104	752,578
-	-	750	-	112,645	-	114,285
-	-	-	-	-	-	6,752
-	-	-	53,865	-	-	401,329
-	-	-	-	-	-	69,329
(480)	(18,707)	(6,828)	-	(117,454)	-	(226,400)
(480)	(18,707)	(6,828)	53,865	(117,454)	-	251,010
\$ 260	\$ 31,516	\$ 16,934	\$ 55,265	\$ 497,947	\$ 2,104	\$ 1,117,873

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	<u>Trust Scholarship</u>	<u>Other Grants</u>	<u>District Managed Student Activity</u>	<u>Miscellaneous State Grants</u>	<u>Data Communication</u>
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 7,200
Extracurricular	-	-	274,048	-	-
Charges for services	-	6,262	-	-	-
Contributions and donations	1,923	3,642	41,707	-	-
Miscellaneous	2,431	8,999	1,741	-	-
Total revenues	<u>4,354</u>	<u>18,903</u>	<u>317,496</u>	<u>-</u>	<u>7,200</u>
Expenditures:					
Current:					
Instruction:					
Regular	-	8,674	-	-	-
Special	-	-	-	-	-
Support services:					
Pupil	-	-	400	-	-
Instructional staff	-	2,400	-	-	7,200
Administration	-	-	-	-	-
Operations and maintenance	-	-	-	25,640	-
Pupil transportation	-	-	-	-	-
Extracurricular activities	-	-	435,943	-	-
Total expenditures	<u>-</u>	<u>11,074</u>	<u>436,343</u>	<u>25,640</u>	<u>7,200</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,354</u>	<u>7,829</u>	<u>(118,847)</u>	<u>(25,640)</u>	<u>-</u>
Other financing sources:					
Transfers in	-	-	115,000	-	-
Net change in fund balances	4,354	7,829	(3,847)	(25,640)	-
Fund balances (deficit) at beginning of year	52,743	4,403	351,311	28,515	-
Fund balances (deficit) at end of year	<u>\$ 57,097</u>	<u>\$ 12,232</u>	<u>\$ 347,464</u>	<u>\$ 2,875</u>	<u>\$ -</u>

College Ready Ohio	IDEA - Education of Handicapped Children	Title III - Limited English Proficiency	Title I - Disadvantaged Children/Targeted Assistance	IDEA Preschool Grant for the Handicapped	Title II-A	Miscellaneous Federal Grants	Student Managed Activity
\$ -	\$ 472,108	\$ -	\$ 115,252	\$ 11,544	\$ 43,098	\$ 103,541	\$ -
-	-	-	-	-	-	-	56,414
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	3,902
-	-	-	-	-	-	-	-
-	472,108	-	115,252	11,544	43,098	103,541	60,316
-	-	-	2,629	-	-	56,931	-
-	187,853	-	112,675	-	-	-	-
-	311,921	-	-	11,544	-	-	-
-	-	360	-	-	47,331	36,610	-
-	9,786	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	38,687
-	509,560	360	115,304	11,544	47,331	93,541	38,687
-	(37,452)	(360)	(52)	-	(4,233)	10,000	21,629
-	-	-	-	-	-	-	-
-	(37,452)	(360)	(52)	-	(4,233)	10,000	21,629
3,877	(45,479)	(120)	(18,655)	-	(2,595)	(10,000)	32,236
\$ 3,877	\$ (82,931)	\$ (480)	\$ (18,707)	\$ -	\$ (6,828)	\$ -	\$ 53,865

- (Continued)

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	<u>ESSER</u>	<u>Title IV-A</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues:			
Intergovernmental	\$ 904,465	\$ 8,210	\$ 1,665,418
Extracurricular	-	-	330,462
Charges for services	-	-	6,262
Contributions and donations	-	-	51,174
Miscellaneous	-	-	13,171
Total revenues	<u>904,465</u>	<u>8,210</u>	<u>2,066,487</u>
Expenditures:			
Current:			
Instruction:			
Regular	152,666	-	220,900
Special	-	-	300,528
Support services:			
Pupil	37,817	7,500	369,182
Instructional staff	-	710	94,611
Administration	-	-	9,786
Operations and maintenance	387,567	-	413,207
Pupil transportation	61,020	-	61,020
Extracurricular activities	-	-	474,630
Total expenditures	<u>639,070</u>	<u>8,210</u>	<u>1,943,864</u>
Excess (deficiency) of revenues over (under) expenditures	<u>265,395</u>	<u>-</u>	<u>122,623</u>
Other financing sources:			
Transfers in	-	-	115,000
Net change in fund balances	265,395	-	237,623
Fund balances (deficit) at beginning of year	(382,849)	-	13,387
Fund balances (deficit) at end of year	<u>\$ (117,454)</u>	<u>\$ -</u>	<u>\$ 251,010</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2022

	Permanent Improvement	Building	Special Project Construction	Total Nonmajor Capital Project Funds
Assets:				
Equity in pooled cash, cash equivalents, and investments	\$ 524,834	\$ 125,198	\$ 13,813	\$ 663,845
Receivables:				
Accounts	-	-	1,200	1,200
Total assets	\$ 524,834	\$ 125,198	\$ 15,013	\$ 665,045
Liabilities:				
Accounts payable	\$ 10,766	\$ -	\$ -	\$ 10,766
Fund balances:				
Restricted:				
Capital improvements	514,068	125,198	-	639,266
Committed:				
Capital improvements	-	-	15,013	15,013
Total fund balances	514,068	125,198	15,013	654,279
Total liabilities, deferred inflows and fund balances	\$ 524,834	\$ 125,198	\$ 15,013	\$ 665,045

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	Permanent Improvement	Building	Special Project Construction	Total Nonmajor Capital Project Funds
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 8,450	\$ 8,450
Expenditures:				
Current:				
Instruction:				
Regular	14,720	-	-	14,720
Support services:				
Operations and maintenance	177,420	-	-	177,420
Pupil transportation	246,496	-	-	246,496
Extracurricular activities	35,990	-	-	35,990
Facilities acquisition and construction	1,900	13,750	-	15,650
Total expenditures	476,526	13,750	-	490,276
Excess (deficiency) of revenues over (under) expenditures	(476,526)	(13,750)	8,450	(481,826)
Other financing sources:				
Transfers in	540,000	-	-	540,000
Net change in fund balances	63,474	(13,750)	8,450	58,174
Fund balances at beginning of year	450,594	138,948	6,563	596,105
Fund balances at end of year	\$ 514,068	\$ 125,198	\$ 15,013	\$ 654,279

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	Budgeted Amounts		Variance with Final Budget
	Final	Actual	
<u>Trust Scholarship Fund</u>			
Total Revenues and Other Financing Sources	\$ 1,923	\$ 1,923	\$ -
Total Expenditures and Other Financing Uses	<u>57,097</u>	<u>-</u>	<u>57,097</u>
Net Change in Fund Balance	(55,174)	1,923	57,097
Fund Balance, July 1	<u>55,174</u>	<u>55,174</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 57,097</u>	<u>\$ 57,097</u>
<u>Other Grants Fund</u>			
Total Revenues and Other Financing Sources	\$ 18,903	\$ 18,903	\$ -
Total Expenditures and Other Financing Uses	<u>15,307</u>	<u>11,324</u>	<u>3,983</u>
Net Change in Fund Balance	3,596	7,579	3,983
Fund Balance, July 1	<u>4,403</u>	<u>4,403</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 7,999</u>	<u>\$ 11,982</u>	<u>\$ 3,983</u>
<u>District Managed Student Activity Fund</u>			
Total Revenues and Other Financing Sources	\$ 419,392	\$ 423,593	\$ 4,201
Total Expenditures and Other Financing Uses	<u>762,503</u>	<u>461,207</u>	<u>301,296</u>
Net Change in Fund Balance	(343,111)	(37,614)	305,497
Fund Balance, July 1	292,678	292,678	-
Prior Year Encumbrances Appropriated	<u>50,433</u>	<u>50,433</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 305,497</u>	<u>\$ 305,497</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEOUGA COUNTY, OHIO**

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

	Budgeted Amounts	Actual	Variance with Final Budget
	Final		
<u>Miscellaneous State Grants Fund</u>			
Total Revenues and Other Financing Sources	\$ 8,000	\$ 8,001	\$ 1
Total Expenditures and Other Financing Uses	36,515	28,112	8,403
Net Change in Fund Balance	(28,515)	(20,111)	8,404
Fund Balance, July 1	26,002	26,002	-
Prior Year Encumbrances Appropriated	2,513	2,513	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 8,404</u>	<u>\$ 8,404</u>
<u>Data Communication Fund</u>			
Total Revenues and Other Financing Sources	\$ 7,200	\$ 7,200	\$ -
Total Expenditures and Other Financing Uses	7,200	7,200	-
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>College Ready Ohio Fund</u>			
Total Expenditures and Other Financing Uses	\$ 3,877	\$ -	\$ 3,877
Net Change in Fund Balance	(3,877)	-	3,877
Fund Balance, July 1	3,877	3,877	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 3,877</u>	<u>\$ 3,877</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEOUGA COUNTY, OHIO**

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

	Budgeted Amounts		Variance with Final Budget
	Final	Actual	
<u>IDEA – Education of Handicapped Children Fund</u>			
Total Revenues and Other Financing Sources	\$ 554,407	\$ 554,407	\$ -
Total Expenditures and Other Financing Uses	633,625	552,215	81,410
Net Change in Fund Balance	(79,218)	2,192	81,410
Fund Balance, July 1	79,218	79,218	-
Fund Balance, June 30	\$ -	\$ 81,410	\$ 81,410
<u>Title III – Limited English Proficiency Fund</u>			
Total Revenues and Other Sources	\$ 740	\$ 740	\$ -
Total Expenditures and Other Uses	1,750	1,490	260
Net Change in Fund Balances	(1,010)	(750)	260
Fund Balance, July 1	860	860	-
Prior Year Encumbrances Appropriated	150	150	-
Fund Balance, June 30	\$ -	\$ 260	\$ 260
<u>Title I – Disadvantage Children/Targeted Assistance Fund</u>			
Total Revenues and Other Financing Sources	\$ 144,139	\$ 144,139	\$ -
Total Expenditures and Other Financing Uses	177,510	148,623	28,887
Net Change in Fund Balance	(33,371)	(4,484)	28,887
Fund Balance, July 1	33,371	33,371	-
Fund Balance, June 30	\$ -	\$ 28,887	\$ 28,887

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	Budgeted Amounts		Variance with Final Budget
	Final	Actual	
<u>IDEA Preschool Grant for the Handicapped Fund</u>			
Total Revenues and Other Financing Sources	\$ 11,544	\$ 11,544	\$ -
Total Expenditures and Other Financing Uses	<u>11,544</u>	<u>11,544</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<u>Title II-A Fund</u>			
Total Revenues and Other Financing Sources	\$ 60,032	\$ 60,032	\$ -
Total Expenditures and Other Financing Uses	<u>82,532</u>	<u>66,348</u>	<u>16,184</u>
Net Change in Fund Balance	(22,500)	(6,316)	16,184
Fund Balance, July 1	20,100	20,100	-
Prior Year Encumbrances Appropriated	<u>2,400</u>	<u>2,400</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ 16,184</u></u>	<u><u>\$ 16,184</u></u>
<u>Miscellaneous Federal Grants Fund</u>			
Total Revenues and Other Financing Sources	\$ 10,000	\$ 10,000	\$ -
Total Expenditures and Other Financing Uses	<u>20,314</u>	<u>20,314</u>	<u>-</u>
Net Change in Fund Balance	(10,314)	(10,314)	-
Fund Balance, July 1	314	314	-
Prior Year Encumbrances Appropriated	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>		Variance with Final Budget
	<u>Final</u>	<u>Actual</u>	
<u>Student Managed Activity Fund</u>			
Total Revenues and Other Financing Sources	\$ 65,874	\$ 65,874	\$ -
Total Expenditures and Other Financing Uses	98,110	43,245	54,865
Net Change in Fund Balance	(32,236)	22,629	54,865
Fund Balance, July 1	31,956	31,956	-
Prior Year Encumbrances Appropriated	280	280	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 54,865</u>	<u>\$ 54,865</u>
<u>Student Wellness and Success Fund</u>			
Total Expenditures and Other Financing Uses	\$ 33,042	\$ 33,042	\$ -
Net Change in Fund Balance	(33,042)	(33,042)	-
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	33,042	33,042	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Elementary and Secondary School Emergency Relief Fund</u>			
Total Revenues and Other Financing Sources	\$ 1,402,412	\$ 1,402,412	\$ -
Total Expenditures and Other Financing Uses	1,446,099	1,420,772	25,327
Net Change in Fund Balance	(43,687)	(18,360)	25,327
Fund Balance, July 1	43,687	43,687	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 25,327</u>	<u>\$ 25,327</u>
<u>Title IV-A Fund</u>			
Total Revenues and Other Financing Sources	\$ 10,314	\$ 10,314	\$ -
Total Expenditures and Other Financing Uses	10,314	9,170	1,144
Net Change in Fund Balance	-	1,144	1,144
Fund Balance, July 1	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 1,144</u>	<u>\$ 1,144</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	Budgeted Amounts		Variance with Final Budget
	Final	Actual	
<u>Public School Support Fund</u>			
Total Revenues and Other Financing Sources	\$ 56,867	\$ 56,867	\$ -
Total Expenditures and Other Financing Uses	299,754	75,873	223,881
Net Change in Fund Balance	(242,887)	(19,006)	223,881
Fund Balance, July 1	236,881	236,881	-
Prior Year Encumbrances Appropriated	6,006	6,006	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 223,881</u>	<u>\$ 223,881</u>
<u>Unclaimed Monies Fund</u>			
Total Revenues and Other Financing Sources	\$ 13,170	\$ 13,170	\$ -
Total Expenditures and Other Financing Uses	39,562	9,123	30,439
Net Change in Fund Balance	(26,392)	4,047	30,439
Fund Balance, July 1	9,275	9,275	-
Fund Balance, June 30	<u>\$ (17,117)</u>	<u>\$ 13,322</u>	<u>\$ 30,439</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEOUGA COUNTY, OHIO**

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

	Budgeted Amounts		Variance with Final Budget
	Final	Actual	
<u>Permanent Improvement Fund</u>			
Total Revenues and Other Financing Sources	\$ 540,000	\$ 540,000	\$ -
Total Expenditures and Other Financing Uses	1,177,714	663,646	514,068
Net Change in Fund Balance	(637,714)	(123,646)	514,068
Fund Balance, July 1	619,014	619,014	-
Prior Year Encumbrances Appropriated	18,700	18,700	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 514,068</u>	<u>\$ 514,068</u>
<u>Building Fund</u>			
Total Expenditures and Other Financing Uses	\$ 138,948	\$ 13,750	\$ 125,198
Net Change in Fund Balance	(138,948)	(13,750)	125,198
Fund Balance, July 1	138,948	138,948	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 125,198</u>	<u>\$ 125,198</u>
<u>Special Project Construction Fund</u>			
Total Revenues and Other Financing Sources	\$ 7,250	\$ 7,250	\$ -
Total Expenditures and Other Financing Uses	13,813	-	13,813
Net Change in Fund Balance	(6,563)	7,250	13,813
Fund Balance, July 1	6,563	6,563	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 13,813</u>	<u>\$ 13,813</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

FUND DESCRIPTIONS - NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private sector businesses where the intent is that the expense (including depreciation) of providing goods or services primarily or solely to the general public be financed or recovered primarily through user charges. The following is a description of the School District's nonmajor enterprise funds.

Food Service Fund

This fund accounts for the provision of food service to the School District.

Uniform School Supplies Fund

This fund accounts for the purchase of necessary supplies, materials, or other school related items above those items provided for general instruction, paid for by students.

Adult Education Fund

This fund is provided to account for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from patrons and students and reimbursement from the State Department of Education. Expenditures include supplies, salaries, and textbooks.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2022

	Food Service	Uniform School Supplies	Adult Education	Total Nonmajor Enterprise Funds
Assets:				
Current:				
Equity in pooled cash, cash equivalents, and investments	\$ 574,448	\$ 69,591	\$ 42,786	\$ 686,825
Receivables:				
Accounts	17	976	-	993
Materials and supplies inventory	6,087	-	-	6,087
Inventory held for resale	9,645	-	-	9,645
Total current assets	<u>590,197</u>	<u>70,567</u>	<u>42,786</u>	<u>703,550</u>
Noncurrent assets:				
Net OPEB asset	-	-	2,046	2,046
Depreciable capital assets, net	84,289	-	-	84,289
Total noncurrent assets	<u>84,289</u>	<u>-</u>	<u>2,046</u>	<u>86,335</u>
Total assets	<u>674,486</u>	<u>70,567</u>	<u>44,832</u>	<u>789,885</u>
Deferred outflows of resources:				
Pension	102,604	-	65,516	168,120
OPEB	72,839	-	36,914	109,753
Total deferred outflows of resources	<u>175,443</u>	<u>-</u>	<u>102,430</u>	<u>277,873</u>
Liabilities:				
Current:				
Accrued wages and benefits payable	72,805	-	6,364	79,169
Pension and postemployment benefits payable	13,766	-	2,561	16,327
Interfund loans payable	-	-	2,100	2,100
Intergovernmental payable	800	-	30	830
Total current liabilities	<u>87,371</u>	<u>-</u>	<u>11,055</u>	<u>98,426</u>
Long-term liabilities:				
Compensated absences payable	52,063	-	-	52,063
Net pension liability	359,887	-	154,803	514,690
Net OPEB liability	186,464	-	73,778	260,242
Total long-term liabilities	<u>598,414</u>	<u>-</u>	<u>228,581</u>	<u>826,995</u>
Total liabilities	<u>685,785</u>	<u>-</u>	<u>239,636</u>	<u>925,421</u>
Deferred inflows of resources:				
Pension	213,157	-	102,855	316,012
OPEB	157,429	-	78,257	235,686
Total deferred inflows of resources	<u>370,586</u>	<u>-</u>	<u>181,112</u>	<u>551,698</u>
Net position:				
Investment in capital assets	84,289	-	-	84,289
Unrestricted (deficit)	(290,731)	70,567	(273,486)	(493,650)
Total net position (deficit)	<u>\$ (206,442)</u>	<u>\$ 70,567</u>	<u>\$ (273,486)</u>	<u>\$ (409,361)</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Food Service	Uniform School Supplies	Adult Education	Total Nonmajor Enterprise Funds
Operating revenues:				
Tuition and fees	\$ -	\$ 128,603	\$ -	\$ 128,603
Charges for services	321,964	-	214,290	536,254
Other	-	-	198,065	198,065
Total operating revenues	<u>321,964</u>	<u>128,603</u>	<u>412,355</u>	<u>862,922</u>
Operating expenses:				
Personal services	459,809	-	157,866	617,675
Purchased services	27,178	-	183,453	210,631
Materials and supplies	682,430	149,714	17,612	849,756
Other	4,651	-	1,609	6,260
Depreciation	4,770	-	-	4,770
Total operating expenses	<u>1,178,838</u>	<u>149,714</u>	<u>360,540</u>	<u>1,689,092</u>
Operating income (loss)	<u>(856,874)</u>	<u>(21,111)</u>	<u>51,815</u>	<u>(826,170)</u>
Nonoperating revenues:				
Grants and subsidies	1,361,768	-	-	1,361,768
Interest revenue	1,205	-	-	1,205
Federal donated commodities	72,786	-	-	72,786
Total nonoperating revenues	<u>1,435,759</u>	<u>-</u>	<u>-</u>	<u>1,435,759</u>
Change in net position	578,885	(21,111)	51,815	609,589
Net position (deficit) at beginning of year	<u>(785,327)</u>	<u>91,678</u>	<u>(325,301)</u>	<u>(1,018,950)</u>
Net position (deficit) at end of year	<u><u>\$ (206,442)</u></u>	<u><u>\$ 70,567</u></u>	<u><u>\$ (273,486)</u></u>	<u><u>\$ (409,361)</u></u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash flows from operating activities:				
Cash received from tuition and fees	\$ -	\$ 127,640	\$ -	\$ 127,640
Cash received from charges for services	429,062	-	214,290	643,352
Cash received from other operations	-	-	201,050	201,050
Cash payments for personal services	(526,298)	-	(202,685)	(728,983)
Cash payments for purchased services	(29,453)	-	(183,453)	(212,906)
Cash payments for materials and supplies	(606,618)	(149,714)	(17,612)	(773,944)
Cash payments for other expenses	(4,651)	-	(1,609)	(6,260)
Net cash provided by (used in) operating activities	<u>(737,958)</u>	<u>(22,074)</u>	<u>9,981</u>	<u>(750,051)</u>
Cash flows from noncapital financing activities:				
Cash received from grants and subsidies	1,361,768	-	-	1,361,768
Cash received from interfund loans	-	-	2,100	2,100
Cash used in repayment of interfund loans	(13,598)	-	(2,100)	(15,698)
Net cash provided by noncapital financing activities	<u>1,348,170</u>	<u>-</u>	<u>-</u>	<u>1,348,170</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(36,969)	-	-	(36,969)
Net cash (used in) capital and related financing activities	<u>(36,969)</u>	<u>-</u>	<u>-</u>	<u>(36,969)</u>
Cash flows from investing activities:				
Interest received	1,205	-	-	1,205
Net cash provided by investing activities	<u>1,205</u>	<u>-</u>	<u>-</u>	<u>1,205</u>
Net increase (decrease) in cash and cash equivalents	574,448	(22,074)	9,981	562,355
Cash and cash equivalents at beginning of year	-	91,665	32,805	124,470
Cash and cash equivalents at end of year	<u>\$ 574,448</u>	<u>\$ 69,591</u>	<u>\$ 42,786</u>	<u>\$ 686,825</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (856,874)	\$ (21,111)	\$ 51,815	\$ (826,170)
Adjustments:				
Depreciation	4,770	-	-	4,770
Federal donated commodities	72,786	-	-	72,786
Changes in assets, liabilities, deferred inflows of resources, and deferred outflows of resources:				
Decrease in materials and supplies inventory	2,268	-	-	2,268
Decrease in inventory held for resale	2,952	-	-	2,952
(Increase) decrease in accounts receivable	120	(963)	2,985	2,142
Decrease in intergovernmental receivable	106,978	-	-	106,978
(Decrease) in accounts payable	(4,469)	-	-	(4,469)
Increase (decrease) in accrued wages and benefits	236	-	(5,468)	(5,232)
Increase in compensated absences payable	6,590	-	-	6,590
(Decrease) in net pension liability	(203,842)	-	(64,175)	(268,017)
Increase in net OPEB liability	988	-	8,239	9,227
(Increase) in net OPEB asset	-	-	(609)	(609)
(Increase) in deferred outflows - pensions	(21,254)	-	(30,036)	(51,290)
(Increase) in deferred outflows - OPEB	(25,673)	-	(21,165)	(46,838)
Increase in deferred inflows - pensions	163,380	-	61,047	224,427
Increase in deferred inflows - OPEB	15,497	-	7,117	22,614
Increase (decrease) in intergovernmental payable	50	-	(82)	(32)
Increase (decrease) in pension and postemployment benefits payable	(2,461)	-	313	(2,148)
Net cash provided by (used in) operating activities	<u>\$ (737,958)</u>	<u>\$ (22,074)</u>	<u>\$ 9,981</u>	<u>\$ (750,051)</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	Budgeted Amounts		Variance with Final Budget
	Final	Actual	
<u>Food Services Fund</u>			
Total Revenues and Other Sources	\$ 1,679,858	\$ 1,685,057	\$ 5,199
Total Expenses and Other Uses	<u>1,773,239</u>	<u>1,098,198</u>	<u>675,041</u>
Net Change in Fund Equity	(93,381)	586,859	680,240
Fund Equity, July 1	(26,870)	(26,870)	-
Prior Year Encumbrances Appropriated	<u>13,272</u>	<u>13,272</u>	<u>-</u>
Fund Equity, June 30	<u>\$ (106,979)</u>	<u>\$ 573,261</u>	<u>\$ 680,240</u>
<u>Uniform School Supplies Fund</u>			
Total Revenues and Other Sources	\$ 126,090	\$ 127,640	\$ 1,550
Total Expenses and Other Uses	<u>217,755</u>	<u>154,209</u>	<u>63,546</u>
Net Change in Fund Equity	(91,665)	(26,569)	65,096
Fund Equity, July 1	91,187	91,187	-
Prior Year Encumbrances Appropriated	<u>478</u>	<u>478</u>	<u>-</u>
Fund Equity, June 30	<u>\$ -</u>	<u>\$ 65,096</u>	<u>\$ 65,096</u>
<u>Adult Education Fund</u>			
Total Revenues and Other Sources	\$ 414,389	\$ 417,440	\$ 3,051
Total Expenses and Other Uses	<u>447,194</u>	<u>413,847</u>	<u>33,347</u>
Net Change in Fund Equity	(32,805)	3,593	36,398
Fund Equity, July 1	<u>32,805</u>	<u>32,805</u>	<u>-</u>
Fund Equity, June 30	<u>\$ -</u>	<u>\$ 36,398</u>	<u>\$ 36,398</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

FUND DESCRIPTION - NONMAJOR INTERNAL SERVICE FUND

Internal Service Funds account for the financing of goods or services provided by one department or agency of the School District to other departments or agencies on a cost-reimbursement basis. Charges are intended to recoup the total cost of such services.

Employee Benefits Self-Insurance Fund

This fund accounts for the operations of the School District's self-insurance program for medical/surgical, dental benefits, and worker's compensation payments. Since the School District maintains only one internal service fund, no combining statements are presented.

KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Variance with Final Budget
	Final	Actual	
<u>Employee Benefits Self-Insurance Fund</u>			
Total Revenues and Other Sources	\$ 6,794,158	\$ 7,402,787	\$ 608,629
Total Expenses and Other Uses	<u>10,467,882</u>	<u>7,865,061</u>	<u>2,602,821</u>
Net Change in Fund Equity	(3,673,724)	(462,274)	3,211,450
Fund Equity, July 1	<u>3,673,724</u>	<u>3,673,724</u>	<u>-</u>
Fund Equity, June 30	<u>\$ -</u>	<u>\$ 3,211,450</u>	<u>\$ 3,211,450</u>



STATISTICAL SECTION



KENSTON
S C H O O L S

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

STATISTICAL SECTION

This part of the Kenston City School District's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

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Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	146-157
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	158-164
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	165-170
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	171-172
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	174-189

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019 (3)</u>
Governmental activities				
Net investment in capital assets	\$ 13,307,248	\$ 13,467,109	\$ 12,520,887	\$ 10,807,408
Restricted for:				
Capital projects	639,266	754,418	1,020,679	2,235,423
Debt service	3,852,878	2,809,553	1,777,992	2,084,898
Locally funded programs	-	-	9,926	40,813
State funded programs	6,752	32,392	56,935	19,063
Federally funded programs	-	2,914	-	-
Student activities	401,329	383,547	376,976	447,517
Other purposes	82,651	66,421	55,074	55,074
Unrestricted (deficit)	(25,316,179)	(29,009,358)	(31,248,774)	(26,158,918)
Total governmental activities net position	<u>\$ (7,026,055)</u>	<u>\$ (11,493,004)</u>	<u>\$ (15,430,305)</u>	<u>\$ (10,468,722)</u>
Business-type activities				
Net investment in capital assets	\$ 84,289	\$ 52,090	\$ 63,706	\$ 72,557
Unrestricted (deficit)	(493,650)	(1,071,040)	(1,108,993)	(1,068,332)
Total business-type activities net position	<u>\$ (409,361)</u>	<u>\$ (1,018,950)</u>	<u>\$ (1,045,287)</u>	<u>\$ (995,775)</u>
Primary government				
Net investment in capital assets	\$ 13,391,537	\$ 13,519,199	\$ 12,584,593	\$ 10,879,965
Restricted	4,982,876	4,049,245	3,297,582	4,882,788
Unrestricted (deficit)	(25,809,829)	(30,080,398)	(32,357,767)	(27,227,250)
Total primary government net assets	<u>\$ (7,435,416)</u>	<u>\$ (12,511,954)</u>	<u>\$ (16,475,592)</u>	<u>\$ (11,464,497)</u>

- (1) The School District implemented GASB Statement No. 68 and 71 in 2015.
Amounts for 2014 have been restated to reflect the implementation of these statements.
- (2) The School District implemented GASB Statement No. 75 in 2018.
Amounts for 2017 have been restated to reflect the implementation of this statement.
- (3) The School District implemented GASB Statement No. 84 in 2020.
Amounts for 2019 have been restated to reflect the implementation of this statement.

Source: School District financial records.

2018	2017 (2)	2016	2015	2014 (1)	2013
\$ 8,575,170	\$ 4,991,103	\$ 8,972,501	\$ 14,505,172	\$ 13,374,772	\$ 12,447,702
2,305,629	3,981,244	201,741	265,409	271,535	278,760
2,061,407	3,273,997	3,330,058	4,247,132	4,254,129	4,102,707
42,644	-	-	-	-	-
3,876	3,892	3,876	70,437	19,284	5,793
-	1,596	-	-	-	138,903
356,051	280,946	290,192	306,497	369,271	333,151
58,947	58,947	78,700	83,006	3,137	168
(29,985,431)	(37,230,309)	(39,777,235)	(38,255,325)	(41,774,501)	10,276,624
<u>\$ (16,581,707)</u>	<u>\$ (24,638,584)</u>	<u>\$ (26,900,167)</u>	<u>\$ (18,777,672)</u>	<u>\$ (23,482,373)</u>	<u>\$ 27,583,808</u>
\$ 71,481	\$ 92,128	\$ 112,772	\$ 282,553	\$ 303,635	\$ 332,514
(933,884)	(570,456)	(729,093)	(1,251,595)	(1,203,402)	119,828
<u>\$ (862,403)</u>	<u>\$ (478,328)</u>	<u>\$ (616,321)</u>	<u>\$ (969,042)</u>	<u>\$ (899,767)</u>	<u>\$ 452,342</u>
\$ 8,646,651	\$ 5,083,231	\$ 9,085,273	\$ 14,787,725	\$ 13,678,407	\$ 12,780,216
4,828,554	7,600,622	3,904,567	4,972,481	4,917,356	4,859,482
(30,919,315)	(37,800,765)	(40,506,328)	(39,506,920)	(42,977,903)	10,396,452
<u>\$ (17,444,110)</u>	<u>\$ (25,116,912)</u>	<u>\$ (27,516,488)</u>	<u>\$ (19,746,714)</u>	<u>\$ (24,382,140)</u>	<u>\$ 28,036,150</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

Expenses	2022	2021	2020	2019
Governmental activities:				
Instruction:				
Regular	\$ 16,965,327	\$ 18,895,342	\$ 18,617,080	\$ 14,894,657
Special	5,431,922	6,106,647	6,019,114	5,806,578
Vocational	472,772	418,010	402,175	98,594
Other instructional	429,588	716,523	783,689	624,842
Support services:				
Pupil	2,401,146	2,581,368	2,397,701	1,999,792
Instructional staff	1,808,577	1,905,092	1,840,768	1,731,750
Board of education	108,344	66,257	58,936	87,779
Administration	2,511,034	2,996,386	3,104,413	2,682,742
Fiscal	1,324,888	1,302,804	1,367,753	1,323,644
Business	379,339	393,042	446,647	356,419
Operations and maintenance	3,996,398	4,006,711	4,224,660	3,699,099
Pupil transportation	3,242,602	3,199,845	3,097,152	2,747,931
Central	287,840	372,138	260,771	157,232
Operation of non-instructional services	3,086	87,048	-	97,561
Extracurricular activities	1,331,379	1,328,287	1,479,169	1,479,414
Interest and fiscal charges	937,208	863,738	1,162,418	1,249,029
Total governmental activities expenses	<u>41,631,450</u>	<u>45,239,238</u>	<u>45,262,446</u>	<u>39,037,063</u>
Business-type activities:				
Food services	1,178,838	899,173	943,939	973,768
Uniform school supplies	149,714	204,115	201,789	323,252
Kindergarten fees	-	-	-	-
Adult education	360,540	161,747	248,717	215,761
Total business-type activities	<u>1,689,092</u>	<u>1,265,035</u>	<u>1,394,445</u>	<u>1,512,781</u>
Total primary government expenses	<u>43,320,542</u>	<u>46,504,273</u>	<u>46,656,891</u>	<u>40,549,844</u>

2018	2017	2016 (1)	2015	2014	2013
\$ 7,646,607	\$ 17,356,884	\$ 15,341,661	\$ 15,512,319	\$ 16,391,724	\$ 16,375,043
4,019,505	5,851,894	4,661,158	4,608,502	4,122,352	4,217,000
45,979	223,147	193,915	268,312	193,593	137,649
577,881	655,874	658,436	603,260	541,401	563,386
1,333,836	2,533,325	2,494,672	2,232,423	2,344,469	2,433,085
955,406	2,428,467	2,281,487	1,952,922	1,679,853	1,204,051
88,576	55,549	141,100	57,682	49,258	45,287
1,448,156	3,059,109	2,936,438	2,819,604	2,822,807	2,834,396
899,146	1,281,656	1,095,551	1,085,992	1,137,710	1,086,914
127,219	81,300	42,944	45,081	42,719	20,513
2,744,063	5,149,226	3,752,274	3,656,927	3,727,751	3,983,705
1,785,167	3,128,753	2,625,309	2,602,077	2,557,405	2,699,879
10,772	8,817	36,683	39,064	30,087	500,334
140,776	255,902	220,175	218,255	112,184	184,551
1,000,393	1,739,537	1,615,127	1,706,149	1,538,986	1,460,454
1,589,061	1,666,600	1,172,312	1,187,671	1,289,316	1,434,993
<u>24,412,543</u>	<u>45,476,040</u>	<u>39,269,242</u>	<u>38,596,240</u>	<u>38,581,615</u>	<u>39,181,240</u>
981,862	1,114,395	956,171	962,766	1,035,956	1,076,166
142,422	167,446	138,940	147,308	152,008	142,267
-	-	-	311,506	345,302	263,334
178,491	220,527	169,220	155,516	164,438	146,349
<u>1,302,775</u>	<u>1,502,368</u>	<u>1,264,331</u>	<u>1,577,096</u>	<u>1,697,704</u>	<u>1,628,116</u>
<u>25,715,318</u>	<u>46,978,408</u>	<u>40,533,573</u>	<u>40,173,336</u>	<u>40,279,319</u>	<u>40,809,356</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Instruction:				
Regular	\$ 651,730	\$ 775,650	\$ 815,905	\$ 626,694
Special	327,544	276,722	262,516	454,074
Support services:				
Pupil	21,972	18,312	33,862	115,987
Instructional staff	7,246	1,267	1,865	1,244
Operations and maintenance	-	-	370	60
Central	268	-	-	-
Extracurricular activities	343,381	186,496	295,115	479,752
Operating grants and contributions:				
Instruction:				
Regular	220,551	198,145	20,432	55,456
Special	499,076	500,876	501,931	494,362
Vocational	351	819	819	819
Support services:				
Pupil	450,107	240,422	276,293	284,170
Instructional staff	91,696	77,488	67,516	2,563
Administration	8,020	168,337	130,645	121,531
Operations and maintenance	389,005	284,035	96,026	44,147
Pupil transportation	295,341	165,199	109,572	153,047
Central	277	-	-	-
Operation of non-instructional services	715	81,197	4,362	20,329
Extracurricular activities	47,310	69,144	53,424	37,117
Capital grants and contributions:				
Support services:				
Operations and maintenance	-	-	-	-
Extracurricular activities	-	-	140,300	-
Interest and fiscal charges	-	-	-	-
Total governmental program revenues	<u>3,354,590</u>	<u>3,044,109</u>	<u>2,810,953</u>	<u>2,891,352</u>
Business-type activities:				
Charges for services:				
Food service	321,964	221,944	657,718	772,340
Uniform school supplies	128,603	160,314	272,458	214,873
Kindergarten fees	-	-	-	-
Adult Education	214,290	667	42,075	460
Operating grants and contributions:				
Food service	1,434,554	744,799	170,706	193,154
Total business-type activities program revenues	<u>2,099,411</u>	<u>1,127,724</u>	<u>1,142,957</u>	<u>1,180,827</u>
Total primary government program revenue	<u>5,454,001</u>	<u>4,171,833</u>	<u>3,953,910</u>	<u>4,072,179</u>
Net (Expense)/Revenue				
Governmental activities	(38,276,860)	(42,195,129)	(42,451,493)	(36,145,711)
Business-type activities	410,319	(137,311)	(251,488)	(331,954)
Total primary government net expense	<u>(37,866,541)</u>	<u>(42,332,440)</u>	<u>(42,702,981)</u>	<u>(36,477,665)</u>

	2018	2017	2016 (1)	2015	2014	2013
\$	726,413	\$ 638,968	\$ 235,773	\$ 247,222	\$ 233,357	\$ 21,610
	447,425	268,922	-	-	-	4,671
	171,923	-	-	-	-	-
	6,764	-	-	-	-	-
	1,104	-	-	-	-	-
	-	-	-	-	-	-
	571,191	535,075	713,033	645,615	786,496	637,685
	89,698	50,447	49,462	139,562	99,108	90,874
	496,425	353,591	243,276	-	592,939	424,357
	819	-	-	147,412	-	-
	222,034	200,299	172,323	177,880	146,474	208,842
	24,324	59,629	410,703	279,235	29,665	92,187
	126,731	144,405	202,484	210,248	171,141	209,074
	106,575	-	-	10,000	10,000	-
	96,056	-	-	-	-	322
	-	-	-	-	-	-
	14,287	558	1,371	-	-	-
	64,586	-	83,484	46,266	113,603	112,739
	-	-	-	-	4,311	635,568
	42,200	-	-	-	-	-
	-	-	-	-	-	15,834
	<u>3,208,555</u>	<u>2,251,894</u>	<u>2,111,909</u>	<u>1,903,440</u>	<u>2,187,094</u>	<u>2,453,763</u>
	704,181	772,352	752,908	715,705	746,508	839,596
	197,975	200,661	152,559	153,608	163,599	145,649
	-	-	-	308,991	217,276	365,032
	250	304	300	254	340	-
	<u>160,124</u>	<u>133,735</u>	<u>110,074</u>	<u>168,196</u>	<u>195,674</u>	<u>200,338</u>
	1,062,530	1,107,052	1,015,841	1,346,754	1,323,397	1,550,615
	<u>4,271,085</u>	<u>3,358,946</u>	<u>3,127,750</u>	<u>3,250,194</u>	<u>3,510,491</u>	<u>4,004,378</u>
	(21,203,988)	(43,224,146)	(37,157,333)	(36,692,800)	(36,394,521)	(36,727,477)
	<u>(240,245)</u>	<u>(395,316)</u>	<u>(248,490)</u>	<u>(230,342)</u>	<u>(374,307)</u>	<u>(77,501)</u>
	<u>(21,444,233)</u>	<u>(43,619,462)</u>	<u>(37,405,823)</u>	<u>(36,923,142)</u>	<u>(36,768,828)</u>	<u>(36,804,978)</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEOUGA COUNTY, OHIO**

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

General Revenues and Other Changes in Net Position	2022	2021	2020	2019
Governmental activities:				
Property taxes levied for:				
General purposes	\$ 32,106,289	\$ 34,292,570	\$ 25,944,242	\$ 29,305,685
Debt service	3,137,539	4,021,454	2,993,916	3,373,600
Payments in lieu of taxes	145	201,143	576,383	996,926
Grants and entitlements not restricted to specific programs	7,646,499	7,498,590	7,298,584	7,814,950
Investment earnings	156,101	44,086	612,270	463,391
(Decrease) in fair value of investments	(353,813)	-	-	-
Miscellaneous	51,049	74,587	64,515	203,388
Transfers	-	-	-	-
Total governmental activities	<u>42,743,809</u>	<u>46,132,430</u>	<u>37,489,910</u>	<u>42,157,940</u>
Business-type activities:				
Investment earnings	1,205	-	-	-
Miscellaneous	198,065	163,648	201,976	198,582
Transfers	-	-	-	-
Total business-type activities	<u>199,270</u>	<u>163,648</u>	<u>201,976</u>	<u>198,582</u>
Total primary government	<u>42,943,079</u>	<u>46,296,078</u>	<u>37,691,886</u>	<u>42,356,522</u>
Change in Net Position				
Governmental activities	4,466,949	3,937,301	(4,961,583)	6,012,229
Business-type activities	<u>609,589</u>	<u>26,337</u>	<u>(49,512)</u>	<u>(133,372)</u>
Total primary government	<u>\$ 5,076,538</u>	<u>\$ 3,963,638</u>	<u>\$ (5,011,095)</u>	<u>\$ 5,878,857</u>

Source: School District financial records.

(1) Amounts have been restated to combine Kindergarten fees business type into governmental activity general fund.

<u>2018</u>	<u>2017</u>	<u>2016 (1)</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 29,580,085	\$ 30,882,765	\$ 24,227,596	\$ 27,715,003	\$ 24,663,106	\$ 23,927,071
3,244,684	3,510,202	2,692,461	3,364,843	3,060,189	2,944,792
-	-	-	-	-	-
8,321,337	10,940,199	9,493,456	10,199,220	9,507,776	9,184,941
93,508	32,896	101,034	45,506	27,123	16,605
-	-	-	-	-	-
40,877	471,313	263,344	72,929	94,022	43,622
(98,446)	(351,646)	-	-	-	(6,038)
<u>41,182,045</u>	<u>45,485,729</u>	<u>36,777,891</u>	<u>41,397,501</u>	<u>37,352,216</u>	<u>36,110,993</u>
-	-	-	-	-	127
182,465	181,663	174,030	161,067	173,671	141,043
98,446	351,646	-	-	-	6,038
<u>280,911</u>	<u>533,309</u>	<u>174,030</u>	<u>161,067</u>	<u>173,671</u>	<u>147,208</u>
<u>41,462,956</u>	<u>46,019,038</u>	<u>36,951,921</u>	<u>41,558,568</u>	<u>37,525,887</u>	<u>36,258,201</u>
19,978,057	2,261,583	(379,442)	4,704,701	957,695	(616,484)
40,666	137,993	(74,460)	(69,275)	(200,636)	69,707
<u>\$ 20,018,723</u>	<u>\$ 2,399,576</u>	<u>\$ (453,902)</u>	<u>\$ 4,635,426</u>	<u>\$ 757,059</u>	<u>\$ (546,777)</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019 (2)</u>
General Fund:				
Nonspendable	\$ 48,367	\$ 28,699	\$ 80,968	\$ 120,829
Assigned	2,319,770	2,912,688	5,766,413	2,182,821
Unassigned	<u>11,322,544</u>	<u>10,676,754</u>	<u>4,300,314</u>	<u>11,548,961</u>
Total general fund	<u>13,690,681</u>	<u>13,618,141</u>	<u>10,147,695</u>	<u>13,852,611</u>
All Other Governmental Funds:				
Nonspendable	-	-	-	98
Restricted	6,024,186	5,730,919	4,924,664	6,248,370
Committed	15,013	6,563	7,493	15,790
Unassigned (deficit)	<u>(226,400)</u>	<u>(459,698)</u>	<u>(90,182)</u>	<u>(76,216)</u>
Total all other governmental funds	<u>5,812,799</u>	<u>5,277,784</u>	<u>4,841,975</u>	<u>6,188,042</u>
Total governmental funds	<u>\$ 19,503,480</u>	<u>\$ 18,895,925</u>	<u>\$ 14,989,670</u>	<u>\$ 20,040,653</u>

Source: School District financial records.

(1) Amounts have been restated to combine Kindergarten fees business type into governmental activity general fund.

(2) The School District implemented GASB Statement No. 84 in 2020.

Amounts for 2019 have been restated to reflect the implementation of this statement.

<u>2018</u>	<u>2017</u>	<u>2016 (1)</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 99,856	\$ 49,938	\$ 34,613	\$ 59,879	\$ 100,332	\$ 91,067
286,089	2,877,476	2,539,314	4,921,589	4,799,994	7,910,954
14,339,323	12,201,454	8,603,544	8,145,332	6,280,505	3,114,981
<u>14,725,268</u>	<u>15,128,868</u>	<u>11,177,471</u>	<u>13,126,800</u>	<u>11,180,831</u>	<u>11,117,002</u>
-	-	-	-	-	-
6,444,807	8,464,632	4,503,832	7,995,181	5,063,764	5,226,959
68,380	17,000	-	182,678	223,804	265,505
(61,075)	(66,935)	(2,177,494)	(13,736)	(42,187)	(3,308)
<u>6,452,112</u>	<u>8,414,697</u>	<u>2,326,338</u>	<u>8,164,123</u>	<u>5,245,381</u>	<u>5,489,156</u>
<u>\$ 21,177,380</u>	<u>\$ 23,543,565</u>	<u>\$ 13,503,809</u>	<u>\$ 21,290,923</u>	<u>\$ 16,426,212</u>	<u>\$ 16,606,158</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues				
Taxes	\$ 35,148,177	\$ 38,492,658	\$ 28,848,751	\$ 32,640,453
Intergovernmental	9,878,409	8,839,703	8,345,632	8,893,049
Investment earnings	154,749	53,673	615,866	473,401
Tuition and fees	974,369	1,052,355	1,075,851	1,080,768
Extracurricular	371,510	206,092	330,842	596,983
Charges for services	6,262	-	-	-
Rental income	-	-	370	60
Contributions and donations	80,752	52,223	261,857	121,458
Payment in lieu of taxes	145	201,143	576,383	996,926
Miscellaneous	64,220	74,767	95,955	239,688
(Decrease) in fair value of investments	(353,813)	-	-	-
Total revenues	<u>46,324,780</u>	<u>48,972,614</u>	<u>40,151,507</u>	<u>45,042,786</u>
Expenditures				
Current:				
Instruction:				
Regular	16,974,298	16,640,326	16,056,701	15,665,321
Special	5,860,963	5,963,024	5,865,481	6,350,571
Vocational	484,907	414,591	400,926	114,991
Other	452,286	709,471	755,270	688,294
Support services:				
Pupil	2,631,894	2,520,949	2,295,527	2,255,688
Instructional staff	1,923,130	1,853,234	1,844,513	1,956,043
Board of education	110,211	65,499	58,078	90,483
Administration	2,759,185	2,975,349	2,969,161	3,081,467
Fiscal	1,389,727	1,269,266	1,345,275	1,390,816
Business	403,060	380,794	434,668	388,565
Operations and maintenance	4,304,538	4,149,321	4,040,493	3,715,028
Pupil transportation	3,251,473	2,903,752	2,820,971	2,792,747
Central	310,507	363,708	245,777	177,686
Operation of non-instructional services	1,689	81,804	-	79,787
Extracurricular activities	1,449,333	1,213,477	1,345,599	1,572,225
Facilities acquisition and construction	15,650	130,073	1,087,368	1,661,822
Debt service:				
Principal retirement	1,784,384	2,500,977	2,227,402	3,064,700
Interest and fiscal charges	634,771	673,927	1,027,481	1,234,035
Accretion on capital appreciation bonds	1,010,000	-	-	-
Issuance Costs	-	91,141	71,300	-
Total expenditures	<u>45,752,006</u>	<u>44,900,683</u>	<u>44,891,991</u>	<u>46,280,269</u>
Excess (deficiency) of revenues over (under) expenditures	572,774	4,071,931	(4,740,484)	(1,237,483)
Other Financing Sources (Uses)				
Sale of capital assets	-	-	-	-
Inception of lease	-	-	-	-
Insurance recovery	34,781	19,209	26,289	-
Proceeds from debt and refunded debt	-	11,485,000	6,715,000	-
Discounts of debt issued	-	-	-	-
Premiums on debt issued	-	-	-	-
Payment of refunding debt	-	(11,669,885)	(6,901,788)	-
Transfers in	797,000	785,000	720,505	126,000
Transfers out	(797,000)	(785,000)	(870,505)	(126,000)
Total other financing sources (uses)	<u>34,781</u>	<u>(165,676)</u>	<u>(310,499)</u>	<u>-</u>
Net change in fund balances	<u>\$ 607,555</u>	<u>\$ 3,906,255</u>	<u>\$ (5,050,983)</u>	<u>\$ (1,237,483)</u>
Capital expenditures	\$ 496,162	\$ 725,542	\$ 1,496,555	\$ 1,602,048
Debt service principal and interest as a percentage of noncapital expenditures	5.3%	7.2%	7.5%	9.6%

Source: School District financial records.

	2018	2017	2016	2015	2014	2013
\$	32,774,348	\$ 34,310,498	\$ 26,611,517	\$ 31,011,220	\$ 27,848,508	\$ 27,392,647
	9,246,642	11,718,893	10,582,736	10,936,036	10,501,910	11,016,060
	159,759	132,129	101,034	45,506	27,123	16,605
	1,173,838	907,891	266,047	247,222	233,357	26,281
	694,878	535,075	713,033	645,615	786,462	637,226
	-	-	-	-	-	-
	1,104	-	-	-	-	-
	137,420	-	-	-	-	-
	-	-	-	-	-	-
	377,081	360,973	329,784	380,952	210,625	172,654
	-	-	-	-	-	-
	<u>44,565,070</u>	<u>47,965,459</u>	<u>38,604,151</u>	<u>43,266,551</u>	<u>39,607,985</u>	<u>39,261,473</u>
	15,295,525	15,359,038	14,545,654	15,102,791	15,006,450	15,066,301
	6,195,444	5,687,671	4,798,980	4,729,806	4,137,228	4,155,435
	111,233	214,951	196,846	272,518	191,505	134,025
	765,743	636,193	667,886	620,430	539,798	567,858
	2,227,949	2,465,125	2,463,055	2,277,626	2,316,488	2,453,961
	1,957,435	2,187,073	2,193,435	2,047,277	1,658,448	1,206,462
	100,515	54,378	141,015	57,871	49,177	44,847
	3,052,945	2,976,560	2,959,273	3,041,568	2,797,491	2,797,277
	1,201,434	1,260,624	1,106,465	1,101,648	1,122,444	1,091,259
	264,124	82,181	42,936	45,390	42,448	19,016
	3,825,655	3,559,298	3,472,536	3,587,332	3,525,470	3,542,643
	2,652,270	2,711,299	2,365,540	2,598,577	2,472,070	2,573,150
	10,772	8,817	8,270	10,651	-	443,303
	232,886	240,723	225,821	228,113	119,571	179,345
	1,538,975	1,431,943	1,520,197	1,489,544	1,461,705	1,391,941
	3,032,850	4,378,947	5,264,802	268,176	807,914	1,434,109
	3,885,850	3,404,050	3,288,700	2,425,000	1,850,000	2,535,415
	1,178,506	1,088,608	1,129,854	1,158,429	1,689,724	1,315,863
	-	-	-	-	-	-
	30,250	502,406	-	-	-	104,045
	<u>47,560,361</u>	<u>48,249,885</u>	<u>46,391,265</u>	<u>41,062,747</u>	<u>39,787,931</u>	<u>41,056,255</u>
	(2,995,291)	(284,426)	(7,787,114)	2,203,804	(179,946)	(1,794,782)
	-	4,100	-	-	-	425,000
	-	-	-	2,660,907	-	-
	-	-	-	-	-	-
	1,237,146	10,000,000	-	-	-	2,680,000
	-	(19,496)	-	-	-	-
	30,816	691,224	-	-	-	57,727
	-	-	-	-	-	(2,689,378)
	171,500	9,826,038	113,930	79,350	142,330	102,770
	(269,946)	(10,177,684)	(113,930)	(79,350)	(142,330)	(108,808)
	<u>1,169,516</u>	<u>10,324,182</u>	<u>-</u>	<u>2,660,907</u>	<u>-</u>	<u>467,311</u>
\$	<u>(1,825,775)</u>	<u>\$ 10,039,756</u>	<u>\$ (7,787,114)</u>	<u>\$ 4,864,711</u>	<u>\$ (179,946)</u>	<u>\$ (1,327,471)</u>
\$	2,743,440	\$ 2,894,411	\$ 4,972,805	\$ 123,348	\$ 667,790	\$ 1,116,496
	11.3%	9.9%	10.7%	8.8%	9.0%	9.6%

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

Collection Year	Real Property (a)			Tangible Public Utility	
	Assessed Value		Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
	Residential/ Agricultural	Commercial/ Industrial/PU			
2022	\$ 806,074,170	\$ 107,310,070	\$ 2,609,669,257	\$ 19,246,680	\$ 21,871,227
2021	798,629,110	99,038,250	2,564,763,886	18,314,690	20,812,148
2020	716,101,390	97,593,960	2,324,843,857	17,885,470	20,324,398
2019	708,542,140	95,747,280	2,297,969,771	16,831,340	19,126,523
2018	700,646,470	93,811,210	2,269,879,086	15,558,280	17,679,864
2017	671,387,260	92,550,230	2,182,678,543	14,997,060	17,042,114
2016	663,918,660	91,595,650	2,158,612,314	14,162,360	16,093,591
2015	657,768,660	91,330,170	2,140,282,371	13,504,910	15,346,489
2014	652,209,300	92,252,540	2,127,033,829	12,882,850	14,639,602
2013	648,353,410	93,505,230	2,119,596,114	11,777,350	13,383,352

Source: Office of the County Auditor, Geauga County, Ohio

- (1) This amount is calculated based on the following percentages:
Real estate is assessed at 35% of actual value.
Public utility personal is assessed at 88% of actual value.

Total

Assessed Value	Estimated Actual Value	Total Direct Tax Rate	%
\$ 932,630,920	\$ 2,631,540,484	89.46	35.44%
915,982,050	2,585,576,034	90.22	35.43%
831,580,820	2,345,168,255	90.78	35.46%
821,120,760	2,317,096,294	90.33	35.44%
810,015,960	2,287,558,950	90.33	35.41%
778,934,550	2,199,720,657	90.59	35.41%
769,676,670	2,174,705,905	90.64	35.39%
762,603,740	2,155,628,860	86.43	35.38%
757,344,690	2,141,673,431	86.65	35.36%
753,635,990	2,132,979,466	86.48	35.33%

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

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

Tax Year/ Collection Year	Voted Levies									
	Unvoted Levy	1976 Current Expense	1977 Current Expense	1979 Current Expense	1982 Current Expense	1987 Current Expense	1990 Current Expense	1992 Bond	1997 Current Expense	2002 Bond
2021/2022	4.50	30.50	7.50	5.50	3.50	5.90	8.30	-	6.90	2.85
2020/2021	4.50	30.50	7.50	5.50	3.50	5.90	8.30	-	6.90	3.57
2019/2020	4.50	30.50	7.50	5.50	3.50	5.90	8.30	-	6.90	3.64
2018/2019	4.50	30.50	7.50	5.50	3.50	5.90	8.30	-	6.90	3.64
2017/2018	4.50	30.50	7.50	5.50	3.50	5.90	8.30	-	6.90	3.64
2016/2017	4.50	30.50	7.50	5.50	3.50	5.90	8.30	0.50	6.90	4.10
2015/2016	4.50	30.50	7.50	5.50	3.50	5.90	8.30	0.67	6.90	3.98
2014/2015	4.50	30.50	7.50	5.50	3.50	5.90	8.30	0.73	6.90	3.71
2013/2014	4.50	30.50	7.50	5.50	3.50	5.90	8.30	0.84	6.90	3.82
2012/2013	4.50	30.50	7.50	5.50	3.50	5.90	8.30	0.79	6.90	3.70

Source: Office of the County Auditor, Geauga County, Ohio and the Ohio Department of Taxation

(1) Other levies include the Auburn Township, Bainbridge Township, Newbury Township, Auburn Joint Vocational School District and the Geauga County Library District

(2) Bond Issue approved by voters in May 2015; tax not levied until January 2017.

Voted Levies

2005 Current Expense	2015 Current Expense	2017 Bond (2)	Total School Levy	County Levy	Other Levies (1)	Total Levy	Debt Service	
							Included in Total Levy	Total
9.39	4.00	0.62	89.46	12.65	60.53	162.64	3.47	3.47
9.39	4.00	0.66	90.22	15.50	52.80	158.52	4.23	4.23
9.39	4.00	1.15	90.78	15.60	51.00	157.38	4.79	4.79
9.39	4.00	0.70	90.33	15.60	51.00	156.93	4.34	4.34
9.39	4.00	0.70	90.33	15.60	51.00	156.93	4.34	4.34
9.39	4.00	-	90.59	15.60	50.50	156.69	4.60	4.60
9.39	4.00	-	90.64	15.60	48.50	154.74	4.65	4.65
9.39	-	-	86.43	13.40	48.50	148.33	4.44	4.44
9.39	-	-	86.65	14.10	48.50	149.25	4.66	4.66
9.39	-	-	86.48	15.10	46.50	148.08	4.49	4.49

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

PRINCIPAL TAXPAYERS
REAL ESTATE TAX
DECEMBER 31, 2021 AND DECEMBER 31, 2012

December 31, 2021			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
South Franklin Circle	\$ 14,504,710	1	1.59%
Marketplace Associates	12,611,770	2	1.38%
V&V Lakeshore Ltd.	3,434,350	3	0.38%
ICP Geauga Lake LLC	3,146,520	4	0.34%
HD Development of Maryland Inc.	3,010,000	5	0.33%
Aurora Ohio Family LLC	2,999,950	6	0.33%
Tanglewood Square	2,750,510	7	0.30%
Menard Inc	2,625,000	8	0.29%
Target Corporation	2,334,000	9	0.26%
Canyon Lakes Colony Co.	1,913,920	10	0.21%
Total	\$ 49,330,730		5.41%
Total Real Estate Valuation	\$ 913,384,240		

December 31, 2012			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
South Franklin Circle	\$ 16,037,140	1	2.16%
Bainbridge Shopping Center	12,732,600	2	1.72%
Cedar Fair Lp	4,057,180	3	0.55%
Tanglewood Square	2,579,050	4	0.35%
V&V Lakeshore Ltd.	2,424,030	5	0.33%
Target Corporation	2,240,000	6	0.30%
HD Development of Maryland Inc.	2,170,010	7	0.29%
McFarland Corners Ltd.	1,947,230	8	0.26%
Bainbridge Associates LTD.	1,800,520	9	0.24%
Key Trust Co.	1,509,820	10	0.20%
Total	\$ 47,497,580		6.40%
Total Real Estate Valuation	\$ 741,858,640		

Source: Office of the County Auditor, Geauga County, Ohio

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

PRINCIPAL PROPERTY TAX PAYERS
PUBLIC UTILITY PROPERTY TAX
DECEMBER 31, 2021 AND DECEMBER 31, 2012

December 31, 2021			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Public Utility Assessed Value
Cleveland Electric Illuminating Co.	\$ 12,258,520	1	63.69%
American Transmission Systems Inc.	4,394,020	2	22.83%
East Ohio Gas Company	1,519,540	3	7.90%
Total	\$ 18,172,080		94.42%
Total Public Utility Assessed Valuation	\$ 19,246,680		

December 31, 2012			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Public Utility Assessed Value
Cleveland Electric Illuminating Company	\$ 9,446,030	1	80.21%
American Transmission	708,900	2	6.02%
East Ohio Gas Company	572,970	3	4.87%
Aqua Ohio Inc.	435,500	4	3.70%
Ohio Edison	353,820	5	3.00%
Orwell Natural Gas	220,440	6	1.87%
Cleveland Commercial RA	39,690	7	0.33%
Total	\$ 11,777,350		100.00%
Total Public Utility Assessed Valuation	\$ 11,777,350		

Source: Office of the County Auditor, Geauga County, Ohio

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN FISCAL YEARS

Tax Year/ Collection Year (2)	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Total Tax Levy	Delinquent Tax Collections (3)	Total Tax Collection	Total Collection As a Percent of Total Levy
2021	\$ 39,738,714	\$ 36,789,149	92.58%	\$ 1,125,033	\$ 37,914,182	95.41%
2020	37,263,262	36,659,171	98.38%	752,614	37,411,785	100.40%
2019	36,857,265	35,490,025	96.29%	587,636	36,077,661	97.88%
2018	37,781,270	35,317,975	93.48%	729,935	36,047,910	95.41%
2017	37,611,430	35,773,662	95.11%	932,923	36,706,585	97.59%
2016	35,151,359	34,191,756	97.27%	683,941	34,875,697	99.22%
2015	33,419,104	30,950,116	92.61%	617,465	31,567,581	94.46%
2014	31,497,560	27,194,365	86.34%	809,812	28,004,177	88.91%
2013	31,091,657	30,063,540	96.69%	577,265	30,640,805	98.55%
2012	31,154,942	30,174,915	96.85%	1,000,639	31,175,554	100.07%

Source: Office of the County Auditor, Geauga County, Ohio

- (1) Includes Homestead/ Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.
- (2) Data is presented on a calendar year basis, consistent with the County Auditor's method of maintaining the information.
- (3) The County is aware of the requirement to report delinquent tax collections by levy year rather than by collection year. The County's current computer system tracks levy amounts by either current levy or delinquent levy. Once amounts become part of the delinquent levy, the ability to track information by levy year is lost. The County is looking at options to provide this information in the future.

**KENSTON LOCAL SCHOOL DISTRICT
GEOUGA COUNTY, OHIO**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2022

<u>Governmental Unit</u>	<u>Net General Tax Supported Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt of Kenston Local School District:			
General obligation Bonds (Net)	\$ 30,260,261	100.00%	\$ 30,260,261
	<u>30,260,261</u>		<u>30,260,261</u>
Overlapping debt:			
Geauga County Library District	22,125,000	28.06%	6,208,275
Auburn Career Center Joint Vocational School District	3,580,000	16.99%	608,242
Geauga County	13,228,859	25.90%	3,426,274
Total overlapping debt	<u>38,933,859</u>		<u>10,242,791</u>
 Total direct and overlapping debt	 <u>\$ 69,194,120</u>		 <u>\$ 40,503,052</u>

Note: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the District's taxable assessed value that is within the subdivision's boundaries and dividing it by the District's total taxable assessed value. Net general tax supported debt includes accreted interest on capital appreciation bonds but excludes unamortized bond premiums, discounts and deferred losses on refundings.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Estimated Actual Value of Taxable Property (2)	General Bonded Debt Outstanding	Resources Available to Pay Principal (3)	Net General Bonded Debt Outstanding	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt per Capita
2022	17,545	\$ 2,631,540,484	\$ 30,260,261	\$ 3,852,878	\$ 26,407,383	1.00%	\$ 1,505
2021	17,545	2,585,576,034	32,793,419	2,809,553	29,983,866	1.16%	1,709
2020	17,351	2,345,168,255	35,247,360	1,777,992	33,469,368	1.43%	1,929
2019	17,351	2,317,096,294	38,031,539	2,084,898	35,946,641	1.55%	2,072
2018	17,351	2,287,558,950	40,383,822	2,061,407	38,322,415	1.68%	2,209
2017	17,351	2,199,720,657	42,341,312	3,273,997	39,067,315	1.78%	2,252
2016	17,351	2,174,705,905	49,476,407	3,330,058	46,146,349	2.12%	2,660
2015	17,351	2,155,628,860	37,524,492	4,247,132	33,277,360	1.54%	1,918
2014	17,351	2,141,673,431	38,013,469	4,254,129	33,759,340	1.58%	1,946
2013	17,351	2,132,979,466	40,258,579	4,102,707	36,155,872	1.70%	2,084

Source: (1) 2013 - 2020 U.S. Census Bureau - 2010 Census; 2021-2022 U.S. Census Bureau - 2020 Census

(2) Office of the Auditor, Geauga County, Ohio

(3) Resources available to pay principal is obtained from the District's Statement of Net Position for net position restricted for debt service.

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	Voted Debt Limit	Total Debt Applicable to Limit (1)	Debt Service Available Balance	Net Debt Applicable to Limit	Voted Legal Debt Margin
2022	\$ 83,936,783	\$ 27,905,000	\$ 4,907,510	\$ 22,997,490	\$ 60,939,293
2021	82,438,385	29,485,000	3,786,752	25,698,248	56,740,137
2020	74,842,274	31,870,000	3,165,238	28,704,762	46,137,512
2019	73,900,868	34,100,000	2,840,350	31,259,650	42,641,218
2018	72,901,436	36,270,000	3,483,936	32,786,064	40,115,372
2017	70,104,110	39,375,000	4,155,007	35,219,993	34,884,117
2016	69,270,900	46,980,000	4,008,827	42,971,173	26,299,727
2015	68,634,337	34,995,000	4,770,521	30,224,479	38,409,858
2014	68,161,022	37,420,000	4,624,341	32,795,659	35,365,363
2013	67,827,239	39,270,000	4,735,689	34,534,311	33,292,928

Source: Office of the Auditor, Geauga County, Ohio and School District Financial Records.

Note: Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt. House Bill 530 became effective on March 30, 2006, which excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

Legal Debt Margin as a Percentage of Debt Limit	Unvoted Debt Limit	Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit
72.60%	\$ 932,631	100.00%
68.83%	915,982	100.00%
61.65%	831,581	100.00%
57.70%	821,121	100.00%
55.03%	810,016	100.00%
49.76%	778,935	100.00%
37.97%	769,677	100.00%
55.96%	762,604	100.00%
51.89%	757,345	100.00%
49.08%	753,636	100.00%

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Actual Taxable Value of Property (1)	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds	Leases Payable (3)				
2022	\$ 30,260,261	\$ 86,194	\$ 30,346,455	1.15%	2.95%	1,730
2021	32,793,419	170,912	32,964,331	1.27%	3.20%	1,879
2020	35,247,360	-	35,247,360	1.50%	4.62%	2,031
2019	38,031,539	-	38,031,539	1.64%	4.98%	2,192
2018	40,383,822	807,307	41,191,129	1.80%	5.40%	2,376
2017	42,341,312	1,588,157	43,929,469	2.00%	5.75%	2,532
2016	49,476,407	2,087,207	51,563,614	2.37%	6.75%	2,972
2015	37,524,492	2,660,907	40,185,399	1.86%	5.26%	2,316
2014	38,013,469	-	38,013,469	1.77%	4.98%	2,191
2013	40,258,579	-	40,258,579	1.89%	5.27%	2,320

(3) The School District implemented GASB Statement No. 87 in 2022.
Amounts for 2021 have been restated to reflect the implementation of this statement.

Note: The balances of outstanding debt should tie to the financial statements, that is they should be presented net of premiums and discounts.

Source: Details regarding the School District's outstanding debt can be found in the notes to the financial statements.
(1) See schedule "Assessed and Estimated Actual Value of Taxable Property, Last Ten Years" for property value date.
(2) See schedule "Demographic and Economic Statistics, Last Ten Years" for per capita personal income and population data.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year	Bainbridge Township Population (1)	Auburn Township Population (1)	Total Personal Income (2)	Per Capita Personal Income (1)	Geauga County Unemployment Rate (3)
2022	11,039	6,506	\$ 1,028,558,080	\$ 58,624	4.9%
2021	11,039	6,506	1,028,558,080	58,624	4.7%
2020	10,908	6,443	763,409,298	43,998	9.5%
2019	10,908	6,443	763,409,298	43,998	4.0%
2018	10,908	6,443	763,409,298	43,998	5.2%
2017	10,908	6,443	763,409,298	43,998	5.4%
2016	10,908	6,443	763,409,298	43,998	4.1%
2015	10,908	6,443	763,409,298	43,998	5.4%
2014	10,908	6,443	763,409,298	43,998	6.2%
2013	10,908	6,443	763,409,298	43,998	6.3%

Sources: (1) 2013 - 2020 U.S. Census Bureau - 2010 Census; 2021 - 2022 U.S. Census Bureau - 2020 Census
(2) Computation of per capital personal income multiplied by population
(3) Ohio Department of Job and Family Services - Ohio Labor Market Information as of June 30th of fiscal year.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

PRINCIPAL EMPLOYERS
DECEMBER 31, 2021 AND DECEMBER 31, 2012

Employer	December 31, 2021		
	Number of Employees (1)	Rank	Percentage of Total City Employment
Kenston Local School District	398	1	4.54%
Tarkett USA, Inc.	282	2	3.22%
Lattice Composites LLC	184	3	2.10%
Century Simplimatic, Inc.	150	4	1.71%
Medhurst Mason Contractors Inc.	115	5	1.31%
Rural/ Metro Corporation Bainbridge Twp	110	6	1.25%
Modern Logistics Inc.	105	7	1.20%
Chagrin Valley Athletic Club	100	8	1.14%
Mar-Bal, Inc.	93	9	1.06%
Custum Materials, Inc.	70	10	0.80%
Total	<u>1,607</u>		<u>18.33%</u>
Total Employment within the School District (2)	<u>8,768</u>		

Employer	December 31, 2012		
	Number of Employees (1)	Rank	Percentage of Total City Employment
Kenston Local School District	493	1	6.62%
Johnsonite, Inc.	450	2	6.04%
Stock Equipment Company, Inc.	240	3	3.22%
Heinen's Inc.	233	4	3.13%
Stock Fairchild Corp	170	5	2.28%
Park Place Technologies Inc.	145	6	1.95%
Mar-Bal, Inc.	128	7	1.72%
Township of Bainbridge	122	8	1.64%
Medhurst Mason Contractors Inc.	115	9	1.54%
Modern Logistics Inc.	105	10	1.41%
Total	<u>2,201</u>		<u>29.55%</u>
Total Employment within the School District (2)	<u>7,451</u>		

(1) Obtained from the Dun and Bradstreet's "Million Dollar Database" through Cuyahoga County Library Search Engine.

(2) Obtained from the 2010 and 2020 U.S. Census Bureau

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

BUILDING STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Kenston High School				
Constructed in	2006	2006	2006	2006
Total Building Square Footage	222,067	222,067	222,067	222,067
Enrollment Grades	9-12	9-12	9-12	9-12
Student Capacity	1,200	1,200	1,200	1,200
Regular Instruction Classroom	73	73	73	73
Regular Instruction Teachers	52.00	53.25	54.00	57.00
Special Instruction Teachers	8.00	7.00	7.00	7.00
Kenston Middle School				
Constructed in	1956	1956	1956	1956
Total Building Square Footage	146,415	146,415	146,415	146,415
Enrollment Grades	6-8	6-8	6-8	6-8
Student Capacity	855	855	855	855
Regular Instruction Classroom	40	40	40	40
Regular Instruction Teachers	38.75	36.57	36.82	36.57
Special Instruction Teachers	7.00	8.00	7.00	7.00
Vocational Instruction Teachers	-	-	-	-
Kenston Intermediate School				
Constructed in	1967	1967	1967	1967
Total Building Square Footage	90,356	90,356	90,356	90,356
Enrollment Grades	4-5	4-5	4-5	4-5
Student Capacity	616	616	616	616
Regular Instruction Classroom	38	38	38	38
Regular Instruction Teachers	20.00	21.00	20.00	20.00
Special Instruction Teachers	4.00	4.00	4.00	4.00
Vocational Instruction Teachers	-	-	-	-
Timmons Elementary School				
Constructed in	1994	1994	1994	1994
Total Building Square Footage	92,100	92,100	92,100	92,100
Enrollment Grades	K-3	K-3	K-3	K-3
Student Capacity	900	900	900	900
Regular Instruction Classroom	38	38	38	38
Regular Instruction Teachers	40.00	36.50	36.50	37.00
Special Instruction Teachers	3.00	3.00	3.00	6.00
Vocational Instruction Teachers	-	-	-	-
Gardner Early Learning Center (1)				
Constructed in	1962	1962	1962	1962
Total Building Square Footage	42,063	42,063	42,063	42,063
Enrollment Grades	N/A	N/A	N/A	N/A
Student Capacity	N/A	N/A	N/A	N/A
Regular Instruction Classroom	N/A	N/A	N/A	N/A
Regular Instruction Teachers	N/A	N/A	N/A	N/A
Special Instruction Teachers	N/A	N/A	N/A	N/A

Source: Information provided by the Kenston Local School District.

(1) This building is currently not utilized by the School District.

2018	2017	2016	2015	2014	2013
2006	2006	2006	2006	2006	2006
222,067	222,067	222,067	222,067	222,067	222,067
9-12	9-12	9-12	9-12	9-12	9-12
1,200	1,200	1,200	1,200	1,200	1,200
73	73	73	73	73	73
57.36	53.00	58.61	70.00	70.00	70.00
7.00	7.00	7.00	-	-	-
1956	1956	1956	1956	1956	1956
146,415	146,415	146,415	146,415	146,415	146,415
6-8	6-8	6-8	6-8	6-8	6-8
855	855	855	855	855	855
40	40	40	40	40	40
39.07	36.00	41.25	52.00	52.00	47.00
7.00	8.00	8.00	-	-	-
-	2.00	-	-	-	-
1967	1967	1967	1967	1967	1967
90,356	90,356	90,356	90,356	90,356	90,356
4-5	4-5	4-5	4-5	4-5	4-5
616	616	616	616	616	616
38	38	38	38	38	38
21.00	18.00	21.82	29.00	29.00	28.00
4.00	6.00	6.00	-	-	-
-	2.00	2.00	-	-	-
1994	1994	1994	1994	1994	1994
92,100	92,100	92,100	92,100	92,100	92,100
K-3	K-3	K-3	K-3	K-3	K-3
900	900	900	900	900	900
38	38	38	38	38	38
37.00	30.00	35.00	43.00	43.00	40.00
-	4.00	4.00	-	-	-
4.00	1.00	1.00	2.00	2.00	2.00
1962	1962	1962	1962	1962	1962
42,063	42,063	42,063	42,063	42,063	42,063
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

COST PER PUPIL
LAST TEN FISCAL YEARS

Year	Student Enrollment		General Government (2)		Governmental Activities	
	Average Enrollment (1)	Percentage Change	Total Expenditures	Cost Per Pupil	Total Expenses	Cost Per Pupil
2022	2,547	-0.51%	\$ 43,332,851	\$ 17,013	\$ 41,631,450	\$ 16,345
2021	2,560	-3.40%	41,634,638	16,264	45,239,238	17,672
2020	2,650	-0.15%	41,565,808	15,685	45,262,446	17,080
2019	2,654	-2.07%	41,981,534	15,818	39,037,063	14,709
2018	2,710	0.37%	42,465,755	15,670	24,412,543	9,008
2017	2,700	-3.47%	43,254,821	16,020	45,476,040	16,843
2016	2,797	-7.08%	41,976,221	15,008	39,269,242	14,040
2015	3,010	-2.15%	37,479,318	12,452	38,596,240	12,823
2014	3,076	-0.65%	36,248,207	11,784	38,581,615	12,543
2013	3,096	4.14%	37,100,932	11,984	39,181,240	12,655

Source: Kenston Local School District Records.
 (1) Based upon EMIS information provided to the Ohio Department of Education (ODE)
 (2) Debt Service expenditures and other financing uses have been excluded.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

ENROLLMENT STATISTICS
LAST TEN FISCAL YEARS

Year	Elementary Schools (1)	Middle School	Senior High School	Total
2022	1,148	603	796	2,547
2021	1,093	596	871	2,560
2020	1,104	605	941	2,650
2019	1,107	609	938	2,654
2018	1,093	644	973	2,710
2017	1,140	665	973	2,778
2016 (2)	1,132	691	974	2,797
2015	1,189	760	1,061	3,010
2014	1,260	761	1,055	3,076
2013 (2)	1,282	761	1,053	3,096

Source: Based upon EMIS information provided to the Ohio Department of Education.
 (1) Includes Pre-School Students
 (2) The School District provided enrollment figures for 2016, 2013, and 2012.
 Information from ODE was unavailable.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

FULL-TIME EQUIVALENT TEACHERS BY EDUCATION
LAST TEN FISCAL YEARS

Year	Bachelor's			Master's			PhD	Total
	Degree	Degree +15	Degree +30	Degree	Degree +15	Degree +30		
2022	-	2.00	22.00	57.00	52.00	56.00	3.00	192.00
2021	-	2.00	25.00	68.00	49.00	45.00	3.00	192.00
2020	1.00	2.00	22.00	77.00	49.00	45.00	4.00	200.00
2019	1.00	2.00	23.00	75.00	50.00	44.00	2.00	197.00
2018	2.00	2.00	25.00	77.00	51.00	40.00	2.00	199.00
2017	2.00	4.00	29.00	79.00	52.00	38.00	2.00	206.00
2016	3.00	2.00	32.00	84.00	45.00	37.00	2.00	205.00
2015	3.00	2.00	34.00	86.00	43.00	35.00	2.00	205.00
2014	2.00	4.00	32.00	90.00	40.00	31.00	1.00	200.00
2013	2.00	5.00	36.00	97.00	40.00	34.00	2.00	216.00

Source: Kenston Local School District Payroll Department.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

AVERAGE NUMBER OF STUDENTS PER TEACHER
LAST TEN FISCAL YEARS

Year	Kenston Average	State Average
2022	16.2	N/A
2021	17.1	N/A
2020	17.6	N/A
2019	17.5	N/A
2018 (1)	17.4	N/A
2017	25.0	N/A
2016	25.0	N/A
2015	25.0	25.0
2014	25.0	25.0
2013	N/A	N/A

Source: Ohio Department of Education, EMIS Reports.

N/A - Information was not available at time of completion.

(1) Calculation for 2018 was adjusted to reflect a more accurate representation of the average number of students per teacher ratio.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

ATTENDANCE AND GRADUATION RATES
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Kenston Attendance Rate</u>	<u>State Average</u>	<u>Kenston Graduation Rate</u>	<u>State Average</u>
2022	95.1%	90.4%	95.7%	87.2%
2021	96.5%	91.5%	97.8%	87.2%
2020	97.0%	94.9%	96.2%	85.9%
2019	95.8%	93.5%	97.6%	85.9%
2018	96.1%	93.7%	97.2%	83.5%
2017	95.0%	N/A	96.4%	83.6%
2016	96.5%	N/A	95.7%	83.0%
2015	N/A	N/A	98.0%	N/A
2014	97.0%	N/A	94.0%	82.2%
2013	>95%	94.2%	95.9%	81.3%

Source: Ohio Department of Educational Local Report Cards.
N/A - Information was not available at time of completion.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

SAT COMPOSITE SCORES
LAST TEN FISCAL YEARS

School Year	Number of Test Takers	Number of Seniors	Percent of Students	Kenston Verbal	Ohio Verbal	National Verbal	Kenston Math	Ohio Math	National Math
2022	235	224	99%	550	528	529	576	525	521
2021	235	244	96%	555	525	533	557	523	528
2020	217	219	82%	558	536	528	578	534	523
2019	214	261	82%	555	N/A	531	575	N/A	528
2018	245	245	100%	563	N/A	536	569	N/A	531
2017	89	255	35%	599	N/A	538	585	N/A	533
2016	112	247	45%	586	N/A	510	602	N/A	510
2015	116	251	46%	547	N/A	495	551	N/A	511
2014	151	255	59%	537	555	496	553	562	514
2013	162	257	63%	540	548	496	549	556	514

Source: High School Guidance Office, Kenston Local School District.
N/A - Information was not available at time of completion.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

ACT COMPOSITE SCORES
LAST TEN FISCAL YEARS

School Year	Number of Test Takers	Number of Seniors	Percent of Students	Kenston Composite	Ohio Composite	National Composite
2022	102	244	42%	24.4	19.4	19.8
2021	102	244	42%	24.5	20.0	20.7
2020	145	219	66%	25.2	19.9	20.6
2019	195	261	75%	25.1	20.0	20.7
2018	205	248	82%	24.9	20.3	20.8
2017	227	255	89%	24.1	22.0	21.0
2016	221	247	89%	24.3	22.0	20.8
2015	360	251	143%	23.7	22.0	21.1
2014	345	255	135%	23.7	21.8	21.1
2013	196	257	76%	23.7	21.8	20.9

Source: High School Guidance Office, Kenston Local School District.

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

SCHOOL DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Regular Instruction						
Elementary Classroom Teachers	49.00	49.50	44.50	47.00	47.00	42.00
Middle School Classroom Teachers	29.00	27.82	28.07	28.07	30.32	36.00
High School Classroom Teachers	49.00	47.00	47.75	50.75	51.50	53.00
Specials - Art, Music, Health and Physical Ed.	20.75	22.00	22.00	21.75	20.61	23.00
Special Instruction						
Elementary Classroom Teachers	10.00	5.00	7.00	7.00	8.00	10.00
Gifted Education Teachers	5.00	5.00	5.00	5.00	5.00	5.00
Middle School Classroom Teachers	7.00	8.00	7.00	7.00	8.00	8.00
High School Classroom Teachers	8.00	7.00	7.00	7.00	7.00	7.00
Other Instruction						
Elementary Tutors	4.44	2.44	4.44	4.44	4.44	4.44
Middle School Tutors	2.00	2.00	2.00	1.71	1.71	1.71
High School Tutors	1.00	1.00	1.00	1.00	1.00	1.00
Districtwide Tutors	0.60	0.60	0.60	1.00	0.60	1.00
Pupil Support Services						
Guidance Counselors	7.00	7.00	6.00	6.00	6.00	7.00
Speech and Language Pathologists	4.35	4.35	4.35	4.36	4.34	3.33
Nurse	3.57	3.54	3.54	3.87	3.91	4.16
Non-Teaching Support Staff Elementary	10.00	10.00	10.00	9.00	8.00	9.84
Non-Teaching Support Staff Middle School	8.00	5.00	4.00	4.00	4.00	3.00
Non-Teaching Support Staff High School	4.00	3.00	5.00	5.00	5.00	5.00
Non-Teaching Support Staff Districtwide	4.00	3.00	3.00	3.00	-	-
Instructional Support Services						
Librarian	-	-	-	-	1.00	1.00
Technology	2.00	2.00	2.00	2.00	3.00	5.00
Non-Teaching Support Staff Elementary-Aides	7.41	7.41	7.41	6.94	6.93	8.50
Non-Teaching Support Staff Middle School	2.35	1.95	2.72	2.72	3.76	3.21
Non-Teaching Support Staff High School	4.03	4.41	4.31	4.57	4.57	4.10
Non-Teaching Support Staff Central	0.33	-	-	-	-	-
Administrators, Supervisors and Support Staff						
Elementary	6.88	9.38	9.88	9.88	9.88	9.44
Middle School	4.88	5.38	5.38	5.38	5.38	5.38
High School	9.88	10.19	10.25	10.75	10.75	9.82
Central Office	16.03	13.19	14.62	15.81	13.81	10.81
Other	-	-	-	-	-	2.00
Fiscal						
Treasurer's Office	5.00	5.00	5.00	5.00	5.00	5.00
Operations and Maintenance of Plant Services						
Custodial Department	29.00	28.00	23.00	24.26	23.63	24.15
Maintenance Department	6.00	7.00	7.00	7.00	8.00	7.01
Pupil Transportation						
Bus Drivers	26.81	26.46	31.46	32.08	34.08	30.05
Bus Aides	2.93	3.62	3.19	4.35	4.35	4.36
Mechanics	3.00	4.00	3.00	3.00	3.00	3.00
Transportation Support Staff	1.57	1.57	1.57	1.35	1.35	2.00
Central						
Community Relations	1.00	1.00	1.00	1.00	1.00	1.00
Food Service Program						
Elementary Cooks	3.93	3.42	3.37	2.93	4.01	4.57
Middle School Cooks	4.25	3.29	3.14	3.92	4.30	4.33
High School Cooks	3.44	4.10	4.77	4.54	5.26	5.26
Totals:	<u>367.43</u>	<u>354.62</u>	<u>355.32</u>	<u>364.43</u>	<u>369.49</u>	<u>374.47</u>

Source: Kenston Local School District's Staff Total FTE Report.

Method: Used full-time equivalency (FTE) for each full, part-time and seasonal employee

(1) During fiscal year 2012, the School District converted from EMIS to Infinite Campus software and the Local Report Cards are currently unavailable. As a result of these two factors, information pertaining to this table is unavailable for fiscal years 2012 and 2013.

2016	2015	2014	2013 (1)
48.82	54.00	54.00	N/A
29.50	40.00	40.00	N/A
48.97	53.00	53.00	N/A
24.39	22.00	22.00	N/A
10.00	8.00	8.00	N/A
5.00	3.00	2.00	N/A
8.00	8.00	8.00	N/A
7.00	4.00	4.00	N/A
6.44	5.00	6.00	N/A
1.71	2.00	2.00	N/A
1.00	1.00	1.00	N/A
-	-	-	N/A
7.00	7.00	7.00	N/A
3.32	4.00	4.00	N/A
3.12	4.00	4.00	N/A
10.00	19.00	19.00	N/A
3.00	7.00	7.00	N/A
4.00	13.00	13.00	N/A
-	3.00	3.00	N/A
1.00	1.00	1.00	N/A
4.00	3.00	3.00	N/A
7.61	12.00	12.00	N/A
2.21	4.00	4.00	N/A
3.55	4.00	4.00	N/A
-	-	-	N/A
7.00	3.00	4.00	N/A
5.00	2.00	2.00	N/A
9.38	3.00	3.00	N/A
7.00	3.00	3.00	N/A
-	-	-	N/A
5.00	5.00	4.00	N/A
28.79	24.00	25.00	N/A
7.00	5.00	5.00	N/A
45.00	44.00	45.00	N/A
4.01	6.00	7.00	N/A
2.00	3.00	3.00	N/A
2.00	2.00	2.00	N/A
1.00	1.00	1.00	N/A
4.57	9.00	9.00	N/A
4.33	6.00	6.00	N/A
5.26	7.00	7.00	N/A
<u>376.98</u>	<u>404.00</u>	<u>407.00</u>	<u>-</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021 (2)</u>	<u>2020</u>	<u>2019</u>
Land	\$ 1,321,516	\$ 1,321,516	\$ 1,321,516	\$ 1,321,516
Land improvements	4,841,476	5,362,745	5,678,605	6,068,115
Buildings and improvements	33,853,720	34,891,293	35,904,449	36,242,786
Furniture, fixtures and equipment	459,225	456,082	521,917	462,784
Vehicles	1,541,631	1,743,224	2,018,644	2,202,819
Construction in progress	-	164,876	174,142	171,699
Intangible right to use:				
Leased equipment	85,456	170,912	-	-
 Total Governmental Activities Capital Assets, net	 <u>\$ 42,103,024</u>	 <u>\$ 44,110,648</u>	 <u>\$ 45,619,273</u>	 <u>\$ 46,469,719</u>

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

(1) Amounts have been restated.

(2) The School District implemented GASB Statement No. 87 in 2022.

Amounts for 2021 have been restated to reflect the implementation of this statement.

2018	2017	2016 (1)	2015	2014	2013
\$ 1,207,191	\$ 1,207,191	\$ 1,207,191	\$ 1,207,191	\$ 1,207,191	\$ 1,207,191
6,217,711	5,843,875	3,786,280	1,020,959	1,116,252	1,179,589
35,724,452	36,105,939	35,253,065	46,564,347	45,371,146	46,209,066
584,064	690,937	725,674	704,923	760,854	826,437
2,375,882	2,640,111	2,786,790	121,075	175,320	259,267
989,212	-	1,826,222	-	2,410,462	2,410,735
-	-	-	-	-	-
<u>\$ 47,098,512</u>	<u>\$ 46,488,053</u>	<u>\$ 45,585,222</u>	<u>\$ 49,618,495</u>	<u>\$ 51,041,225</u>	<u>\$ 52,092,285</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO**

FREE OR REDUCED LUNCH PROGRAM PERCENTAGES
LAST TEN SCHOOL YEARS

<u>School Year</u>	<u>Students</u>	<u>Students Applicable for Free Lunch</u>	<u>Percentage of Applicable Students for the Free Lunch Program</u>	<u>Students Applicable for Reduced Lunch</u>	<u>Percentage of Applicable Students for the Reduced Lunch Program</u>
2022 (1)	2,662	204	7.66%	47	1.77%
2021 (1)	2,662	204	7.66%	47	1.77%
2020	2,662	204	7.66%	47	1.77%
2019	2,794	205	7.34%	48	1.72%
2018	3,297	242	7.34%	62	1.88%
2017	3,297	242	7.34%	62	1.88%
2016	2,797	158	5.65%	59	2.11%
2015	3,050	244	8.00%	56	1.84%
2014	3,113	246	7.90%	94	3.02%
2013	3,143	316	10.05%	110	3.50%

Source: "Lunch MR Report for October" obtained from the Ohio Department of Education

(1) The School District in accordance with the guidance issued by the USDA and the USDOE, encourages the use of October 2019 data for determination of free and reduced lunch percent's due to the incompleteness and inaccuracy of the current year data due to the COVID-19 pandemic. The School District participated in the Summer Food Service Program, which did not require school districts to collect or report October 2021 free and reduced lunch data.

Total Students Applicable for the Free and Reduced Lunch Program	Total Percentage of Applicable Students for the Free and Reduced Lunch Programs
251	9.43%
251	9.43%
251	9.43%
253	9.06%
304	9.22%
304	9.22%
217	7.76%
300	9.84%
340	10.92%
426	13.55%

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Kenston Local School District

**Single Audit Reports
For the Fiscal Year Ended June 30, 2022**

Kenston Local School District

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CPAs and Business Advisors

Where Relationships Count.

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

Board of Education and Management
Kenston Local School District
Chagrin Falls, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District (the “District”), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 29, 2022.

Report on Internal Control over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of this Report

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

Ciampi & Panichi, Inc.

Cleveland, Ohio
December 29, 2022



CPAs and Business Advisors

Where Relationships Count.

**Independent Auditor’s Report on Compliance for Each Major Program;
Report on Internal Control over Compliance; and Report on Schedule
of Expenditures of Federal Awards Required by the Uniform Guidance**

Board of Education and Management
Kenston Local School District
Chagrin Falls, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Kenston Local School District’s (the “District”) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the District’s major federal program for the year ended June 30, 2022. The District’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

Board of Education and Management
Kenston Local School District

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 29, 2022, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Ciuni & Panichi, Inc.

Cleveland, Ohio
December 29, 2022

Kenston Local School District

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass Through Identifying Number	Expenditures	Non-cash Expenditures
U.S. Department of Agriculture:				
Passed Through Ohio Department of Education:				
Child Nutrition Cluster:				
COVID-19 - National School Lunch Program	10.555	N/A	\$ 16,848	\$ -
National School Lunch Program	10.555	N/A	<u>1,187,142</u>	<u>72,786</u>
Total National School Lunch Program			<u>1,203,990</u>	<u>72,786</u>
Total Child Nutrition Cluster			<u>1,203,990</u>	<u>72,786</u>
U.S. Department of Education:				
Passed Through Ohio Department of Education:				
Title I Grants to Local Educational Agencies	84.010	N/A	116,966	-
Special Education Cluster (IDEA):				
Special Education - Grants to States	84.027	N/A	486,051	-
Special Education - Preschool Grants	84.173	N/A	<u>11,544</u>	<u>-</u>
Total Special Education Cluster (IDEA)			497,595	-
English Language Acquisition State Grants	84.365	N/A	360	-
Improving Teacher Quality State Grants	84.367	N/A	45,312	-
Student Support and Academic Enrichment Program	84.424	N/A	18,210	-
Education Stabilization Fund:				
COVID-19 - Education Stabilization Fund	84.425D	N/A	449,391	-
COVID-19 - Education Stabilization Fund	84.425U	N/A	<u>184,871</u>	<u>-</u>
Total Education Stabilization Fund			<u>634,262</u>	<u>-</u>
Total U.S. Department of Education			<u>1,312,705</u>	<u>-</u>
Total Expenditures of Federal Awards			\$ <u>2,516,695</u>	\$ <u>72,786</u>

Kenston Local School District

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

Note 1: Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal awards of the Kenston Local School District (the "District") and is presented on the cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

Child Nutrition Cluster

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. When reporting expenditures on the Schedule the District assumes federal monies are expended first.

Food Donation Program

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

Note 2: Indirect Cost Rate

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

Note 3: National School Lunch Program

The District has \$93,134 related to the National School Lunch Program grant funding at June 30, 2022 that will carry over to be spent in the next fiscal year.

Kenston Local School District

Schedule of Findings and Questioned Costs
2 CFR Section 200.515

For the Year Ended June 30, 2022

1. Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses 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)?	None reported
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	None reported
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR Section 200.516(a)?	No
(d)(1)(vii)	Major Programs	Child Nutrition Cluster ALN 10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$750,000 Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	No

2. Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS

None noted.

3. Findings for Federal Awards

None noted.



KENSTON

S C H O O L S

Kenston Local Schools

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Interim Superintendent

Paul J. Pestello
Treasurer

Jeremy P. McDevitt
*Assistant Superintendent
Business Operations and
Human Resources*

Kathleen M. Poe, Ed.D.
*Assistant Superintendent
Curriculum*

Summary Schedule of Prior Audit Findings 2 CFR 200.511(b) June 30, 2022

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Action Taken; or Finding No Longer Valid; <i>Explain</i>
2021-001	Material Weakness in Internal Control over Financial Reporting The District had material audit adjustments to the financial statements during fiscal year 2021 audit. Controls were not in place to make sure GAAP financial statements were properly prepared.	Yes	Corrected

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OHIO AUDITOR OF STATE KEITH FABER



KENSTON LOCAL SCHOOL DISTRICT

GEAUGA 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 3/16/2023

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This report is a matter of public record and is available online at
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