



OHIO AUDITOR OF STATE  
**KEITH FABER**





KEYSTONE LOCAL SCHOOL DISTRICT  
LORAIN COUNTY

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Keystone Local School District, Lorain County, (the District) as of and for the year ended June 30, 2019, 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 17, 2019.

***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State

Columbus, Ohio

December 17, 2019

# Keystone Local School District

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## Comprehensive Annual Financial Report

*For the Fiscal Year Ended  
June 30, 2019*



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



**Michael R. Resar**  
Treasurer/CFO





**KEYSTONE LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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## KEYSTONE LOCAL SCHOOL DISTRICT

December 17, 2019

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

As the Treasurer of the Keystone Local School District (the “District”), I am pleased to submit to you this Comprehensive Annual Financial Report (CAFR) issued by the District. The CAFR for the fiscal year ended June 30, 2019 is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association (GFOA).

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

The basic financial statements of the District for the fiscal year ended June 30, 2019, were audited by the Ohio Auditor of State whose opinion thereon is included at the beginning of the Financial Section of this report.

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

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

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

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

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

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

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

The Superintendent is the chief administrative officer of the District, responsible for the leadership of both education and support operations. Mr. Daniel White has served as Superintendent of the District since August 1, 2018. The Treasurer/CFO is the chief financial officer of the District, responsible for maintaining records of all financial matters, issuing warrants in payment of liabilities incurred by the District, acting as custodian of all District funds and investing idle funds as specified by Ohio law. Mr. Michael Resar Sr. has served as Treasurer/CFO of the District since August 1, 2015.

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

School districts in Ohio once again received an overall component letter grade that averages together six different categories. The letter grades, A-F, are similar to those received by students for their individual classes. The six areas of evaluation include Overall Achievement for all students, Gap Closing for students in sub-groups, K-3 Literacy, Yearly Progress, Prepared for Success for high school students, and Graduation Rate for high school students. When looking at the District's report card, Keystone received an overall component grade of a B which is an improvement from a C the previous year. One strength that stood out this year was the progress of our gifted population. The district met the gifted indicator for the first time ever due to the fact we are identifying and serving a high number of gifted students, getting them to grow academically more than the state predicted, and also having students score at a very high level on the state assessments in grades 3-11. The District is also extremely proud of the fact that our students outscored the state average on all 21 assessment areas by an average of 5%! Two additional areas Keystone excelled in were Yearly Progress (letter grade A) and Gap Closing (letter grade A) which focuses on the achievement level of all of our subgroups of students. Lastly, it should be pointed out that Keystone received an overall grade of an A in the graduation rate component with over 95% of our students graduating in four years or less from the time they enter high school.

### **Economic Condition**

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

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

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

Long-term projections show total revenue will grow due to the passage of the additional operating funds passed by voters. Local property valuations have begun to increase as a result in increased home sale prices, thereby causing local property tax revenue to increase. Long-term projections for State funding are unpredictable due to a new State budget being adopted every two years. The State funding formula has changed numerous times in the last three State budgets. Even though District enrollment has declined in recent years, projected District enrollment over the next five years is expected to remain consistent, or grow slightly, due to the admission of students through open enrollment and new home construction in the District.

### ***Major Initiatives***

The District continues to explore grant opportunities to carry on its upward trend in academic performance without sacrificing financial stability. The District has taken a leading role in utilizing grant funds to finance various initiatives alleviating the general fund from incurring such expenses. The District provided the high school weight room with new equipment as well as hydration stations throughout the District. The District was able achieve this using various grant opportunities. The District's various initiatives indicate the District's commitment to proactively seek solutions to avoid financial pitfalls in the future.

## **Internal Accounting and Budgetary Control**

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

In developing the District's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance 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 District utilizes a fully automated accounting system as well as an automated system for payroll. These systems, coupled with the manual review of each invoice prior to payment and each receipt, ensure that the financial information generated is both accurate and reliable.

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

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

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

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

## **Financial Reporting**

The basic financial statements for reporting on the District's financial activities are 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 business enterprises. The government-wide statements include all financial activities of the primary government (as defined on the following page), except fiduciary funds.

*Fund financial statements* - These statements present information for individual major funds instead of presenting information by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliations to the governmental activities accrual information presented in the government-wide financial statements. Fiduciary funds use the accrual basis of accounting.

*Statement 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.

## **The Reporting Entity**

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

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

## **Awards**

GFOA Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Keystone Local School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that conforms to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

## **Acknowledgments**

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

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

Respectfully submitted,



Mr. Michael Resar Sr.  
Treasurer/CFO



**Keystone Local School District  
List of Principal Officials  
As of June 30, 2019**

***Board of Education***

Dennis Walter	President
Patricia Wakefield	Vice-President
Renee Mezera	Member
Carrie O'Boyle	Member
Devin Stang	Member

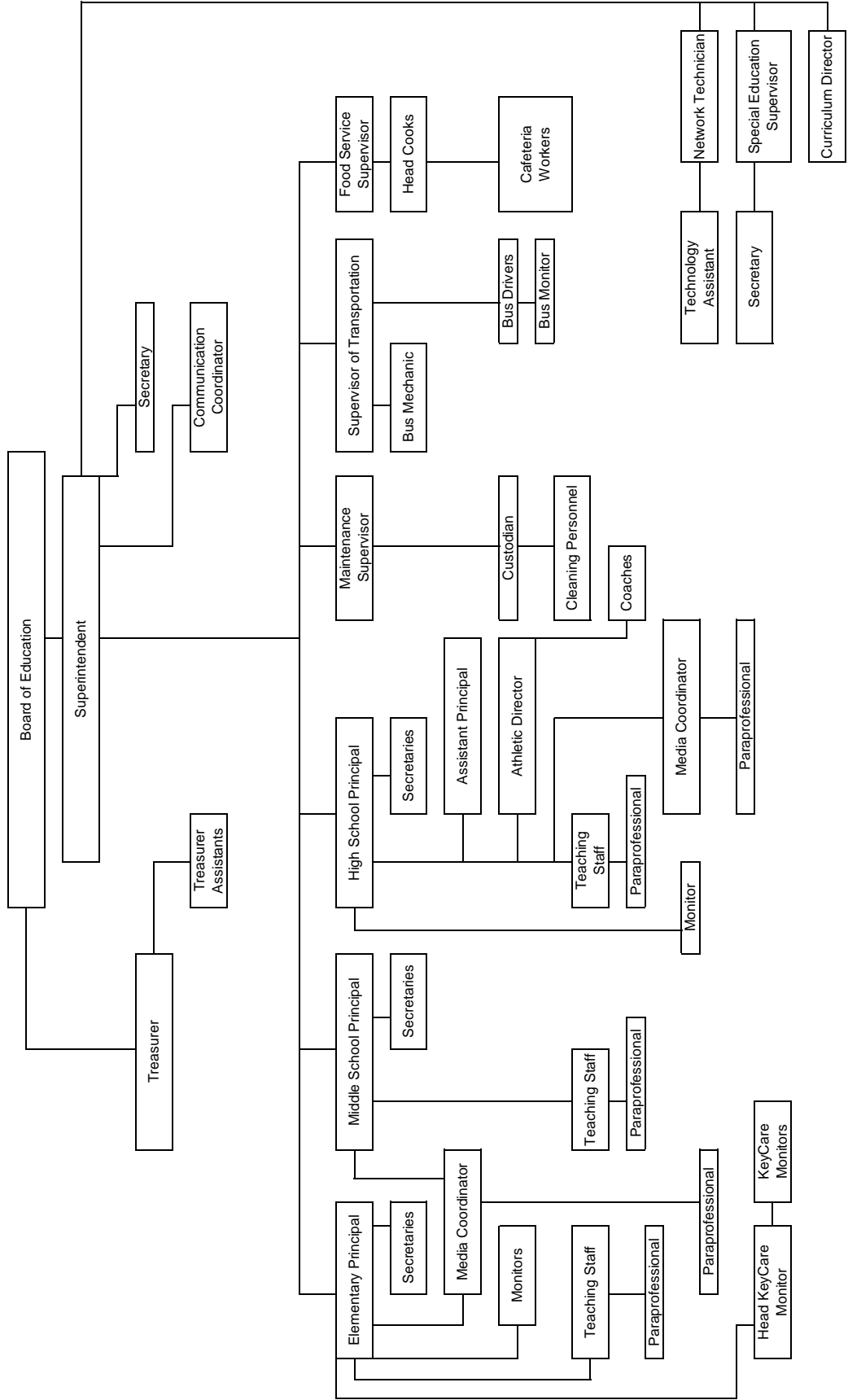
***Administration***

Daniel White	Superintendent
David Kish	Director of Curriculum & Instruction
Jacqueline Vance	Supervisor of Special Education
James Kohler	High School Principal
Gina Gibson	High School Vice-Principal
Antonietta Filut	Middle School Principal
Jacob Alferio	3-5 Elementary School Principal
Maura Neville	K-2 Elementary School Principal
Jonathon Bailey	Athletic Director
Albert Trego	Maintenance Supervisor
Jody White	Supervisor of Food Services
Therese Jackson	Supervisor of Transportation Services

***Treasurer/CFO***

Michael Resar Sr.

KEYSTONE LOCAL SCHOOL DISTRICT ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Keystone Local School District**  
**Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morrill*

Executive Director/CEO

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Keystone Local School District, Lorain County, Ohio (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

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Efficient • Effective • Transparent

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Keystone Local School District, Lorain County, Ohio, as of June 30, 2019, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

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

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

December 17, 2019

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

The discussion and analysis of the Keystone Local School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2019 are as follows:

- During fiscal year 2019, net position of governmental activities increased \$2,427,945 from \$11,357,186 to \$13,785,131. This represents a 21.38% increase from fiscal year 2018's amount.
- General revenues accounted for \$17,448,635 in revenue or 84.79% of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,129,193 in revenue or 15.21% of total revenues of \$20,577,828.
- The District had \$18,149,883 in expenses related to governmental activities; only \$3,129,193 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$17,448,635 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and the bond retirement fund. The general fund had \$16,551,363 in revenues, \$922,836 in other financing sources and \$16,949,525 in expenditures. During fiscal year 2019, the general fund's fund balance increased \$524,674 from \$5,666,678 to \$6,191,352.
- The bond retirement fund had \$1,865,651 in revenues and \$1,493,180 in expenditures. During fiscal year 2019, the bond retirement fund's fund balance increased \$372,471 from \$3,345,534 to \$3,718,005.

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

**Reporting the District as a Whole**

*Statement of Net Position and the Statement of Activities*

While this document contains all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District do financially during fiscal year 2019?" The statement of net position and the statement of activities answer this question. These statements include all non-fiduciary assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

*Fund Financial Statements*

The analysis of the District's major governmental funds begins on page 26. Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the bond retirement fund. All other governmental funds are considered nonmajor.

*Governmental Funds*

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

*Reporting the District's Fiduciary Responsibilities*

The District acts in a trustee capacity as an agent for individuals and/or other governments or organizations. These activities are reported in an agency fund. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**KEYSTONE LOCAL SCHOOL DISTRICT  
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***Notes to the Basic Financial Statements***

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

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB asset/liability.

**The District as a Whole**

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

The table below provides a summary of the District's net position at June 30, 2019 and June 30, 2018.

	<b>Net Position</b>	
	Governmental Activities 2019	Governmental Activities 2018
<u>Assets</u>		
Current and other assets	\$ 23,186,554	\$ 23,641,364
Net OPEB asset	908,003	-
Capital assets, net	<u>44,073,497</u>	<u>43,233,930</u>
Total assets	<u>68,168,054</u>	<u>66,875,294</u>
<u>Deferred Outflows of Resources</u>	<u>4,894,018</u>	<u>5,977,300</u>
<u>Liabilities</u>		
Current liabilities	2,517,984	2,298,897
Long-term liabilities:		
Due within one year	983,155	929,597
Due in more than one year:		
Net pension liability	15,893,581	17,492,272
Net OPEB liability	1,709,799	3,953,973
Other amounts	<u>26,996,210</u>	<u>27,384,688</u>
Total liabilities	<u>48,100,729</u>	<u>52,059,427</u>
<u>Deferred Inflows of Resources</u>	<u>11,176,212</u>	<u>9,435,981</u>
<u>Net Position</u>		
Net investment in capital assets	17,649,760	19,128,020
Restricted	6,413,220	5,475,194
Unrestricted (deficit)	<u>(10,277,849)</u>	<u>(13,246,028)</u>
Total net position	<u>\$ 13,785,131</u>	<u>\$ 11,357,186</u>

**KEYSTONE LOCAL SCHOOL DISTRICT  
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The net pension liability (NPL) is the second largest liability reported by the District at June 30, 2019 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The District has also adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

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

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

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

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LORAIN COUNTY, OHIO**

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

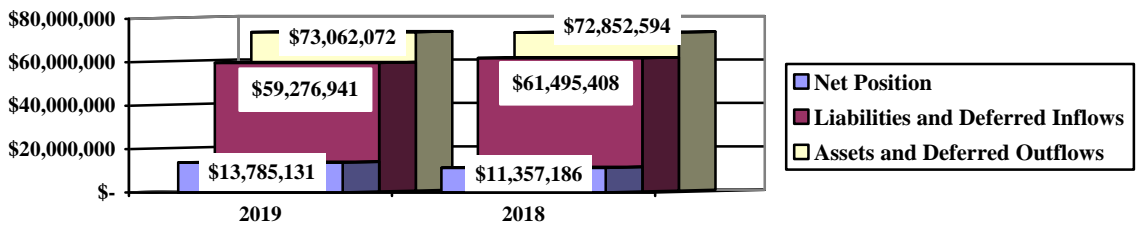
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2019, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$13,785,131.

At fiscal year-end, capital assets represented 64.65% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. The District's net investment in capital assets at June 30, 2019 was \$17,649,760. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$6,413,220 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$10,277,849.

The graph below illustrates the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2019 and June 30, 2018.

**Governmental Activities**



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
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(UNAUDITED)

The table below shows the changes in net position for governmental activities for fiscal years 2019 and 2018.

	<b>Change in Net Position</b>		
	Governmental	Governmental	Percentage
	Activities	Activities	
	<u>2019</u>	<u>2018</u>	<u>Change</u>
<b><u>Revenues</u></b>			
Program revenues:			
Charges for services and sales	\$ 1,803,317	\$ 1,920,977	(6.13) %
Operating grants and contributions	1,325,876	1,289,897	2.79 %
General revenues:			
Property taxes	9,104,243	10,070,323	(9.59) %
Grants and entitlements not restricted	7,372,048	7,398,159	(0.35) %
Investment earnings	151,607	53,796	181.82 %
Miscellaneous	<u>820,737</u>	<u>322,483</u>	154.51 %
Total revenues	<u>20,577,828</u>	<u>21,055,635</u>	(2.27) %

-Continued

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	<u>Governmental Activities 2019</u>	<u>Governmental Activities 2018</u>	<u>Percentage Change</u>
<b><u>Expenses</u></b>			
Program expenses:			
Instruction:			
Regular	\$ 6,904,657	\$ 4,025,466	71.52 %
Special	2,180,434	1,291,446	68.84 %
Vocational	43,760	9,178	376.79 %
Other	102,998	9,580	975.14 %
Support services:			
Pupil	754,305	407,000	85.33 %
Instructional staff	873,713	489,301	78.56 %
Board of education	18,982	38,496	(50.69) %
Administration	1,477,129	698,398	111.50 %
Fiscal	515,630	360,634	42.98 %
Operations and maintenance	1,626,120	1,320,970	23.10 %
Pupil transportation	859,225	545,713	57.45 %
Central	231,066	195,057	18.46 %
Operation of non-instructional services:			
Food service operations	547,805	422,909	29.53 %
Latchkey operations	83,289	65,296	27.56 %
Other non-instructional services	137,706	-	100.00 %
Extracurricular activities	531,060	293,905	80.69 %
Interest and fiscal charges	1,262,004	1,183,108	6.67 %
Total expenses	<u>18,149,883</u>	<u>11,356,457</u>	59.82 %
Change in net position	2,427,945	9,699,178	
Net position at beginning of year	<u>11,357,186</u>	<u>1,658,008</u>	
Net position at end of year	<u>\$ 13,785,131</u>	<u>\$ 11,357,186</u>	21.38 %

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

**Governmental Activities**

During fiscal year 2019, revenues decreased \$477,807 or 2.27%. This decrease is primarily due to the timing of property taxes available for advance.

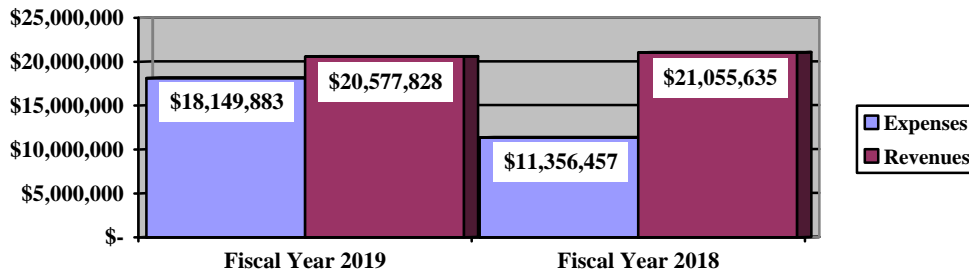
Expenses of the governmental activities increased \$6,793,426 or 59.82%. This increase is primarily the result of benefit changes impacting net pension liability and net OPEB asset liabilities related to the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). The fluctuation in pension and OPEB expense makes it difficult to compare expenditures between years.

Net position of the District's governmental activities increased \$2,427,945. Total governmental expenses of \$18,149,883 were offset by program revenues of \$3,129,193 and general revenues of \$17,448,635. Program revenues supported 17.24% of the total governmental expenses. The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent 80.07% of total governmental revenues.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$9,231,849 or 50.86% of total governmental expenses for fiscal year 2019.

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2019 and 2018.

**Governmental Activities - Revenues and Expenses**





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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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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 fiscal years 2019 and 2018. That is, it identifies the cost of these services supported by tax revenue, unrestricted State grants and entitlements, and other general revenues of the District.

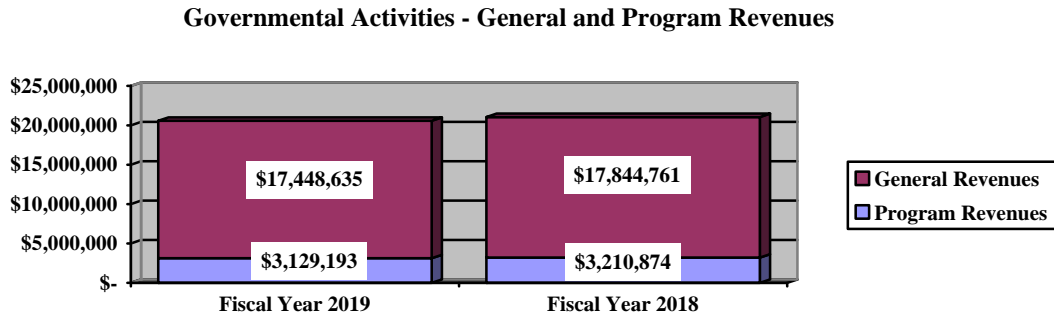
	Total Cost of Services <u>2019</u>	Net Cost of Services <u>2019</u>	Total Cost of Services <u>2018</u>	Net Cost of Services <u>2018</u>
<b>Governmental Activities</b>				
<b>Program expenses</b>				
Instruction:				
Regular	\$ 6,904,657	\$ 5,658,229	\$ 4,025,466	\$ 2,658,792
Special	2,180,434	1,280,179	1,291,446	363,582
Vocational	43,760	34,147	9,178	(435)
Other	102,998	102,998	9,580	9,580
Support services:				
Pupil	754,305	705,006	407,000	370,614
Instructional staff	873,713	808,796	489,301	433,784
Board of education	18,982	18,982	38,496	38,496
Administration	1,477,129	1,477,129	698,398	698,398
Fiscal	515,630	515,630	360,634	360,634
Operations and maintenance	1,626,120	1,623,290	1,320,970	1,315,860
Pupil transportation	859,225	813,725	545,713	505,241
Central	231,066	225,666	195,057	189,657
Operations of non-instructional services:				
Food service operations	547,805	7,095	422,909	(110,369)
Latchkey operations	83,289	20,341	65,296	(1,318)
Other non-instructional services	137,706	44,726	-	(81,060)
Extracurricular activities	531,060	422,747	293,905	211,019
Interest and fiscal charges	<u>1,262,004</u>	<u>1,262,004</u>	<u>1,183,108</u>	<u>1,183,108</u>
Total expenses	<u>\$ 18,149,883</u>	<u>\$ 15,020,690</u>	<u>\$ 11,356,457</u>	<u>\$ 8,145,583</u>

The dependence upon taxes and other general revenues for governmental activities is apparent, as 76.64% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 82.76%. The District's taxpayers and grants and entitlements from the State of Ohio, as a whole, are by far the primary support for the District's students.

**KEYSTONE LOCAL SCHOOL DISTRICT  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The graph below presents the District's governmental activities revenue for fiscal years 2019 and 2018.



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$12,667,954, which is \$1,396,133 less than last fiscal year's total fund balance of \$14,064,087. The table below indicates the fund balance and the total change in fund balance as of June 30, 2019 and June 30, 2018.

	Fund Balance <u>June 30, 2019</u>	Fund Balance <u>June 30, 2018</u>	<u>Change</u>
General	\$ 6,191,352	\$ 5,666,678	\$ 524,674
Bond retirement	3,718,005	3,345,534	372,471
Nonmajor governmental	<u>2,758,597</u>	<u>5,051,875</u>	<u>(2,293,278)</u>
Total	<u>\$ 12,667,954</u>	<u>\$ 14,064,087</u>	<u>\$ (1,396,133)</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
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***General Fund***

The District's general fund balance increased \$524,674.

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

	2019 <u>Amount</u>	2018 <u>Amount</u>	<u>Change</u>	Percentage <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 7,505,647	\$ 8,241,922	\$ (736,275)	(8.93) %
Tuition	1,252,538	1,397,494	(144,956)	(10.37) %
Earnings on investments	164,291	60,299	103,992	172.46 %
Change in fair value of investments	(81,046)	(10,815)	(70,231)	(649.39) %
Intergovernmental	7,281,640	7,283,571	(1,931)	(0.03) %
Other revenues	<u>428,293</u>	<u>485,300</u>	<u>(57,007)</u>	(11.75) %
Total	<u>\$ 16,551,363</u>	<u>\$ 17,457,771</u>	<u>\$ (906,408)</u>	(5.19) %
<b><u>Expenditures</u></b>				
Instruction	\$ 9,509,935	\$ 8,872,000	\$ 637,935	7.19 %
Support services	6,428,960	5,796,921	632,039	10.90 %
Operation of non-instructional services	83,376	86,059	(2,683)	(3.12) %
Extracurricular activities	437,046	392,398	44,648	11.38 %
Capital outlay	258,505	-	258,505	100.00 %
Debt service	<u>231,703</u>	<u>128,717</u>	<u>102,986</u>	80.01 %
Total	<u>\$ 16,949,525</u>	<u>\$ 15,276,095</u>	<u>\$ 1,673,430</u>	10.95 %

Overall revenues of the general fund decreased \$906,408 or 5.19% during fiscal year 2019. The decrease in taxes was primarily due to the timing of taxes available for advance. The change in fair value of investments is due to fluctuation of interest rates and the timing of investment purchases.

Overall expenditures of the general fund increased \$1,673,430 or 10.95% during fiscal year 2019. The increases in instruction and support services expenditures were due to increased costs for wages and benefits. The capital outlay and debt service expenditures increased due to new copier leases.

In addition, the general fund had other financing sources of \$922,836. This included a settlement of \$594,000 related to construction remediation and \$328,836 in leasing transactions for copier equipment.

***Bond Retirement Fund***

The bond retirement fund had \$1,865,651 in revenues and \$1,493,180 in expenditures. During fiscal year 2019, the bond retirement fund's fund balance increased \$372,471 from \$3,345,534 to \$3,718,005. The increase in fund balance is due to the receipt of property taxes greater than the fiscal year 2019 debt service requirements. The bond retirement fund is funded by property taxes and homestead and rollback revenue. In addition, the bond retirement fund receives investment earnings. The expenditures of the fund are principal and interest payments on the District's general obligation debt along with fiscal fees related to the property tax collection.

**KEYSTONE LOCAL SCHOOL DISTRICT  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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***General Fund Budgeting Highlights***

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

For the general fund, final budgeted revenues and other financing sources were \$16,437,884, which was more than the original budgeted revenues and other financing sources estimate of \$16,084,583. Actual revenues and other financing sources for fiscal year 2019 were \$16,462,023. This represents a \$24,139 increase from final budgeted amounts.

General fund final appropriations (appropriated expenditures plus other financing uses) were \$17,090,967, which was \$1,217,287 more than the original budgeted expenditures of \$15,873,680. The actual budget basis expenditures and other financing uses for fiscal year 2019 totaled \$16,709,688, which was \$381,279 less than the final budgeted amounts.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2019, the District had \$44,073,497 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles.

The following table shows June 30, 2019 balances compared to June 30, 2018.

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

	Governmental Activities	
	2019	2018
Land	\$ 483,652	\$ 483,652
Construction in progress	2,004,881	178,359
Land improvements	1,672,464	1,842,578
Buildings and improvements	38,924,744	39,847,414
Furniture and equipment	583,529	400,780
Vehicles	404,227	481,147
Total	\$ 44,073,497	\$ 43,233,930

The overall increase in capital assets of \$839,567 is due to capital asset additions of \$2,281,037 exceeding depreciation expense of \$1,181,646 during fiscal year 2019. The District also had \$259,824 in disposals of assets, net of accumulated depreciation.

See Note 9 to the basic financial statements for detail on the District's capital assets.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
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***Debt Administration***

At June 30, 2019, the District had \$23,360,593 in general obligation bonds, capital appreciation bonds and accreted interest obligations outstanding. The District also had \$502,390 and \$2,450,862 in capital lease obligations and lease-purchase agreement obligations outstanding, respectively. Of the total debt obligations outstanding at June 30, 2019, \$872,372 is due within one year and \$25,441,473 is due in more than one year.

The following table summarizes the bonds, accreted interest, capital lease obligations and lease-purchase agreement obligations outstanding at June 30, 2019 and June 30, 2018.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2019</u>	Governmental Activities <u>2018</u>
General obligation bonds	\$ 22,040,000	\$ 22,120,000
Capital appreciation bonds	499,691	568,785
Accreted interest	820,902	973,502
Capital lease obligations	502,390	401,660
Lease-purchase agreements	<u>2,450,862</u>	<u>2,624,450</u>
<b>Total</b>	<b><u>\$ 26,313,845</u></b>	<b><u>\$ 26,688,397</u></b>

See Note 12 to the basic financial statements for detail on the District's debt administration.

**Current Financial Related Activities**

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

The District relies heavily upon property taxes and State funding as the main sources of revenue. The District has recognized a decrease in basic state aid of \$18,995 for both fiscal year 2018 and fiscal year 2019. There are no increases in state aid projected beyond fiscal year 2020 because the District is on the Transitional Aid Guarantee. The future of the Transitional Aid Guarantee, beyond fiscal year 2020, is unknown at this time.

During the current fiscal year, General Fund revenue exceeded expenses. This trend is expected to continue in fiscal year 2020. Further, the District continues to search for additional areas to save money and become more efficient with the available resources.

The District has been well supported by the community. In calendar year 2003, the community passed a \$17,500,000 bond issue to build a new high school. In calendar year 2010, the community again supported the District by passing a 2.19 "No New Tax" bond issue to finance the construction of its new middle school. The community passed a 7.95 mill continuous levy in May of 2015. The District has refunded over \$ 13,000,000 in bonds dating back to 2012, saving taxpayers an estimated \$ 3,000,000.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Michael Resar Sr., Treasurer/CFO, Keystone Local School District, 531 Opportunity Way, LaGrange, Ohio 44050, or e-mail at [Michael.Resar@Keystone.k12.oh.us](mailto:Michael.Resar@Keystone.k12.oh.us).

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

STATEMENT OF NET POSITION  
JUNE 30, 2019

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments. . . . .	\$ 10,291,047
Cash with fiscal agent . . . . .	32,262
Investments with fiscal agent. . . . .	2,271,085
Receivables:	
Property taxes . . . . .	9,748,006
Accounts. . . . .	22,328
Settlements. . . . .	733,833
Accrued interest . . . . .	17,002
Intergovernmental . . . . .	29,308
Prepayments . . . . .	33,606
Materials and supplies inventory. . . . .	2,226
Inventory held for resale. . . . .	5,851
Net OPEB asset. . . . .	908,003
Capital assets:	
Nondepreciable capital assets . . . . .	2,488,533
Depreciable capital assets, net. . . . .	41,584,964
Capital assets, net . . . . .	44,073,497
Total assets. . . . .	68,168,054
<b>Deferred outflows of resources:</b>	
Unamortized deferred charges on debt refunding . . . . .	621,706
Pension . . . . .	4,079,585
OPEB . . . . .	192,727
Total deferred outflows of resources . . . . .	4,894,018
<b>Liabilities:</b>	
Accounts payable. . . . .	61,281
Contracts payable. . . . .	342,060
Retainage payable . . . . .	200,488
Accrued wages and benefits payable . . . . .	1,543,094
Intergovernmental payable . . . . .	48,768
Pension and postemployment obligation payable. . . . .	240,418
Accrued interest payable . . . . .	76,875
Matured bonds payable. . . . .	5,000
Long-term liabilities:	
Due within one year. . . . .	983,155
Due in more than one year:	
Net pension liability. . . . .	15,893,581
Other amounts due in more than one year . . . . .	26,996,210
Net OPEB liability. . . . .	1,709,799
Total liabilities . . . . .	48,100,729
<b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year. . . . .	7,301,854
Pension. . . . .	2,165,046
OPEB. . . . .	1,709,312
Total deferred inflows of resources . . . . .	11,176,212
<b>Net position:</b>	
Net investment in capital assets . . . . .	17,649,760
Restricted for:	
Capital projects . . . . .	3,204,727
Classroom facilities maintenance . . . . .	33,566
Debt service. . . . .	2,911,755
Locally funded programs . . . . .	26,132
State funded programs. . . . .	1,323
Federally funded programs . . . . .	346
Student activities . . . . .	22,189
Other purposes . . . . .	213,182
Unrestricted (deficit) . . . . .	(10,277,849)
Total net position. . . . .	\$ 13,785,131

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Expenses	Program Revenues		Net (Expense) Revenue and and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 6,904,657	\$ 1,214,207	\$ 32,221	\$ (5,658,229)
Special . . . . .	2,180,434	112,810	787,445	(1,280,179)
Vocational . . . . .	43,760	-	9,613	(34,147)
Other . . . . .	102,998	-	-	(102,998)
Support services:				
Pupil . . . . .	754,305	41,308	7,991	(705,006)
Instructional staff . . . . .	873,713	-	64,917	(808,796)
Board of education . . . . .	18,982	-	-	(18,982)
Administration . . . . .	1,477,129	-	-	(1,477,129)
Fiscal . . . . .	515,630	-	-	(515,630)
Operations and maintenance . . . . .	1,626,120	2,830	-	(1,623,290)
Pupil transportation . . . . .	859,225	-	45,500	(813,725)
Central . . . . .	231,066	-	5,400	(225,666)
Operation of non-instructional services:				
Food service operations . . . . .	547,805	278,846	261,864	(7,095)
Latchkey operations . . . . .	83,289	62,948	-	(20,341)
Other non-instructional services . . . . .	137,706	-	92,980	(44,726)
Extracurricular activities . . . . .	531,060	90,368	17,945	(422,747)
Interest and fiscal charges . . . . .	1,262,004	-	-	(1,262,004)
<b>Total governmental activities . . . . .</b>	<b>\$ 18,149,883</b>	<b>\$ 1,803,317</b>	<b>\$ 1,325,876</b>	<b>(15,020,690)</b>

**General revenues:**

Property taxes levied for:	
General purposes . . . . .	7,529,274
Debt service . . . . .	1,331,770
Capital outlay . . . . .	111,068
Classroom facilities maintenance . . . . .	132,131
Grants and entitlements not restricted to specific programs . . . . .	
Investment earnings . . . . .	151,607
Miscellaneous . . . . .	820,737
<b>Total general revenues . . . . .</b>	<b>17,448,635</b>
Change in net position . . . . .	2,427,945
<b>Net position at beginning of year . . . . .</b>	<b>11,357,186</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 13,785,131</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in pooled cash and investments . . . . .	\$ 5,821,719	\$ 1,123,216	\$ 3,346,112	\$ 10,291,047
Cash with fiscal agent . . . . .	-	32,262	-	32,262
Investments with fiscal agent . . . . .	-	2,271,085	-	2,271,085
Receivables:				
Property taxes . . . . .	8,054,554	1,434,733	258,719	9,748,006
Accounts . . . . .	6,178	-	16,150	22,328
Settlements . . . . .	594,000	-	139,833	733,833
Accrued interest . . . . .	10,306	6,696	-	17,002
Interfund loans . . . . .	20,657	-	-	20,657
Intergovernmental . . . . .	8,628	-	20,680	29,308
Prepayments . . . . .	33,206	-	400	33,606
Materials and supplies inventory . . . . .	-	-	2,226	2,226
Inventory held for resale . . . . .	-	-	5,851	5,851
Total assets . . . . .	<u>\$ 14,549,248</u>	<u>\$ 4,867,992</u>	<u>\$ 3,789,971</u>	<u>\$ 23,207,211</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 45,584	-	\$ 15,697	\$ 61,281
Contracts payable . . . . .	-	-	342,060	342,060
Retainage payable . . . . .	-	-	200,488	200,488
Accrued wages and benefits payable . . . . .	1,471,562	-	71,532	1,543,094
Compensated absences payable . . . . .	57,371	-	-	57,371
Intergovernmental payable . . . . .	47,670	-	1,098	48,768
Pension and postemployment obligation payable . . . . .	226,976	-	13,442	240,418
Interfund loans payable . . . . .	-	-	20,657	20,657
Matured bonds payable . . . . .	-	5,000	-	5,000
Total liabilities . . . . .	<u>1,849,163</u>	<u>5,000</u>	<u>664,974</u>	<u>2,519,137</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year . . . . .	6,058,722	1,053,460	189,672	7,301,854
Delinquent property tax revenue not available . . . . .	445,690	86,345	16,215	548,250
Intergovernmental revenue not available . . . . .	-	-	20,680	20,680
Accrued interest not available . . . . .	4,321	5,182	-	9,503
Miscellaneous revenue not available . . . . .	-	-	139,833	139,833
Total deferred inflows of resources . . . . .	<u>6,508,733</u>	<u>1,144,987</u>	<u>366,400</u>	<u>8,020,120</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory . . . . .	-	-	2,226	2,226
Prepays . . . . .	33,206	-	400	33,606
Restricted:				
Debt service . . . . .	-	3,718,005	-	3,718,005
Capital improvements . . . . .	-	-	2,506,131	2,506,131
Classroom facilities maintenance . . . . .	-	-	33,566	33,566
Food service operations . . . . .	-	-	216,272	216,272
Other purposes . . . . .	-	-	37,637	37,637
Extracurricular activities . . . . .	-	-	22,189	22,189
Committed:				
Capital improvements . . . . .	-	-	75	75
Student and staff support . . . . .	7,334	-	-	7,334
Student instruction . . . . .	93,700	-	-	93,700
Assigned:				
Student instruction . . . . .	25,392	-	-	25,392
Student and staff support . . . . .	146,491	-	-	146,491
Extracurricular activities . . . . .	3,540	-	-	3,540
Subsequent year's appropriations . . . . .	651,196	-	-	651,196
Health and wellness . . . . .	47,135	-	-	47,135
Child care programs . . . . .	5,083	-	-	5,083
Unassigned (deficit) . . . . .	5,178,275	-	(59,899)	5,118,376
Total fund balances . . . . .	<u>6,191,352</u>	<u>3,718,005</u>	<u>2,758,597</u>	<u>12,667,954</u>
Total liabilities, deferred inflows and fund balances . . . . .	<u>\$ 14,549,248</u>	<u>\$ 4,867,992</u>	<u>\$ 3,789,971</u>	<u>\$ 23,207,211</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2019

<b>Total governmental fund balances</b>		\$	12,667,954
<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.			44,073,497
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	548,250	
Settlements receivable		139,833	
Accrued interest receivable		9,503	
Intergovernmental receivable		20,680	
Total		20,680	718,266
Unamortized premiums on bonds issued are not recognized in the funds.			(1,009,952)
Unamortized amounts on refundings are not recognized in the funds.			621,706
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(76,875)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - Pension		4,079,585	
Deferred Inflows - Pension		(2,165,046)	
Net pension liability		(15,893,581)	
Total		(15,893,581)	(13,979,042)
The net OPEB asset/liability is not due and payable in the current period; therefore, the asset/liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - OPEB		192,727	
Deferred Inflows -OPEB		(1,709,312)	
Net OPEB asset		908,003	
Net OPEB liability		(1,709,799)	
Total		(1,709,799)	(2,318,381)
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		(23,360,593)	
Capital lease obligations		(502,390)	
Lease-purchase agreements		(2,450,862)	
Compensated absences		(598,197)	
Total		(26,912,042)	(26,912,042)
<b>Net position of governmental activities</b>		<b>\$</b>	<b>13,785,131</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 7,505,647	\$ 1,325,414	\$ 242,367	\$ 9,073,428
Tuition . . . . .	1,252,538	-	-	1,252,538
Earnings on investments . . . . .	164,291	48,301	13,914	226,506
Change in fair value of investments . . . . .	(81,046)	8,731	-	(72,315)
Charges for services . . . . .	-	-	278,846	278,846
Extracurricular . . . . .	-	-	90,368	90,368
Classroom materials and fees . . . . .	67,502	-	-	67,502
Rental income . . . . .	2,830	-	-	2,830
Contributions and donations . . . . .	1,469	-	30,341	31,810
Contract services . . . . .	6,977	-	-	6,977
Other local revenues . . . . .	349,515	-	21,352	370,867
Intergovernmental - intermediate . . . . .	-	-	6,050	6,050
Intergovernmental - state . . . . .	7,272,678	195,136	140,185	7,607,999
Intergovernmental - federal . . . . .	8,962	288,069	748,835	1,045,866
Total revenues . . . . .	<u>16,551,363</u>	<u>1,865,651</u>	<u>1,572,258</u>	<u>19,989,272</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	7,293,859	-	27,286	7,321,145
Special . . . . .	2,035,906	-	421,831	2,457,737
Vocational . . . . .	53,256	-	-	53,256
Other . . . . .	126,914	-	-	126,914
Support services:				
Pupil . . . . .	858,575	-	6,817	865,392
Instructional staff . . . . .	873,783	-	66,715	940,498
Board of education . . . . .	38,942	-	-	38,942
Administration . . . . .	1,645,870	-	-	1,645,870
Fiscal . . . . .	527,747	24,730	4,238	556,715
Operations and maintenance . . . . .	1,383,033	-	2,814	1,385,847
Pupil transportation . . . . .	884,085	-	-	884,085
Central . . . . .	216,925	-	5,400	222,325
Operation of non-instructional services:				
Other non-instructional services . . . . .	87	-	157,402	157,489
Latchkey operations . . . . .	83,289	-	-	83,289
Food service operations . . . . .	-	-	573,226	573,226
Extracurricular activities . . . . .	437,046	-	100,288	537,334
Facilities acquisition and construction . . . . .	-	-	2,300,681	2,300,681
Capital outlay . . . . .	258,505	-	-	258,505
Debt service:				
Principal retirement . . . . .	166,521	141,713	242,554	550,788
Interest and fiscal charges . . . . .	65,182	930,831	56,284	1,052,297
Accreted interest . . . . .	-	395,906	-	395,906
Total expenditures . . . . .	<u>16,949,525</u>	<u>1,493,180</u>	<u>3,965,536</u>	<u>22,408,241</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(398,162)</u>	<u>372,471</u>	<u>(2,393,278)</u>	<u>(2,418,969)</u>
<b>Other financing sources:</b>				
Insurance and judgment settlements . . . . .	594,000	-	100,000	694,000
Leasing transactions . . . . .	328,836	-	-	328,836
Total other financing sources . . . . .	<u>922,836</u>	<u>-</u>	<u>100,000</u>	<u>1,022,836</u>
Net change in fund balances . . . . .	524,674	372,471	(2,293,278)	(1,396,133)
<b>Fund balances at beginning of year . . . . .</b>	<u>5,666,678</u>	<u>3,345,534</u>	<u>5,051,875</u>	<u>14,064,087</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 6,191,352</u>	<u>\$ 3,718,005</u>	<u>\$ 2,758,597</u>	<u>\$ 12,667,954</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<b>Net change in fund balances - total governmental funds</b>	\$	(1,396,133)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 2,281,037	
Current year depreciation	<u>(1,181,646)</u>	
Total		1,099,391
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(259,824)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	30,815	
Settlements	139,833	
Earnings on investments	853	
Intergovernmental	<u>(17,121)</u>	
Total		154,380
Repayment of bond and capital lease principal and accreted interest is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	545,000	
Lease purchase agreements	173,588	
Capital leases	<u>228,106</u>	
Total		946,694
Inception of capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(328,836)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		1,306,326
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(711,615)
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		51,623
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB asset/liability are reported as pension expense in the statement of activities.		
		1,910,266
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	4,739	
Accreted interest on capital appreciation bonds	(243,306)	
Amortization of bond premiums	93,611	
Amortization of deferred charges	<u>(64,751)</u>	
Total		(209,707)
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.		
		<u>(134,620)</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>2,427,945</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 7,191,711	\$ 7,497,464	\$ 7,497,466	\$ 2
Tuition . . . . .	1,344,621	1,250,187	1,255,550	5,363
Earnings on investments . . . . .	51,840	144,736	159,730	14,994
Classroom materials and fees . . . . .	70,886	69,241	68,923	(318)
Rental income . . . . .	4,809	2,860	2,830	(30)
Contributions and donations . . . . .	353	2,174	1,469	(705)
Contract services. . . . .	567	7,312	7,312	-
Other local revenues . . . . .	160,049	167,953	174,999	7,046
Intergovernmental - state . . . . .	7,143,443	7,246,670	7,243,546	(3,124)
Intergovernmental - federal . . . . .	36,392	19,898	20,176	278
<b>Total revenues . . . . .</b>	<u>16,004,671</u>	<u>16,408,495</u>	<u>16,432,001</u>	<u>23,506</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	7,225,378	7,531,163	7,309,624	221,539
Special. . . . .	2,036,415	2,188,794	2,150,757	38,037
Vocational. . . . .	37,287	48,700	49,900	(1,200)
Other. . . . .	55,920	143,928	126,309	17,619
Support services:				
Pupil. . . . .	730,285	754,454	765,635	(11,181)
Instructional staff . . . . .	729,919	826,232	862,168	(35,936)
Board of education . . . . .	67,663	67,209	38,828	28,381
Administration. . . . .	1,511,339	1,614,783	1,786,826	(172,043)
Fiscal . . . . .	520,050	738,756	532,748	206,008
Operations and maintenance. . . . .	1,404,789	1,473,270	1,410,474	62,796
Pupil transportation . . . . .	921,834	935,194	907,100	28,094
Central. . . . .	144,218	172,826	175,788	(2,962)
Extracurricular activities. . . . .	443,366	438,263	436,136	2,127
Debt service:				
Interest and fiscal charges. . . . .	576	49,239	49,239	-
<b>Total expenditures . . . . .</b>	<u>15,829,039</u>	<u>16,982,811</u>	<u>16,601,532</u>	<u>381,279</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>175,632</u>	<u>(574,316)</u>	<u>(169,531)</u>	<u>404,785</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	3,983	1,000	956	(44)
Transfers (out). . . . .	(18,399)	(87,500)	(87,500)	-
Advances in. . . . .	25,518	26,593	26,593	-
Advances (out) . . . . .	(26,242)	(20,656)	(20,656)	-
Sale of capital assets . . . . .	50,411	1,796	2,473	677
<b>Total other financing sources (uses) . . . . .</b>	<u>35,271</u>	<u>(78,767)</u>	<u>(78,134)</u>	<u>633</u>
Net change in fund balance . . . . .	210,903	(653,083)	(247,665)	405,418
<b>Fund balance at beginning of year . . . . .</b>	5,385,422	5,385,422	5,385,422	-
<b>Prior year encumbrances appropriated . . . . .</b>	410,191	410,191	410,191	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 6,006,516</u>	<u>\$ 5,142,530</u>	<u>\$ 5,547,948</u>	<u>\$ 405,418</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2019

	<b>Agency</b>
<b>Assets:</b>	
Current assets:	
Equity in pooled cash and investments. . . . .	\$ 52,478
Total assets. . . . .	\$ 52,478
<b>Liabilities:</b>	
Accounts payable. . . . .	\$ 1,000
Due to students. . . . .	50,461
Due to others. . . . .	1,017
Total liabilities . . . . .	\$ 52,478

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

The District is staffed by 96 non-certified and 100 certified personnel and 13 administrators to provide services to approximately 1,539 students and other community members.

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

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

**A. Reporting Entity**

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

*JOINTLY GOVERNED ORGANIZATIONS*

Lorain County Joint Vocational School District (JVS)

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

Connect

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

Lake Erie Regional Council (LERC)

The Lake Erie Regional Council (LERC) is a jointly governed organization comprised of fourteen school districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as media center, gas consumption, driver education, food service and insurance. Each member provides operating resources to the LERC on a per-pupil or actual usage charge. The LERC Assembly consists of a Superintendent or designated representative from each participating school district and the fiscal agent. The LERC is governed by a Board of Directors chosen from the general membership. The degree of control exercised by any participating school district is limited to its representation on the Board of Directors. During fiscal year 2019, the District paid \$1,650,725 to the LERC. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, who serves as the fiscal agent, at 1885 Lake Avenue, Elyria, Ohio, 44035.

Ohio Schools Council Association (the "Council")

The Ohio Schools Council Association (the "Council") is a jointly governed organization comprised of one hundred and fifty-seven member districts. The mission of the Council is to identify, plan and provide services to member districts that can be more effectively achieved by cooperative endeavors of member districts than by an individual district operating on its own. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven Superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2019, the District paid \$34,169 to the Council. Financial information can be obtained by contacting David Cottrell, the Executive Director of the Council, at 6133 Rockside Road, Suite 10, Independence, Ohio, 44131.



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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

*INSURANCE PURCHASING POOL*

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

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**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: private-purpose trust funds, agency funds, pension trust funds and investment trust funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for Ohio High School Athletic Association (OHSAA) events and student activities.

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

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

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

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

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

Agency funds do not report a measurement focus as they do not report operations.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

**D. Basis of Accounting**

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

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 14 and 15 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources includes a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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 position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes, accrued interest, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 14 and 15 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

**E. Budgets**

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

Tax Budget:

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

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

Estimated Resources:

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

Appropriations:

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

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

**F. Cash and Investments**

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

During fiscal year 2019, investments were limited to federal agency securities, negotiable certificates of deposit, commercial paper, U.S. Government money market funds, and U.S. Treasury Notes (held by a fiscal agent). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements and non-negotiable certificates of deposit, are reported at cost.

Under existing Ohio statutes, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2019 amounted to \$164,291, which includes \$29,636 assigned from other District funds.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

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

**G. Inventory**

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

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

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

**H. Capital Assets**

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

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

**I. Interfund Balances**

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

**J. Compensated Absences**

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

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

The total liability for vacation leave and sick leave payments has been calculated using pay rates in effect at June 30, 2019 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

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

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



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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

**M. Net Position**

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

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

**N. Prepayments**

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

**O. Estimates**

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

**P. Interfund Activity**

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

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

On the governmental fund financial statements, bond premiums are recognized in the current period. A reconciliation between the bonds' face value and the amount reported on the statement of net position is presented in Note 12.

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

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

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2019.

**T. Fair value**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2019, the District has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations" and GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the District.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statement of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2019 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
IDEA Part B	\$ 13,492
Title I	33,385
Improving Teacher Quality	452
Auxiliary Services	9,851
Miscellaneous Federal Grants	2,719

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the 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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash with Fiscal Agents**

At June 30, 2019, the District had \$5,000 held by a fiscal agent in a bond and coupon account related to matured bond and interest, and \$27,262 held by a fiscal agent in a cash account related to the District's sinking fund deposits (See Note 12.C). These amounts are not included in "deposits with financial institutions" below.

**B. Investment with Fiscal Agent**

At June 30, 2019, the District had \$215,853 in federal agency securities and \$2,055,232 in U.S. Treasury Notes held by a fiscal agent related to the District's sinking fund deposits (See Note 12.C). These amounts are reported as "investment with fiscal agent" on the basic financial statements.

**KEYSTONE LOCAL SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

**C. Cash on Hand**

At June 30, 2019, the District had \$100 in cash on hand. This amount is reported as “equity in pooled cash and investments” on the basic financial statements.

**D. Deposits with Financial Institutions**

At June 30, 2019, the carrying amount of all District deposits was \$5,356,907. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2019, \$730,041 of the District’s bank balance of \$5,464,920 was exposed to custodial risk as discussed below, because those deposits were uninsured and uncollateralized.

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

**E. Investments**

As of June 30, 2019, the District had the following investments and maturities:

Measurement/ Investment type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
FHLB	\$ 385,510	\$ -	\$ 149,234	\$ -	\$ -	\$ 236,276
FHLMC	293,349	-	144,375	-	-	148,974
FNMA	99,608	-	99,608	-	-	-
FFCB	235,052	-	-	-	-	235,052
Negotiable CDs	2,347,607	-	549,835	248,000	-	1,549,772
Commercial Paper	1,395,694	1,035,746	359,948	-	-	-
US government money market	229,698	229,698	-	-	-	-
<b>Total</b>	<b>\$ 4,986,518</b>	<b>\$ 1,265,444</b>	<b>\$ 1,303,000</b>	<b>\$ 248,000</b>	<b>\$ -</b>	<b>\$ 2,170,074</b>

The weighted average maturity of investments is 1.93 years.

**KEYSTONE LOCAL SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

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

*Credit Risk:* The District's investments in federal agency securities (some of which are held by a fiscal agent) and U.S. Treasury Notes held by a fiscal agent were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investments in commercial paper were rated P-1 by Moody's Investor Services. The District's US government money market and negotiable certificates of deposit are not rated. The District has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

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

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2019:

<u>Measurement/ Investment type</u>	<u>Fair Value</u>	<u>Percentage Total %</u>
FHLB	\$ 385,510	7.73
FHLMC	293,349	5.88
FNMA	99,608	2.00
FFCB	235,052	4.71
Negotiable CDs	2,347,607	47.08
Commercial Paper	1,395,694	27.99
US government money market	229,698	4.61
Total	<u>\$ 4,986,518</u>	<u>100.00</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2019:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,356,907
Investments	4,986,518
Cash on hand	100
Cash with fiscal agents	32,262
Investment with fiscal agent	<u>2,271,085</u>
Total	<u>\$ 12,646,872</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 12,594,394
Agency funds	<u>52,478</u>
Total	<u>\$ 12,646,872</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund balances at June 30, 2019 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 20,657

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. The interfund balances are not expected to be repaid within one year.

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

**NOTE 6 - PROPERTY TAXES**

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

**KEYSTONE LOCAL SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2019 represent the collection of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed values as of January 1, 2018, 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 2019 represent the collection of calendar year 2018 taxes. Public utility real and personal property taxes received in calendar year 2019 became a lien on December 31, 2017, were levied after April 1, 2018, 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.

The District receives property taxes from Lorain County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2019, are available to finance fiscal year 2019 operations. The amount available as an advance at June 30, 2019 was \$1,550,142 in the general fund, \$294,927 in the bond retirement fund and \$52,831 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2018 was \$1,541,961 in the general fund, \$293,805 in the bond retirement fund and \$48,683 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2019 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

The assessed values upon which the fiscal year 2019 taxes were collected are:

	Half Collections		Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 244,326,240	94.66	\$ 274,395,420	94.22
Public utility personal	<u>13,772,600</u>	<u>5.34</u>	<u>16,835,490</u>	<u>5.78</u>
Total	<u>\$ 258,098,840</u>	<u>100.00</u>	<u>\$ 291,230,910</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 58.20		\$ 57.85	



**KEYSTONE LOCAL SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 7 - TAXES ABATED BY OTHER GOVERNMENTS**

The Village of Lagrange provides tax abatements through Community Reinvestment Areas (CRAs).

Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRAs are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

The CRA agreements entered into by the Village of Lagrange affect the property tax receipts collected and distributed to the District. There was one CRA agreement that affected the District, however the first payment is not due until fiscal year 2020.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2019 consisted of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements, settlements and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A list of the principal items of receivables reported on the statement of net position follows:

<b>Governmental activities:</b>	
Taxes	\$ 9,748,006
Accounts	22,328
Settlements	733,833
Intergovernmental	29,308
Accrued interest	<u>17,002</u>
 Total receivables	 <u>\$ 10,550,477</u>

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

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Balance <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2019</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 483,652	\$ -	\$ -	\$ 483,652
Construction in progress	<u>178,359</u>	<u>1,826,522</u>	<u>-</u>	<u>2,004,881</u>
Total capital assets, not being depreciated	<u>662,011</u>	<u>1,826,522</u>	<u>-</u>	<u>2,488,533</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	3,514,809	-	-	3,514,809
Buildings and improvements	47,401,655	28,885	(194,556)	47,235,984
Furniture and equipment	1,219,476	425,630	(396,598)	1,248,508
Vehicles	<u>1,288,429</u>	<u>-</u>	<u>-</u>	<u>1,288,429</u>
Total capital assets, being depreciated	<u>53,424,369</u>	<u>454,515</u>	<u>(591,154)</u>	<u>53,287,730</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,672,231)	(170,114)	-	(1,842,345)
Buildings and improvements	(7,554,241)	(873,733)	116,734	(8,311,240)
Furniture and equipment	(818,696)	(60,879)	214,596	(664,979)
Vehicles	<u>(807,282)</u>	<u>(76,920)</u>	<u>-</u>	<u>(884,202)</u>
Total accumulated depreciation	<u>(10,852,450)</u>	<u>(1,181,646)</u>	<u>331,330</u>	<u>(11,702,766)</u>
Governmental activities capital assets, net	<u>\$ 43,233,930</u>	<u>\$ 1,099,391</u>	<u>\$ (259,824)</u>	<u>\$ 44,073,497</u>

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**KEYSTONE LOCAL SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 9 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$ 747,373
Special	46,391
Vocational	725
Support services:	
Pupil	17,261
Instructional staff	15,776
Board of education	1,052
Administration	42,045
Fiscal	13,656
Operations and maintenance	100,155
Pupil transportation	85,914
Central	15,596
Operation of non-instructional services:	
Food service operations	17,506
Other non-instructional services	2,502
Extracurricular activities	<u>75,694</u>
Total depreciation expense	<u>\$ 1,181,646</u>

**NOTE 10 - LEASE-PURCHASE AGREEMENTS**

**A. Columbus Regional Airport Authority**

During a prior fiscal year, the District entered into a lease-purchase agreement with Columbus Regional Airport Authority. The lease meets the criteria of a lease-purchase as defined by accounting principles generally accepted in the United States of America, which defines a lease-purchase generally as one which transfers benefits and risks of ownership to the lessee. The lease was used to fund the District's capital improvement project, which was the construction of a new track. Capital assets acquired by the lease-purchase have been capitalized in the amount of \$890,000. Lease-purchase payments have been reflected as debt service expenditures in the permanent improvement fund (a nonmajor governmental fund). Principal payments on the lease-purchase totaled \$63,000 during fiscal year 2019.

**KEYSTONE LOCAL SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 10 - LEASE-PURCHASE AGREEMENTS (Continued)**

The following is a schedule of the future minimum lease payments required under the lease-purchase agreement and the present value of the future minimum lease payments as of June 30, 2019:

Fiscal Year Ending <u>June 30,</u>	<u>Amount</u>
2020	\$ 79,886
2021	79,993
2022	78,992
2023	78,885
2024	<u>78,650</u>
Total minimum lease payments	396,406
Less: amount representing interest	<u>(39,406)</u>
Total	<u>\$ 357,000</u>

**B. Keystone High School**

During a prior fiscal year, the District entered into a lease-purchase agreement with The Huntington National Bank. The lease meets the criteria of a lease-purchase as defined by accounting principles generally accepted in the United States of America, which defines a lease-purchase generally as one which transfers benefits and risks of ownership to the lessee. The lease is used to fund the District's capital improvement project, which is to construct, improve, furnish and equip Keystone High School. Capital assets acquired by the lease-purchase have been capitalized in the amount of \$2,204,450.

The following is a schedule of the future minimum lease payments required under the lease-purchase agreement and the present value of the future minimum lease payments as of June 30, 2019:

Fiscal Year Ending <u>June 30,</u>	<u>Amount</u>
2020	\$ 206,066
2021	206,066
2022	206,067
2023	206,066
2024	206,066
2025 - 2029	1,030,330
2030 - 2033	<u>721,232</u>
Total minimum lease payments	2,781,893
Less: amount representing interest	<u>(688,031)</u>
Total	<u>\$ 2,093,862</u>

**KEYSTONE LOCAL SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 11 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

**A. Copier Equipment**

During a prior fiscal year and in the current year, the District entered into capitalized leases for copier equipment. This lease agreement meets the criteria of a capital lease as defined by accounting principles generally accepted in the United States of America, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of copier equipment have been capitalized in the amount of \$328,836. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2019 for this equipment was \$5,478, leaving a current book value of \$323,358. A corresponding liability is recorded in the government-wide financial statements. Principal payments, including lease forgiveness for trade-in, in fiscal year 2019 totaled \$153,419 paid by the general fund.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2019:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 91,604
2021	71,339
2022	71,340
2023	71,340
2024	<u>71,340</u>
Total minimum lease payments	376,963
Less: amount representing interest	<u>(31,216)</u>
Total	<u>\$ 345,747</u>

**B. OSBA Bus**

During a prior fiscal year, the District entered into a capitalized lease for buses. This lease agreement meets the criteria of a capital lease as defined by accounting principles generally accepted in the United States of America, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

**KEYSTONE LOCAL SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 11 - CAPITALIZED LEASES - LESSEE DISCLOSURE (Continued)**

Capital assets consisting of buses have been capitalized in the amount of \$323,843. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2019 for this equipment was \$62,071 leaving a current book value of \$261,772. A corresponding liability is recorded in the government-wide statements. Principal retirement in fiscal year 2019 totaled \$74,687, which was paid out of the general fund and the permanent improvement fund.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2019:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 82,113
2021	<u>82,113</u>
Total minimum lease payments	164,226
Less: amount representing interest	<u>(7,583)</u>
Total	<u>\$ 156,643</u>

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**KEYSTONE LOCAL SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 12 - LONG-TERM OBLIGATIONS**

A. During fiscal year 2019, the following changes occurred in governmental activities long-term obligations.

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<b>Governmental activities:</b>					
General obligation bonds - series 2010					
Current interest bonds	\$ 5,295,000	\$ -	\$ -	\$ 5,295,000	\$ -
Capital appreciation bonds	399,987	-	-	399,987	-
Accreted interest	334,346	62,297	-	396,643	-
Refunding bonds - series 2012					
Current interest bonds	8,130,000	-	(65,000)	8,065,000	-
Capital appreciation bonds	94,726	-	-	94,726	94,726
Accreted interest	305,942	109,101	-	415,043	415,043
Refunding bonds - series 2013					
Current interest bonds	2,950,000	-	-	2,950,000	-
Capital appreciation bonds	69,094	-	(69,094)	-	-
Accreted interest	326,682	69,224	(395,906)	-	-
Refunding bonds - series 2014					
Current interest bonds	5,745,000	-	(15,000)	5,730,000	15,000
Capital appreciation bonds	4,978	-	-	4,978	-
Accreted interest	6,532	2,684	-	9,216	-
Total general obligation bonds	<u>23,662,287</u>	<u>243,306</u>	<u>(545,000)</u>	<u>23,360,593</u>	<u>524,769</u>
Lease-purchase agreement	420,000	-	(63,000)	357,000	66,000
KHS Lease	2,204,450	-	(110,588)	2,093,862	117,277
Capital lease obligation	170,330	328,836	(153,419)	345,747	87,242
OSBA Bus Lease	231,330	-	(74,687)	156,643	77,084
Net pension liability	17,492,272	-	(1,598,691)	15,893,581	-
Net OPEB liability	3,953,973	21,581	(2,265,755)	1,709,799	-
Compensated absences	522,325	255,431	(122,188)	655,568	110,783
Total governmental activities long-term liabilities	<u>\$ 48,656,967</u>	<u>\$ 849,154</u>	<u>\$ (4,933,328)</u>	44,572,793	<u>\$ 983,155</u>
Unamortized bond premiums				<u>1,009,952</u>	
Total on statement of net position				<u>\$ 45,582,745</u>	

**KEYSTONE LOCAL SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

Series 2010 School Improvement General Obligation Bonds

During fiscal year 2011, the District issued \$11,499,987 in general obligation bonds. The issue was comprised of both current interest bonds, par value \$11,100,000, and capital appreciation bonds, par value \$399,987. The proceeds of these bonds were used for the purpose of improving school facilities. During fiscal year 2014, a portion of the series 2010 general obligation bonds was refunded in the amount of \$5,805,000. The remaining balance of series 2010 current interest bonds matures on December 1, 2028 at an interest rate of 6.75%. The capital appreciation bonds mature on December 1, 2029 (stated interest rate 5.93%), December 1, 2030 (stated interest rate 6.01%), December 1, 2031 (stated interest rate 6.09%), December 1, 2032 (stated interest rate 6.17%), and December 1, 2033 (stated interest rate 6.25%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$2,190,000. Total accreted interest of \$396,643 for series 2010 has been included on the statement of net position at June 30, 2019. Principal and interest payments are made from the bond retirement fund.

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

Series 2012 Refunding General Obligation Bonds

On June 6, 2012, the District issued general obligation bonds (series 2012 refunding bonds) to advance refund the callable portion of the series 2004 general obligation bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The refunding issue is comprised of both current interest bonds, par value \$8,460,000, and capital appreciation bonds, par value \$94,726. The interest rates on the current interest bonds range from 2.00%-4.00%. The capital appreciation bonds mature on December 1, 2019 (stated interest rate 25.60%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds maturing December 1, 2019 is \$575,000. Total accreted interest of \$415,043 for series 2012 has been included on the statement of net position at June 30, 2019. Principal and interest payments are made from the bond retirement fund.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2028.

The reacquisition price exceeded the net carrying amount of the old debt by \$814,440. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which is less than the remaining life of the refunded debt, as a deferred outflow of resources on the statement of net position.

Series 2013 Refunding General Obligation Bonds

On January 3, 2013, the District issued general obligation bonds (series 2013 refunding bonds) to refund the remaining series 2004 general obligation current interest bonds in the amount of \$4,340,000. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.



**KEYSTONE LOCAL SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

The refunding issue is comprised of both current interest bonds, par value \$4,270,000, and capital appreciation bonds, par value \$69,094. The interest rates on the current interest bonds range from 2.00%-2.50%. The capital appreciation bonds matured on December 1, 2018 (stated interest rate 35.00%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. Principal and interest payments are made from the bond retirement fund.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2030.

The reacquisition price exceeded the net carrying amount of the old debt by \$309,432. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued, as a deferred outflow of resources on the statement of net position.

Series 2014 Refunding General Obligation Bonds

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

The refunding issue is comprised of both current interest bonds, par value \$5,800,000, and capital appreciation bonds, par value \$4,978. The interest rates on the current interest bonds range from 2.00%-4.50%. The capital appreciation bonds mature on December 1, 2031 (stated interest rate 22.10%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds maturing December 1, 2031 is \$195,000. Total accreted interest of \$9,216 for series 2014 has been included on the statement of net position at June 30, 2019. Principal and interest payments are made from the bond retirement fund.

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

The net carrying amount of the old debt exceeded the reacquisition price by \$49,833. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued, as a deferred outflow of resources on the statement of net position.

Lease-Purchase Agreements

See Note 10 for detail on the District's lease-purchase agreements. Principal and interest payments are made from the permanent improvement fund (a nonmajor governmental fund) and building fund.

Capital Lease Obligations

See Note 11 for detail on the District's capital lease obligations. Principal and interest payments are made from the general fund and permanent improvement fund.

Net Pension Liability

The District's net pension liability is described in Note 14. The District pays obligations related to employee compensation from the fund benefitting from their service.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

Net OPEB Liability/Asset

The District's net OPEB liability/asset is described in Note 15. The District pays obligations related to employee compensation from the fund benefitting from their service.

Compensated Absences

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

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

Fiscal Year	Current Interest - Refunding Series 2010			Capital Appreciation - Refunding Series 2010		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ -	\$ 357,412	\$ 357,412	\$ -	\$ -	\$ -
2021	-	357,413	357,413	-	-	-
2022	-	357,412	357,412	-	-	-
2023	-	357,413	357,413	-	-	-
2024	-	357,412	357,412	-	-	-
2025 - 2029	5,295,000	1,608,357	6,903,357	-	-	-
2030 - 2034	-	-	-	399,987	1,790,013	2,190,000
Total	<u>\$ 5,295,000</u>	<u>\$ 3,395,419</u>	<u>\$ 8,690,419</u>	<u>\$ 399,987</u>	<u>\$ 1,790,013</u>	<u>\$ 2,190,000</u>

Fiscal Year	Current Interest - Refunding Series 2012			Capital Appreciation - Refunding Series 2012		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ -	\$ 267,875	\$ 267,875	\$ 94,726	\$ 480,274	\$ 575,000
2021	600,000	255,875	855,875	-	-	-
2022	645,000	230,975	875,975	-	-	-
2023	755,000	202,975	957,975	-	-	-
2024	810,000	171,675	981,675	-	-	-
2025 - 2029	5,255,000	419,437	5,674,437	-	-	-
Total	<u>\$ 8,065,000</u>	<u>\$ 1,548,812</u>	<u>\$ 9,613,812</u>	<u>\$ 94,726</u>	<u>\$ 480,274</u>	<u>\$ 575,000</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

Fiscal Year	Current Interest - Refunding Series 2013		
	Principal	Interest	Total
2020	\$ -	\$ 73,750	\$ 73,750
2021	-	73,750	73,750
2022	-	73,750	73,750
2023	-	73,750	73,750
2024	-	73,750	73,750
2025 - 2029	1,440,000	368,750	1,808,750
2030 - 2031	1,510,000	74,625	1,584,625
<b>Total</b>	<b>\$ 2,950,000</b>	<b>\$ 812,125</b>	<b>\$ 3,762,125</b>

Fiscal Year	Current Interest - Refunding Series 2014			Capital Appreciation - Refunding Series 2014		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 15,000	\$ 223,462	\$ 238,462	\$ -	\$ -	\$ -
2021	15,000	223,163	238,163	-	-	-
2022	15,000	222,844	237,844	-	-	-
2023	15,000	222,375	237,375	-	-	-
2024	15,000	221,775	236,775	-	-	-
2025 - 2029	100,000	1,097,375	1,197,375	-	-	-
2030 - 2034	1,680,000	999,305	2,679,305	-	-	-
2035 - 2039	2,850,000	493,713	3,343,713	4,978	190,022	195,000
2040 - 2042	1,025,000	40,700	1,065,700	-	-	-
<b>Total</b>	<b>\$ 5,730,000</b>	<b>\$ 3,744,712</b>	<b>\$ 9,474,712</b>	<b>\$ 4,978</b>	<b>\$ 190,022</b>	<b>\$ 195,000</b>

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

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

**KEYSTONE LOCAL SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

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

In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2019, are a voted debt margin of \$7,389,096 (including available funds of \$3,718,005) and an unvoted debt margin of \$291,231.

**NOTE 13 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2019, the District contracted with Fitzgibbons, Arnold & Co. for insurance. General and professional liability has a \$2,000,000 aggregate limit for each. Automobile liability has a \$1,000,000 combined single limit of liability. Traveler's Surety & Insurance Co. of America maintains performance bonds of \$50,000 for the Superintendent and the Board President and a \$75,000 performance bond for the Treasurer.

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

**B. Employee Health and Dental**

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

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

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

**KEYSTONE LOCAL SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 14 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

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

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

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

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

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

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

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

**KEYSTONE LOCAL SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 14 - 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	Age 65 with 5 years of services credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; 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.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% 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% for plan members and 14% 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, 2019, the allocation to pension, death benefits, and Medicare B was 13.5%. The remaining 0.5% of the employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$310,977 for fiscal year 2019. Of this amount, \$43,560 is reported as pension and postemployment benefits payable.

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

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

**KEYSTONE LOCAL SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53% 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 or later.

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2019, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$995,349 for fiscal year 2019. Of this amount, \$155,140 is reported as pension and postemployment benefits payable.

**KEYSTONE LOCAL SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 14 - 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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.06187920%	0.05807199%	
Proportion of the net pension liability current measurement date	<u>0.06057170%</u>	<u>0.05650658%</u>	
Change in proportionate share	<u>-0.00130750%</u>	<u>-0.00156541%</u>	
Proportionate share of the net pension liability	\$ 3,469,053	\$ 12,424,528	\$ 15,893,581
Pension expense	\$ 153,249	\$ 558,366	\$ 711,615

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 190,256	\$ 286,796	\$ 477,052
Changes of assumptions	78,338	2,201,860	2,280,198
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	16,009	-	16,009
Contributions subsequent to the measurement date	<u>310,977</u>	<u>995,349</u>	<u>1,306,326</u>
Total deferred outflows of resources	<u>\$ 595,580</u>	<u>\$ 3,484,005</u>	<u>\$ 4,079,585</u>



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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 81,139	\$ 81,139
Net difference between projected and actual earnings on pension plan investments	96,117	753,410	849,527
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>72,013</u>	<u>1,162,367</u>	<u>1,234,380</u>
Total deferred inflows of resources	<u>\$ 168,130</u>	<u>\$ 1,996,916</u>	<u>\$ 2,165,046</u>

\$1,306,326 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	\$ 203,449	\$ 430,441	\$ 633,890
2021	56,347	365,194	421,541
2022	(113,845)	(79,987)	(193,832)
2023	<u>(29,478)</u>	<u>(223,908)</u>	<u>(253,386)</u>
Total	<u>\$ 116,473</u>	<u>\$ 491,740</u>	<u>\$ 608,213</u>

***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.

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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2018, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2018, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

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

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

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

**KEYSTONE LOCAL SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 4,886,423	\$ 3,469,053	\$ 2,280,684

**Actuarial Assumptions - STRS**

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

	July 1, 2018
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.0%, effective July 1, 2017

For the July 1, 2018, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table 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. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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.

\*\*The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	\$ 18,144,388	\$ 12,424,528	\$ 7,583,443

**KEYSTONE LOCAL SCHOOL DISTRICT  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 15 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability/Asset***

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

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

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

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

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

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

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

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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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 fiscal year 2019, 0.5% of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was \$21,600. 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 2019, the District's surcharge obligation was \$40,105.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$51,623 for fiscal year 2019. Of this amount, \$41,718 is reported as pension and postemployment benefits payable.

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

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2019, 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, 2018, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.06290550%	0.05807199%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.06163060%</u>	<u>0.05650658%</u>	
Change in proportionate share	<u>-0.00127490%</u>	<u>-0.00156541%</u>	
Proportionate share of the net OPEB liability	\$ 1,709,799	\$ -	\$ 1,709,799
Proportionate share of the net OPEB asset	\$ -	\$ (908,003)	\$ (908,003)
OPEB expense	\$ 79,903	\$ (1,990,169)	\$ (1,910,266)

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 27,910	\$ 106,057	\$ 133,967
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	7,137	-	7,137
Contributions subsequent to the measurement date	<u>51,623</u>	<u>-</u>	<u>51,623</u>
Total deferred outflows of resources	<u>\$ 86,670</u>	<u>\$ 106,057</u>	<u>\$ 192,727</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 52,903	\$ 52,903
Net difference between projected and actual earnings on pension plan investments	2,566	103,732	106,298
Changes of assumptions	153,613	1,237,226	1,390,839
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>46,312</u>	<u>112,960</u>	<u>159,272</u>
Total deferred inflows of resources	<u>\$ 202,491</u>	<u>\$ 1,506,821</u>	<u>\$ 1,709,312</u>

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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

\$51,623 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	\$ (67,022)	\$ (251,299)	\$ (318,321)
2021	(54,348)	(251,299)	(305,647)
2022	(14,209)	(251,299)	(265,508)
2023	(13,119)	(227,742)	(240,861)
2024	(13,295)	(219,478)	(232,773)
Thereafter	(5,451)	(199,647)	(205,098)
Total	\$ (167,444)	\$ (1,400,764)	\$ (1,568,208)

***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.



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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2018, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.62%
Prior measurement date	3.56%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.70%
Prior measurement date	3.63%
Medical trend assumption:	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

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

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

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

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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

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

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70%. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2026. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2025 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62%, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.56% was used as of June 30, 2017. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25% decreasing to 3.75%) and higher (8.25% decreasing to 5.75%) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
District's proportionate share of the net OPEB liability	\$ 2,074,707	\$ 1,709,799	\$ 1,420,861

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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	1% Decrease (6.25 % decreasing to 3.75 %)	Current Trend Rate (7.25 % decreasing to 4.75 %)	1% Increase (8.25 % decreasing to 5.75 %)
District's proportionate share of the net OPEB liability	\$ 1,379,494	\$ 1,709,799	\$ 2,147,182

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation, compared with July 1, 2017, are presented below:

	July 1, 2018		July 1, 2017
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	7.45%, 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%, effective July 1, 2017
Discounted rate of return	7.45%		N/A
Blended discount rate of return	N/A		4.13%
Health care cost trends			6 to 11% initial, 4.50% ultimate
	Initial	Ultimate	
Medical			
Pre-Medicare	6.00%	4.00%	
Medicare	5.00%	4.00%	
Prescription Drug			
Pre-Medicare	8.00%	4.00%	
Medicare	-5.23%	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 Table 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 Table 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, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

**KEYSTONE LOCAL SCHOOL DISTRICT  
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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

**Assumption Changes Since the Prior Measurement Date** - 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). Valuation year per capita health care costs were updated.

**Benefit Term Changes Since the Prior Measurement Date** - The subsidy multiplier for non-Medicare benefit recipients was increased from 1.90% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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.

\*\* The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Discount Rate** - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2018. A discount rate used to measure the total OPEB liability was 4.13% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2018.

**Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate** - The following table represents the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net OPEB asset	\$ 778,244	\$ 908,003	\$ 1,017,060
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 1,010,903	\$ 908,003	\$ 803,500

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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	\$ (247,665)
Net adjustment for revenue accruals	(55,469)
Net adjustment for expenditure accruals	(443,321)
Net adjustment for other sources/uses	1,000,970
Funds budgeted elsewhere	2,714
Adjustment for encumbrances	267,445
GAAP basis	<u>\$ 524,674</u>

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

**NOTE 17 - CONTINGENCIES**

**A. Litigation**

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

**B. Grants**

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

**C. Foundation Funding**

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. For the 2018-2019 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2019 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 18 - SET-ASIDES**

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2018	\$ -
Current year set-aside requirement	283,464
Current year offsets	(401,598)
Prior year offset from bond proceeds	<u>-</u>
Total	<u>\$ (118,134)</u>
Balance carried forward to fiscal year 2020	<u>\$ -</u>
Set-aside balance June 30, 2019	<u>\$ -</u>

During fiscal years 2004 and 2011, the District issued \$28,999,987 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$27,889,374 at June 30, 2019.

**NOTE 19 - OTHER COMMITMENTS**

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

	<u>Year End Encumbrances</u>
<u>Fund</u>	
General fund	\$ 280,156
Nonmajor governmental funds	<u>57,430</u>
Total	<u>\$ 337,586</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 20 - CONTRACTUAL COMMITMENTS**

As of June 30, 2019, the District had contractual commitments for the following projects:

Keystone High School

Contractor	Contractual Commitments	Amount Paid as of 6/30/2019	Amount Remaining on Contracts
Runyon and Sons	\$ 2,004,881	\$ 1,462,332	\$ 542,549
Gardiner	236,755	-	236,755
Mays Consulting	310,250	292,750	17,500
Total	<u>\$ 2,551,886</u>	<u>\$ 1,755,082</u>	<u>\$ 796,804</u>



REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST SIX FISCAL YEARS			
	2019	2018	2017	2016
District's proportion of the net pension liability	0.06057170%	0.06187920%	0.06130780%	0.06401860%
District's proportionate share of the net pension liability	\$ 3,469,053	\$ 3,697,146	\$ 4,487,165	\$ 3,652,963
District's covered payroll	\$ 2,060,022	\$ 2,061,821	\$ 1,911,600	\$ 1,927,291
District's proportionate share of the net pension liability as a percentage of its covered payroll	168.40%	179.31%	234.73%	189.54%
Plan fiduciary net position as a percentage of the total pension liability	71.36%	69.50%	62.98%	69.16%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>
0.06877700%	0.06877700%
\$ 3,480,765	\$ 4,089,947
\$ 1,998,528	\$ 2,048,027
174.17%	199.70%
71.70%	65.52%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST SIX FISCAL YEARS			
	2019	2018	2017	2016
District's proportion of the net pension liability	0.05650658%	0.05807199%	0.05956871%	0.06272226%
District's proportionate share of the net pension liability	\$ 12,424,528	\$ 13,795,126	\$ 19,939,443	\$ 17,334,598
District's covered payroll	\$ 6,436,843	\$ 6,336,500	\$ 6,302,971	\$ 6,555,057
District's proportionate share of the net pension liability as a percentage of its covered payroll	193.02%	217.71%	316.35%	264.45%
Plan fiduciary net position as a percentage of the total pension liability	77.31%	75.30%	66.80%	72.10%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>
0.06769292%	0.06769292%
\$ 16,465,261	\$ 19,613,311
\$ 6,916,354	\$ 7,108,231
238.06%	275.92%
74.70%	69.30%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 310,977	\$ 278,103	\$ 288,655	\$ 267,624
Contributions in relation to the contractually required contribution	<u>(310,977)</u>	<u>(278,103)</u>	<u>(288,655)</u>	<u>(267,624)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,303,533	\$ 2,060,022	\$ 2,061,821	\$ 1,911,600
Contributions as a percentage of covered payroll	13.50%	13.50%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 254,017	\$ 276,996	\$ 283,447	\$ 282,992	\$ 252,605	\$ 260,604
<u>(254,017)</u>	<u>(276,996)</u>	<u>(283,447)</u>	<u>(282,992)</u>	<u>(252,605)</u>	<u>(260,604)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,927,291	\$ 1,998,528	\$ 2,048,027	\$ 2,104,030	\$ 2,009,586	\$ 1,924,697
13.18%	13.86%	13.84%	13.45%	12.57%	13.54%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 995,349	\$ 901,158	\$ 887,110	\$ 882,416
Contributions in relation to the contractually required contribution	<u>(995,349)</u>	<u>(901,158)</u>	<u>(887,110)</u>	<u>(882,416)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,109,636	\$ 6,436,843	\$ 6,336,500	\$ 6,302,971
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 917,708	\$ 899,126	\$ 924,070	\$ 904,448	\$ 891,185	\$ 855,326
<u>(917,708)</u>	<u>(899,126)</u>	<u>(924,070)</u>	<u>(904,448)</u>	<u>(891,185)</u>	<u>(855,326)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,555,057	\$ 6,916,354	\$ 7,108,231	\$ 6,957,292	\$ 6,855,269	\$ 6,579,431
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.06163060%	0.06290550%	0.06215680%
District's proportionate share of the net OPEB liability	\$ 1,709,799	\$ 1,688,218	\$ 1,771,699
District's covered payroll	\$ 2,060,022	\$ 2,061,821	\$ 1,911,600
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	83.00%	81.88%	92.68%
Plan fiduciary net position as a percentage of the total OPEB liability	13.57%	12.46%	11.49%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/asset	0.05650658%	0.05807199%	0.05956871%
District's proportionate share of the net OPEB liability/(asset)	\$ (908,003)	\$ 2,265,755	\$ 3,185,750
District's covered payroll	\$ 6,436,843	\$ 6,336,500	\$ 6,302,971
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.11%	35.76%	50.54%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	176.00%	47.10%	37.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 51,623	\$ 44,346	\$ 34,805	\$ 31,573
Contributions in relation to the contractually required contribution	<u>(51,623)</u>	<u>(44,346)</u>	<u>(34,805)</u>	<u>(31,573)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,303,533	\$ 2,060,022	\$ 2,061,821	\$ 1,911,600
Contributions as a percentage of covered payroll	2.24%	2.15%	1.69%	1.65%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 51,271	\$ 37,625	\$ 33,408	\$ 40,445	\$ 57,049	\$ 36,027
<u>(51,271)</u>	<u>(37,625)</u>	<u>(33,408)</u>	<u>(40,445)</u>	<u>(57,049)</u>	<u>(36,027)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,927,291	\$ 1,998,528	\$ 2,048,027	\$ 2,104,030	\$ 2,009,586	\$ 1,924,697
2.66%	1.88%	1.63%	1.92%	2.84%	1.87%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,109,636	\$ 6,436,843	\$ 6,336,500	\$ 6,302,971
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ -	\$ 72,180	\$ 71,082	\$ 69,573	\$ 68,553	\$ 65,794
-	(72,180)	(71,082)	(69,573)	(68,553)	(65,794)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,555,057	\$ 6,916,354	\$ 7,108,231	\$ 6,957,292	\$ 6,855,269	\$ 6,579,431
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

PENSION

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*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.

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 years 2018-2019.

*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.

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.

(Continued)



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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2019.

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 rate 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 (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.

*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.

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 assumption 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 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 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.

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COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES

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

**MAJOR FUNDS**

**General Fund**

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

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

**Bond Retirement Fund**

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

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<b>Variance with Final Budget- Over (Under)</b>
	<u>Final</u>	<u>Actual</u>	
<b>Bond Retirement</b>			
Total Revenues and Other Sources	\$ 1,855,798	\$ 1,855,798	\$ -
Total Expenditures and Other Uses	<u>1,515,452</u>	<u>1,493,180</u>	<u>22,272</u>
Net Change in Fund Balances	340,346	362,618	22,272
Fund Balance, July 1	<u>3,101,642</u>	<u>3,101,642</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 3,441,988</u></u>	<u><u>\$ 3,464,260</u></u>	<u><u>\$ 22,272</u></u>

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

**Nonmajor Special Revenue Funds**

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

**Food Services Fund**

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

**School Trusts Fund**

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

**Other Local Grants Fund**

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

**Classroom Facilities Maintenance Fund**

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

**Student Activity Fund**

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

**Auxiliary Services Fund**

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

**Data Communication Fund**

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

**Miscellaneous State Grants Fund**

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

**IDEA Part B Fund**

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

**Title III - Limited English Proficiency**

This program is designed to help meet the educational needs of children of limited English proficiency.

**Title I Fund**

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

**Title II-A Fund**

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

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

**Nonmajor Special Revenue Funds (Continued)**

**Miscellaneous Federal Grants Fund**

To account for federal grants not classified elsewhere.

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

**Public School Support Fund**

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

**KeyCare Fund**

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

**Employee Benefits Fund**

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

**Termination Benefits Fund**

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

**Nonmajor Capital Projects Funds**

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

**Permanent Improvement Fund**

To account for the construction and acquiring of permanent improvements.

**Building Fund**

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

**Classroom Facilities Fund**

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

**Other Capital Projects Fund**

A fund provided to accumulate money for one or multiple capital projects.

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

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>			
Equity in pooled cash and investments. . . . .	\$ 341,915	\$ 3,004,197	\$ 3,346,112
Receivables:			
Property taxes . . . . .	-	258,719	258,719
Accounts. . . . .	16,150	-	16,150
Settlements . . . . .	-	139,833	139,833
Intergovernmental . . . . .	20,680	-	20,680
Prepayments. . . . .	400	-	400
Materials and supplies inventory . . . . .	2,226	-	2,226
Inventory held for resale. . . . .	5,851	-	5,851
Total assets. . . . .	\$ 387,222	\$ 3,402,749	\$ 3,789,971
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 7,422	\$ 8,275	\$ 15,697
Contracts payable. . . . .	-	342,060	342,060
Retainage payable. . . . .	-	200,488	200,488
Accrued wages and benefits payable . . . . .	71,532	-	71,532
Intergovernmental payable . . . . .	1,098	-	1,098
Pension and postemployment obligation payable. . . . .	13,442	-	13,442
Interfund loans payable. . . . .	20,657	-	20,657
Total liabilities. . . . .	114,151	550,823	664,974
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year. . . . .	-	189,672	189,672
Delinquent property tax revenue not available . . . . .	-	16,215	16,215
Intergovernmental revenue not available. . . . .	20,680	-	20,680
Miscellaneous not available. . . . .	-	139,833	139,833
Total deferred inflows of resources . . . . .	20,680	345,720	366,400
<b>Fund balances:</b>			
Nonspendable:			
Materials and supplies inventory. . . . .	2,226	-	2,226
Prepays. . . . .	400	-	400
Restricted:			
Capital improvements . . . . .	-	2,506,131	2,506,131
Classroom facilities maintenance . . . . .	33,566	-	33,566
Food service operations . . . . .	216,272	-	216,272
Other purposes. . . . .	37,637	-	37,637
Extracurricular activities. . . . .	22,189	-	22,189
Committed:			
Capital improvements . . . . .	-	75	75
Unassigned (deficit). . . . .	(59,899)	-	(59,899)
Total fund balances . . . . .	252,391	2,506,206	2,758,597
Total liabilities, deferred inflows of resources and fund balances. . . . .	\$ 387,222	\$ 3,402,749	\$ 3,789,971



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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>			
From local sources:			
Property taxes . . . . .	\$ 132,131	\$ 110,236	\$ 242,367
Earnings on investments . . . . .	3,437	10,477	13,914
Charges for services . . . . .	278,846	-	278,846
Extracurricular. . . . .	90,368	-	90,368
Contributions and donations . . . . .	30,341	-	30,341
Other local revenues . . . . .	21,352	-	21,352
Intergovernmental - intermediate . . . . .	6,050	-	6,050
Intergovernmental - state . . . . .	108,937	31,248	140,185
Intergovernmental - federal . . . . .	748,835	-	748,835
	<u>1,420,297</u>	<u>151,961</u>	<u>1,572,258</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular. . . . .	27,286	-	27,286
Special . . . . .	421,831	-	421,831
Support services:			
Pupil . . . . .	6,817	-	6,817
Instructional staff. . . . .	66,715	-	66,715
Fiscal . . . . .	-	4,238	4,238
Operations and maintenance . . . . .	-	2,814	2,814
Central . . . . .	5,400	-	5,400
Operation of non-instructional services:			
Other non-instructional services. . . . .	157,402	-	157,402
Food service operations. . . . .	573,226	-	573,226
Extracurricular activities. . . . .	100,288	-	100,288
Facilities acquisition and construction . . . . .	186,750	2,113,931	2,300,681
Debt service:			
Principal retirement. . . . .	110,588	131,966	242,554
Interest and fiscal charges . . . . .	46,239	10,045	56,284
	<u>1,702,542</u>	<u>2,262,994</u>	<u>3,965,536</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(282,245)</u>	<u>(2,111,033)</u>	<u>(2,393,278)</u>
<b>Other financing sources:</b>			
Insurance and judgment settlements . . . . .	-	100,000	100,000
Total other financing sources . . . . .	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Net change in fund balances . . . . .	(282,245)	(2,011,033)	(2,293,278)
<b>Fund balances, July 1 . . . . .</b>	<u>534,636</u>	<u>4,517,239</u>	<u>5,051,875</u>
<b>Fund balances, June 30. . . . .</b>	<u>\$ 252,391</u>	<u>\$ 2,506,206</u>	<u>\$ 2,758,597</u>

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

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2019

	<u>Food Services</u>	<u>School Trusts</u>	<u>Other Local Grants</u>	<u>Classroom Facilities Maintenance</u>
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 256,881	\$ 10,182	\$ 26,132	\$ 33,566
Receivables:				
Accounts. . . . .	150	-	-	-
Intergovernmental . . . . .	-	-	-	-
Prepayments. . . . .	400	-	-	-
Materials and supplies inventory . . . . .	2,226	-	-	-
Inventory held for resale. . . . .	5,851	-	-	-
Total assets. . . . .	<u>\$ 265,508</u>	<u>\$ 10,182</u>	<u>\$ 26,132</u>	<u>\$ 33,566</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits payable . . . . .	33,544	-	-	-
Intergovernmental payable . . . . .	440	-	-	-
Pension and postemployment obligation payable. . . . .	12,626	-	-	-
Interfund loans payable. . . . .	-	-	-	-
Total liabilities. . . . .	<u>46,610</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources:</b>				
Intergovernmental revenue not available. . . . .	-	-	-	-
Total deferred inflows of resources . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory. . . . .	2,226	-	-	-
Prepays. . . . .	400	-	-	-
Restricted:				
Classroom facilities maintenance . . . . .	-	-	-	33,566
Food service operations . . . . .	216,272	-	-	-
Other purposes. . . . .	-	10,182	26,132	-
Extracurricular activities . . . . .	-	-	-	-
Unassigned (deficit). . . . .	-	-	-	-
Total fund balances (deficits) . . . . .	<u>218,898</u>	<u>10,182</u>	<u>26,132</u>	<u>33,566</u>
Total liabilities, deferred inflows of resources and fund balances. . . . .	<u>\$ 265,508</u>	<u>\$ 10,182</u>	<u>\$ 26,132</u>	<u>\$ 33,566</u>

<u>Student Activity</u>	<u>Auxiliary Services</u>	<u>Miscellaneous State Grants</u>	<u>IDEA Part B</u>	<u>Title I</u>	<u>Title II-A</u>
\$ 13,487	\$ 238	\$ 1,430	\$ -	\$ (1)	\$ -
16,000	-	-	-	-	-
-	-	-	12,092	5,215	308
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 29,487</u>	<u>\$ 238</u>	<u>\$ 1,430</u>	<u>\$ 12,092</u>	<u>\$ 5,214</u>	<u>\$ 308</u>
\$ 7,298	\$ 124	\$ -	\$ -	\$ -	\$ -
-	-	-	10,222	27,766	-
-	-	107	148	403	-
-	-	-	732	-	84
-	9,965	-	2,390	5,215	368
<u>7,298</u>	<u>10,089</u>	<u>107</u>	<u>13,492</u>	<u>33,384</u>	<u>452</u>
-	-	-	12,092	5,215	308
-	-	-	12,092	5,215	308
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,323	-	-	-
22,189	-	-	-	-	-
-	(9,851)	-	(13,492)	(33,385)	(452)
<u>22,189</u>	<u>(9,851)</u>	<u>1,323</u>	<u>(13,492)</u>	<u>(33,385)</u>	<u>(452)</u>
<u>\$ 29,487</u>	<u>\$ 238</u>	<u>\$ 1,430</u>	<u>\$ 12,092</u>	<u>\$ 5,214</u>	<u>\$ 308</u>

**KEYSTONE LOCAL SCHOOL DISTRICT**  
**LORAIN COUNTY, OHIO**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
 JUNE 30, 2019

	<b>Miscellaneous Federal Grants</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Assets:</b>		
Equity in pooled cash and investments. . . . .	\$ -	\$ 341,915
Receivables:		
Accounts. . . . .	-	16,150
Intergovernmental . . . . .	3,065	20,680
Prepayments. . . . .	-	400
Materials and supplies inventory . . . . .	-	2,226
Inventory held for resale. . . . .	-	5,851
Total assets. . . . .	\$ 3,065	\$ 387,222
<b>Liabilities:</b>		
Accounts payable . . . . .	\$ -	\$ 7,422
Accrued wages and benefits payable . . . . .	-	71,532
Intergovernmental payable . . . . .	-	1,098
Pension and postemployment obligation payable. . . . .	-	13,442
Interfund loans payable. . . . .	2,719	20,657
Total liabilities. . . . .	2,719	114,151
<b>Deferred inflows of resources:</b>		
Intergovernmental revenue not available. . . . .	3,065	20,680
Total deferred inflows of resources . . . . .	3,065	20,680
<b>Fund balances:</b>		
Nonspendable:		
Materials and supplies inventory. . . . .	-	2,226
Prepays. . . . .	-	400
Restricted:		
Classroom facilities maintenance . . . . .	-	33,566
Food service operations . . . . .	-	216,272
Other purposes. . . . .	-	37,637
Extracurricular activities . . . . .	-	22,189
Unassigned (deficit). . . . .	(2,719)	(59,899)
Total fund balances . . . . .	(2,719)	252,391
Total liabilities, deferred inflows of resources and fund balances. . . . .	\$ 3,065	\$ 387,222

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Food Services</u>	<u>School Trusts</u>	<u>Other Local Grants</u>	<u>Classroom Facilities Maintenance</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ -	\$ -	\$ -	\$ 132,131
Earnings on investments . . . . .	2,989	-	-	-
Charges for services . . . . .	278,846	-	-	-
Extracurricular. . . . .	-	-	-	-
Contributions and donations . . . . .	-	22,125	8,131	-
Other local revenues . . . . .	3,147	345	-	-
Intergovernmental - intermediate . . . . .	-	-	6,050	-
Intergovernmental - state . . . . .	-	-	-	-
Intergovernmental - federal . . . . .	255,728	-	-	-
<b>Total revenues . . . . .</b>	<u>540,710</u>	<u>22,470</u>	<u>14,181</u>	<u>132,131</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular. . . . .	-	17,846	5,281	-
Special . . . . .	-	-	-	-
Support services:				
Pupil . . . . .	-	-	6,817	-
Instructional staff . . . . .	-	-	-	-
Central . . . . .	-	-	-	-
Operation of non-instructional services:				
Other non-instructional services. . . . .	-	-	-	-
Food service operations. . . . .	573,226	-	-	-
Extracurricular activities. . . . .	-	-	-	-
Facilities acquisition and construction. . . . .	-	-	-	186,750
Debt service:				
Principal retirement . . . . .	-	-	-	110,588
Interest and fiscal charges . . . . .	-	-	-	46,239
<b>Total expenditures . . . . .</b>	<u>573,226</u>	<u>17,846</u>	<u>12,098</u>	<u>343,577</u>
Net change in fund balances . . . . .	(32,516)	4,624	2,083	(211,446)
<b>Fund balances (deficit), July 1 . . . . .</b>	<u>251,414</u>	<u>5,558</u>	<u>24,049</u>	<u>245,012</u>
<b>Fund balances (deficit), June 30 . . . . .</b>	<u>\$ 218,898</u>	<u>\$ 10,182</u>	<u>\$ 26,132</u>	<u>\$ 33,566</u>

<b>Student Activity</b>	<b>Auxiliary Services</b>	<b>Data Communication</b>	<b>Miscellaneous State Grants</b>	<b>IDEA Part B</b>	<b>Title III- Limited English Proficiency</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	448	-	-	-	-
-	-	-	-	-	-
90,368	-	-	-	-	-
85	-	-	-	-	-
17,860	-	-	-	-	-
-	-	-	-	-	-
-	92,532	5,400	11,005	-	-
-	-	-	-	309,026	166
<u>108,313</u>	<u>92,980</u>	<u>5,400</u>	<u>11,005</u>	<u>309,026</u>	<u>166</u>
-	-	-	-	-	-
-	-	-	593	300,269	-
-	-	-	-	-	-
-	-	-	9,089	-	166
-	-	5,400	-	-	-
-	157,402	-	-	-	-
-	-	-	-	-	-
100,288	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>100,288</u>	<u>157,402</u>	<u>5,400</u>	<u>9,682</u>	<u>300,269</u>	<u>166</u>
8,025	(64,422)	-	1,323	8,757	-
14,164	54,571	-	-	(22,249)	-
<u>\$ 22,189</u>	<u>\$ (9,851)</u>	<u>\$ -</u>	<u>\$ 1,323</u>	<u>\$ (13,492)</u>	<u>\$ -</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Title I</u>	<u>Title II-A</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ -	\$ -	\$ -	\$ 132,131
Earnings on investments . . . . .	-	-	-	3,437
Charges for services . . . . .	-	-	-	278,846
Extracurricular. . . . .	-	-	-	90,368
Contributions and donations . . . . .	-	-	-	30,341
Other local revenues . . . . .	-	-	-	21,352
Intergovernmental - intermediate . . . . .	-	-	-	6,050
Intergovernmental - state . . . . .	-	-	-	108,937
Intergovernmental - federal . . . . .	140,225	33,887	9,803	748,835
	<u>140,225</u>	<u>33,887</u>	<u>9,803</u>	<u>748,835</u>
Total revenues . . . . .	<u>140,225</u>	<u>33,887</u>	<u>9,803</u>	<u>1,420,297</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular. . . . .	-	-	4,159	27,286
Special . . . . .	120,969	-	-	421,831
Support services:				
Pupil . . . . .	-	-	-	6,817
Instructional staff . . . . .	15,240	34,269	7,951	66,715
Central . . . . .	-	-	-	5,400
Operation of non-instructional services:				
Other non-instructional services. . . . .	-	-	-	157,402
Food service operations. . . . .	-	-	-	573,226
Extracurricular activities. . . . .	-	-	-	100,288
Facilities acquisition and construction. . . . .	-	-	-	186,750
Debt service:				
Principal retirement . . . . .	-	-	-	110,588
Interest and fiscal charges . . . . .	-	-	-	46,239
	<u>136,209</u>	<u>34,269</u>	<u>12,110</u>	<u>1,702,542</u>
Total expenditures . . . . .	<u>136,209</u>	<u>34,269</u>	<u>12,110</u>	<u>1,702,542</u>
Net change in fund balances . . . . .	4,016	(382)	(2,307)	(282,245)
<b>Fund balances (deficit), July 1 . . . . .</b>	<u>(37,401)</u>	<u>(70)</u>	<u>(412)</u>	<u>534,636</u>
<b>Fund balances (deficit), June 30 . . . . .</b>	<u>\$ (33,385)</u>	<u>\$ (452)</u>	<u>\$ (2,719)</u>	<u>\$ 252,391</u>



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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<b>Variance with Final Budget- Over (Under)</b>
	<u>Final</u>	<u>Actual</u>	
<b>Food Services</b>			
Total Revenues and Other Sources	\$ 494,800	\$ 497,407	\$ 2,607
Total Expenditures and Other Uses	<u>596,137</u>	<u>530,959</u>	<u>65,178</u>
Net Change in Fund Balances	(101,337)	(33,552)	67,785
Fund Balance, July 1	284,241	284,241	-
Prior Year Encumbrances Appropriated	<u>5,953</u>	<u>5,953</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 188,857</u>	<u>\$ 256,642</u>	<u>\$ 67,785</u>
<b>School Trusts</b>			
Total Revenues and Other Sources	\$ 22,125	\$ 22,470	\$ 345
Total Expenditures and Other Uses	<u>22,346</u>	<u>22,346</u>	<u>-</u>
Net Change in Fund Balances	(221)	124	345
Fund Balance, July 1	5,558	5,558	-
Prior Year Encumbrances Appropriated	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 6,337</u>	<u>\$ 6,682</u>	<u>\$ 345</u>
<b>Other Local Grants</b>			
Total Revenues and Other Sources	\$ 14,181	\$ 14,181	\$ -
Total Expenditures and Other Uses	<u>37,098</u>	<u>12,270</u>	<u>24,828</u>
Net Change in Fund Balances	(22,917)	1,911	24,828
Fund Balance, July 1	23,917	23,917	-
Prior Year Encumbrances Appropriated	<u>291</u>	<u>291</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,291</u>	<u>\$ 26,119</u>	<u>\$ 24,828</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<b>Variance with Final Budget- Over (Under)</b>
	<u>Final</u>	<u>Actual</u>	
<b>Classroom Facilities Maintenance</b>			
Total Revenues and Other Sources	\$ 132,131	\$ 132,131	\$ -
Total Expenditures and Other Uses	<u>361,077</u>	<u>361,077</u>	<u>-</u>
Net Change in Fund Balances	(228,946)	(228,946)	-
Fund Balance, July 1	40,762	40,762	-
Prior Year Encumbrances Appropriated	<u>204,250</u>	<u>204,250</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 16,066</u>	<u>\$ 16,066</u>	<u>\$ -</u>
<b>Student Activity</b>			
Total Revenues and Other Sources	\$ 91,000	\$ 92,313	\$ 1,313
Total Expenditures and Other Uses	<u>109,723</u>	<u>101,514</u>	<u>8,209</u>
Net Change in Fund Balances	(18,723)	(9,201)	9,522
Fund Balance, July 1	9,115	9,115	-
Prior Year Encumbrances Appropriated	<u>10,723</u>	<u>10,723</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,115</u>	<u>\$ 10,637</u>	<u>\$ 9,522</u>
<b>Auxiliary Services</b>			
Total Revenues and Other Sources	\$ 102,945	\$ 102,945	\$ -
Total Expenditures and Other Uses	<u>157,517</u>	<u>157,517</u>	<u>-</u>
Net Change in Fund Balances	(54,572)	(54,572)	-
Fund Balance, July 1	53,219	53,219	-
Prior Year Encumbrances Appropriated	<u>1,352</u>	<u>1,352</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<b>Variance with Final Budget- Over (Under)</b>
	<u>Final</u>	<u>Actual</u>	
<b>Data Communication</b>			
Total Revenues and Other Sources	\$ 5,400	\$ 5,400	\$ -
Total Expenditures and Other Uses	<u>5,400</u>	<u>5,400</u>	<u>-</u>
Net Change in Fund Balances	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Miscellaneous State Grants</b>			
Total Revenues and Other Sources	\$ 11,005	\$ 11,005	\$ -
Total Expenditures and Other Uses	<u>11,598</u>	<u>11,268</u>	<u>330</u>
Net Change in Fund Balances	(593)	(263)	330
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	<u>593</u>	<u>593</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 330</u>	<u>\$ 330</u>
<b>IDEA Part B</b>			
Total Revenues and Other Sources	\$ 311,416	\$ 311,416	\$ -
Total Expenditures and Other Uses	<u>314,045</u>	<u>314,045</u>	<u>-</u>
Net Change in Fund Balances	(2,629)	(2,629)	-
Fund Balance, July 1	2,119	2,119	-
Prior Year Encumbrances Appropriated	<u>510</u>	<u>510</u>	<u>-</u>
Fund Balance (Deficit), June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
<b>Title III - Limited English Proficiency</b>			
Total Revenues and Other Sources	\$ 166	\$ 166	\$ -
Total Expenditures and Other Uses	<u>166</u>	<u>166</u>	<u>-</u>
Net Change in Fund Balances	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Title I</b>			
Total Revenues and Other Sources	\$ 145,440	\$ 145,440	\$ -
Total Expenditures and Other Uses	<u>148,015</u>	<u>148,015</u>	<u>-</u>
Net Change in Fund Balances	(2,575)	(2,575)	-
Fund Balance, July 1	<u>2,574</u>	<u>2,574</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ -</u>
<b>Title II-A</b>			
Total Revenues and Other Sources	\$ 34,255	\$ 34,255	\$ -
Total Expenditures and Other Uses	<u>35,255</u>	<u>35,255</u>	<u>-</u>
Net Change in Fund Balances	(1,000)	(1,000)	-
Fund Balance, July 1	209	209	-
Prior Year Encumbrances Appropriated	<u>791</u>	<u>791</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<b>Variance with Final Budget- Over (Under)</b>
	<u>Final</u>	<u>Actual</u>	
<b>Miscellaneous Federal Grants</b>			
Total Revenues and Other Sources	\$ 12,522	\$ 12,522	\$ -
Total Expenditures and Other Uses	<u>13,110</u>	<u>13,110</u>	<u>-</u>
Net Change in Fund Balances	(588)	(588)	-
Fund Balance, July 1	<u>588</u>	<u>588</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>Public School Support</b>			
Total Revenues and Other Sources	\$ 39,457	\$ 40,734	\$ 1,277
Total Expenditures and Other Uses	<u>46,674</u>	<u>45,078</u>	<u>1,596</u>
Net Change in Fund Balances	(7,217)	(4,344)	2,873
Fund Balance, July 1	38,273	38,273	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 31,056</u></u>	<u><u>\$ 33,929</u></u>	<u><u>\$ 2,873</u></u>
<b>KeyCare</b>			
Total Revenues and Other Sources	\$ 63,097	\$ 63,496	\$ 399
Total Expenditures and Other Uses	<u>87,542</u>	<u>81,427</u>	<u>6,115</u>
Net Change in Fund Balances	(24,445)	(17,931)	6,514
Fund Balance, July 1	<u>34,123</u>	<u>34,123</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 9,678</u></u>	<u><u>\$ 16,192</u></u>	<u><u>\$ 6,514</u></u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
<b>Employee Benefits</b>			
Total Revenues and Other Sources	\$ 90,926	\$ 90,927	\$ 1
Total Expenditures and Other Uses	<u>116,267</u>	<u>115,828</u>	<u>439</u>
Net Change in Fund Balances	(25,341)	(24,901)	440
Fund Balance, July 1	3,559	3,559	-
Prior Year Encumbrances Appropriated	<u>28,600</u>	<u>28,600</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 6,818</u>	<u>\$ 7,258</u>	<u>\$ 440</u>
<b>Termination Benefits</b>			
Total Revenues and Other Sources	\$ 70,000	\$ 70,000	\$ -
Total Expenditures and Other Uses	<u>70,000</u>	<u>59,181</u>	<u>10,819</u>
Net Change in Fund Balances	-	10,819	10,819
Fund Balance, July 1	<u>3,405</u>	<u>3,405</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 3,405</u>	<u>\$ 14,224</u>	<u>\$ 10,819</u>

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

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2019

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Classroom Facilities</u>	<u>Other Capital Projects</u>
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 263,299	\$ 750,069	\$ 1,990,754	\$ 75
Receivables:				
Property taxes . . . . .	258,719	-	-	-
Settlements . . . . .	139,833	-	-	-
Total assets. . . . .	<u>\$ 661,851</u>	<u>\$ 750,069</u>	<u>\$ 1,990,754</u>	<u>\$ 75</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ -	\$ -	\$ 8,275	\$ -
Contracts payable. . . . .	-	342,060	-	-
Retainage payable. . . . .	-	200,488	-	-
Total liabilities. . . . .	<u>-</u>	<u>542,548</u>	<u>8,275</u>	<u>-</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year. . .	189,672	-	-	-
Delinquent property tax revenue not available . .	16,215	-	-	-
Miscellaneous revenue not available. . . . .	139,833	-	-	-
Total deferred inflows of resources . . . . .	<u>345,720</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>				
Restricted:				
Capital improvements . . . . .	316,131	207,521	1,982,479	-
Committed:				
Capital improvements . . . . .	-	-	-	75
Total fund balances . . . . .	<u>316,131</u>	<u>207,521</u>	<u>1,982,479</u>	<u>75</u>
Total liabilities, deferred inflows of resources and fund balances. . . . .	<u>\$ 661,851</u>	<u>\$ 750,069</u>	<u>\$ 1,990,754</u>	<u>\$ 75</u>



**Total  
Nonmajor  
Capital Projects  
Funds**

---

\$ 3,004,197

258,719

139,833

---

\$ 3,402,749

---

\$ 8,275

342,060

200,488

---

550,823

---

189,672

16,215

139,833

---

345,720

---

2,506,131

75

---

2,506,206

---

\$ 3,402,749

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Classroom Facilities</u>	<u>Other Capital Projects</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 110,236	\$ -	\$ -	\$ -
Earnings on investments . . . . .	-	-	10,477	-
Intergovernmental - state . . . . .	31,248	-	-	-
<b>Total revenues . . . . .</b>	<u>141,484</u>	<u>-</u>	<u>10,477</u>	<u>-</u>
<b>Expenditures:</b>				
Support services:				
Fiscal . . . . .	4,238	-	-	-
Operations and maintenance . . . . .	2,814	-	-	-
Facilities acquisition and construction . . . . .	1,537	2,021,327	91,067	-
Debt service:				
Principal retirement. . . . .	131,966	-	-	-
Interest and fiscal charges . . . . .	10,045	-	-	-
<b>Total expenditures . . . . .</b>	<u>150,600</u>	<u>2,021,327</u>	<u>91,067</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(9,116)</u>	<u>(2,021,327)</u>	<u>(80,590)</u>	<u>-</u>
<b>Other financing sources:</b>				
Insurance and judgment settlements . . . . .	100,000	-	-	-
<b>Total other financing sources . . . . .</b>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	90,884	(2,021,327)	(80,590)	-
<b>Fund balances, July 1 . . . . .</b>	225,247	2,228,848	2,063,069	75
<b>Fund balances, June 30. . . . .</b>	<u>\$ 316,131</u>	<u>\$ 207,521</u>	<u>\$ 1,982,479</u>	<u>\$ 75</u>

**Total  
Nonmajor  
Capital Projects  
Funds**

---

\$ 110,236  
10,477  
31,248  

---

151,961

4,238  
2,814  
2,113,931

131,966  
10,045  

---

2,262,994

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(2,111,033)

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100,000

---

100,000

(2,011,033)

4,517,239

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\$ 2,506,206

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<b>Variance with Final Budget- Over (Under)</b>
	<u>Final</u>	<u>Actual</u>	
<b>Permanent Improvement</b>			
Total Revenues and Other Sources	\$ 269,467	\$ 369,467	\$ 100,000
Total Expenditures and Other Uses	<u>287,957</u>	<u>287,688</u>	<u>269</u>
Net Change in Fund Balances	(18,490)	81,779	100,269
Fund Balance, July 1	177,073	177,073	-
Prior Year Encumbrances Appropriated	<u>4,447</u>	<u>4,447</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 163,030</u></u>	<u><u>\$ 263,299</u></u>	<u><u>\$ 100,269</u></u>
<b>Building</b>			
Total Expenditures and Other Uses	<u>\$ 2,527,401</u>	<u>\$ 2,309,906</u>	<u>217,495</u>
Net Change in Fund Balances	(2,527,401)	(2,309,906)	217,495
Fund Balance, July 1	217,495	217,495	-
Prior Year Encumbrances Appropriated	<u>2,309,906</u>	<u>2,309,906</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ 217,495</u></u>	<u><u>\$ 217,495</u></u>
<b>Classroom Facilities</b>			
Total Revenues and Other Sources	\$ 9,385	\$ 10,477	\$ 1,092
Total Expenditures and Other Uses	<u>2,071,953</u>	<u>124,887</u>	<u>1,947,066</u>
Net Change in Fund Balances	(2,062,568)	(114,410)	1,948,158
Fund Balance, July 1	<u>2,063,069</u>	<u>2,063,069</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 501</u></u>	<u><u>\$ 1,948,659</u></u>	<u><u>\$ 1,948,158</u></u>
<b>Other Capital Projects</b>			
Fund Balance, July 1	<u>\$ 75</u>	<u>\$ 75</u>	<u>\$ -</u>
Fund Balance, June 30	<u><u>\$ 75</u></u>	<u><u>\$ 75</u></u>	<u><u>\$ -</u></u>

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

**Agency Funds**

The agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds. The agency funds are:

**District Agency Fund**

An agency fund provided to account for activity associated with the District's involvement in Ohio High School Athletic Association (OHSAA) sponsored events and tournaments.

**Student Activity Fund**

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

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

STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<b>Beginning Balance July 1, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance June 30, 2019</b>
<b>District Agency</b>				
<b>Assets:</b>				
Equity in pooled cash and investments . . . . .	\$ -	\$ 4,360	\$ 3,343	\$ 1,017
Total assets. . . . .	<u>\$ -</u>	<u>\$ 4,360</u>	<u>\$ 3,343</u>	<u>\$ 1,017</u>
<b>Liabilities:</b>				
Due to others. . . . .	\$ -	\$ 4,360	\$ 3,343	\$ 1,017
Total liabilities . . . . .	<u>\$ -</u>	<u>\$ 4,360</u>	<u>\$ 3,343</u>	<u>\$ 1,017</u>
<b>Student Activity</b>				
<b>Assets:</b>				
Equity in pooled cash and investments . . . . .	\$ 49,806	\$ 55,936	\$ 54,281	\$ 51,461
Receivables: Accounts . . . . .	<u>10</u>	<u>-</u>	<u>10</u>	<u>-</u>
Total assets. . . . .	<u>\$ 49,816</u>	<u>\$ 55,936</u>	<u>\$ 54,291</u>	<u>\$ 51,461</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 13	\$ 1,000	\$ 13	\$ 1,000
Due to students. . . . .	<u>49,803</u>	<u>54,936</u>	<u>54,278</u>	<u>50,461</u>
Total liabilities . . . . .	<u>\$ 49,816</u>	<u>\$ 55,936</u>	<u>\$ 54,291</u>	<u>\$ 51,461</u>
<b>Total Agency Funds</b>				
<b>Assets:</b>				
Equity in pooled cash and investments . . . . .	\$ 49,806	\$ 60,296	\$ 57,624	\$ 52,478
Receivables: Accounts . . . . .	<u>10</u>	<u>-</u>	<u>10</u>	<u>-</u>
Total assets. . . . .	<u>\$ 49,816</u>	<u>\$ 60,296</u>	<u>\$ 57,634</u>	<u>\$ 52,478</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 13	\$ 1,000	\$ 13	\$ 1,000
Due to students. . . . .	49,803	54,936	54,278	50,461
Due to others. . . . .	<u>-</u>	<u>4,360</u>	<u>3,343</u>	<u>1,017</u>
Total liabilities . . . . .	<u>\$ 49,816</u>	<u>\$ 60,296</u>	<u>\$ 57,634</u>	<u>\$ 52,478</u>

## STATISTICAL SECTION

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

STATISTICAL SECTION

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	<b>138-151</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	<b>152-157</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	<b>158-161</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	<b>162-163</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	<b>164-170</b>

**Sources:** Sources are noted on the individual schedules.

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

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

	<u>2019</u>	<u>2018</u>	<u>2017 ( c )</u>	<u>2016</u>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 17,649,760	\$ 19,128,020	\$ 19,396,434	\$ 20,670,900
Restricted	6,413,220	5,475,194	5,846,570	5,786,670
Unrestricted	(10,277,849)	(13,246,028)	(23,584,996)	(19,669,595)
Total governmental activities net position	<u>\$ 13,785,131</u>	<u>\$ 11,357,186</u>	<u>\$ 1,658,008</u>	<u>\$ 6,787,975</u>

**Source:** School District financial records.

**Note:** (a) Amounts have been restated to reflect the implementation of GASB Statements 63 and 65 in fiscal year 2013.  
 (b) Amounts have been restated to reflect the implementation of GASB Statements 68 in fiscal year 2015.  
 (c) Amounts have been restated to reflect the implementation of GASB Statements 75 in fiscal year 2017.

<b>2015</b>	<b>2014 (b)</b>	<b>2013</b>	<b>2012 (a)</b>	<b>2011 (a)</b>	<b>2010</b>
\$ 15,980,229	\$ 6,260,303	\$ 3,218,793	\$ 3,118,131	\$ 3,636,413	\$ 3,748,240
10,513,353	19,303,893	23,173,283	2,671,345	2,733,109	2,547,989
(21,156,996)	(20,969,425)	3,066,465	3,883,911	3,734,145	3,731,747
<u>\$ 5,336,586</u>	<u>\$ 4,594,771</u>	<u>\$ 29,458,541</u>	<u>\$ 9,673,387</u>	<u>\$ 10,103,667</u>	<u>\$ 10,027,976</u>

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Expenses</b>				
Governmental activities:				
Instruction:				
Regular	\$ 6,904,657	\$ 4,025,466	\$ 8,308,039	\$ 7,284,769
Special	2,180,434	1,291,446	2,232,820	2,026,102
Vocational	43,760	9,178	61,791	55,856
Other	102,998	9,580	40,307	49,881
Support services:				
Pupil	754,305	407,000	869,824	847,757
Instructional staff	873,713	489,301	543,362	593,048
Board of education	18,982	38,496	36,830	51,846
Administration	1,477,129	698,398	1,408,658	1,311,080
Fiscal	515,630	360,634	536,526	509,138
Operations and maintenance	1,626,120	1,320,970	1,696,599	1,419,131
Pupil transportation	859,225	545,713	979,817	835,930
Central	231,066	195,057	322,421	237,935
Operation of non-instructional services:				
Food service operations	547,805	422,909	552,148	559,389
Latchkey operations	83,289	65,296	81,953	107,112
Other non-instructional services	137,706	-	130,152	55,424
Extracurricular activities	531,060	293,905	612,758	487,692
Interest and fiscal charges	1,262,004	1,183,108	1,146,379	1,136,027
Bond issuance costs	-	-	-	-
Total governmental activities expenses	<u>18,149,883</u>	<u>11,356,457</u>	<u>19,560,384</u>	<u>17,568,117</u>

**Source:** School District financial records.

**Note:** (a) Amounts have been restated to reflect the implementation of GASB Statements 63 and 65 in fiscal year 2013.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012 (a)</u>	<u>2011 (a)</u>	<u>2010</u>
\$	7,480,329	\$ 8,574,984	\$ 8,089,685	\$ 7,812,891	\$ 7,886,625	\$ 7,587,064
	2,110,500	2,211,408	1,908,297	1,752,181	1,705,354	1,626,780
	53,748	55,253	73,140	106,481	102,822	101,087
	94,524	93,531	102,219	100,517	91,730	114,886
	884,804	1,000,941	982,553	1,018,365	1,005,556	886,994
	525,268	450,809	438,155	507,328	473,860	532,728
	49,765	44,537	31,080	51,535	32,725	34,668
	1,359,148	1,415,995	1,328,357	1,170,114	1,216,788	1,238,876
	569,229	470,323	486,395	497,950	448,063	428,194
	1,250,935	1,455,702	1,489,655	1,273,567	1,173,432	1,326,992
	975,122	1,006,710	922,047	963,081	887,051	958,546
	262,348	345,561	347,854	478,171	373,804	374,039
	562,684	579,067	533,896	542,523	504,207	485,656
	70,659	69,748	61,874	54,577	49,485	55,778
	54,400	56,790	121,521	62,265	86,977	111,471
	469,386	463,359	456,214	522,179	454,751	463,680
	1,209,134	1,401,336	1,292,291	1,363,542	1,138,834	753,411
	-	136,589	97,895	121,118	225,915	-
	<u>17,981,983</u>	<u>19,832,643</u>	<u>18,763,128</u>	<u>18,398,385</u>	<u>17,857,979</u>	<u>17,080,850</u>

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

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

<b>Program Revenues</b>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental activities:				
Charges for services and sales:				
Instruction:				
Regular	\$ 1,214,207	\$ 1,331,202	\$ 1,131,879	\$ 1,350,001
Special	112,810	140,998	212,497	20,689
Support services:				
Pupil	41,308	16,387	14,378	14,228
Instructional staff	-	-	-	-
Operations and maintenance	2,830	5,110	4,510	3,140
Central	-	-	-	-
Operation of non-instructional services:				
Food service operations	278,846	279,029	258,099	316,062
Latchkey operations	62,948	66,614	71,744	98,586
Extracurricular activities	90,368	81,637	81,918	72,874
Operating grants and contributions:				
Instruction:				
Regular	32,221	35,472	21,083	25,856
Special	787,445	786,866	837,707	797,233
Vocational	9,613	9,613	9,542	6,282
Other	-	-	4,067	-
Support services:				
Pupil	7,991	19,999	90,939	117,066
Instructional staff	64,917	55,517	59,319	53,629
Administration	-	-	-	-
Fiscal	-	-	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	45,500	40,472	57,852	77,062
Central	5,400	5,400	5,400	5,400
Operation of non-instructional services:				
Food service operations	261,864	254,249	280,143	253,124
Other non-instructional services	92,980	81,060	102,423	66,156
Extracurricular activities	17,945	1,249	-	37
Capital grants and contributions:				
Instruction:				
Regular	-	-	12,509	5,628
Support services:				
Fiscal	-	-	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	30,970	-
Central	-	-	-	-
Extracurricular activities	-	-	-	-
<b>Total governmental program revenues</b>	<u>3,129,193</u>	<u>3,210,874</u>	<u>3,286,979</u>	<u>3,283,053</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	<u>\$ (15,020,690)</u>	<u>\$ (8,145,583)</u>	<u>\$ (16,273,405)</u>	<u>\$ (14,285,064)</u>

**Source:** School District financial records.

**Note:** (a) Amounts have been restated to reflect the implementation of GASB Statements 63 and 65 in fiscal year 2013.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012 (a)</u>	<u>2011 (a)</u>	<u>2010</u>
\$	1,384,027	\$ 1,364,746	\$ 1,134,614	\$ 932,268	\$ 671,489	\$ 525,405
	113,002	122,879	78,169	72,099	3,072	3,305
	34,014	19,725	13,264	16,096	8,032	22,915
	-	569	233	647	147	274
	4,333	3,488	5,222	7,817	5,826	6,269
	-	-	-	-	-	-
	302,418	310,241	304,011	342,533	350,391	353,457
	88,699	71,374	69,584	66,420	49,896	47,652
	76,494	77,708	75,616	83,892	82,936	68,147
	30,369	2,000	8,432	31,040	460,915	46,816
	843,280	812,388	630,854	602,357	821,977	417,214
	12,860	12,692	12,863	12,863	12,863	12,767
	7,821	9,508	23,638	19,839	17,130	34,579
	135,073	127,683	101,992	133,264	147,577	148,962
	54,270	96,284	82,318	91,219	144,152	84,735
	-	-	22,413	13,695	73,554	80,863
	356	1,064	-	4,644	131	5,000
	-	-	-	-	258,388	254,918
	63,697	63,579	62,690	64,427	55,002	101,401
	5,400	5,400	5,400	5,400	142,583	176,263
	248,907	247,746	234,298	240,032	180,203	154,812
	48,078	66,177	76,031	76,568	73,547	77,864
	134	253	834	4,053	1,401	6,732
	17,067	77,151	148,917	5,625	-	-
	-	571	2,857	461	-	-
	-	-	791	2,845	-	-
	-	3,608	-	8,154	-	-
	-	1,286	10,226	307	-	-
	1,900	101	-	-	-	5,000
	<u>3,472,199</u>	<u>3,498,221</u>	<u>3,105,267</u>	<u>2,838,565</u>	<u>3,561,212</u>	<u>2,635,350</u>
\$	<u>(14,509,784)</u>	<u>(16,334,422)</u>	<u>(15,657,861)</u>	<u>(15,559,820)</u>	<u>(14,296,767)</u>	<u>(14,445,500)</u>

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

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

**General Revenues and Other Changes in Net Position**

Governmental activities:	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Property taxes levied for:				
General purposes	\$ 7,529,274	\$ 8,307,763	\$ 6,935,066	\$ 6,404,044
Debt service	1,331,770	1,498,320	1,260,754	1,242,881
Capital outlay	111,068	132,109	87,676	91,270
Special revenue	-	-	-	-
Classroom facilities maintenance	132,131	132,131	132,131	132,131
Grants and entitlements not restricted to specific programs	7,372,048	7,398,159	7,317,187	7,238,844
Grants and entitlements not restricted to capital projects	-	-	-	257,130
Grants and entitlements restricted for Ohio Facilities Construction Commission	-	-	-	-
Investment earnings	151,607	53,796	30,652	99,196
Increase (decrease) in fair value of investments	-	-	-	-
Miscellaneous	820,737	322,483	302,616	270,957
<b>Total governmental activities</b>	<u>17,448,635</u>	<u>17,844,761</u>	<u>16,066,082</u>	<u>15,736,453</u>
 <b>Change in Net Position</b>				
Governmental activities	<u>\$ 2,427,945</u>	<u>\$ 9,699,178</u>	<u>\$ (207,323)</u>	<u>\$ 1,451,389</u>

**Source:** School District financial records.

**Note:** (a) Amounts have been restated to reflect the implementation of GASB Statements 63 and 65 in fiscal year 2013.



	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012 (a)</b>	<b>2011 (a)</b>	<b>2010</b>
\$	4,982,929	\$ 5,060,622	\$ 5,095,630	\$ 5,596,868	\$ 5,098,704	\$ 4,849,409
	1,149,955	1,106,042	1,154,297	1,388,241	1,221,080	1,170,484
	86,053	89,017	90,534	243,854	218,383	205,597
	132,131	132,131	132,131	-	-	-
	-	-	-	-	-	-
	1,447,644	7,279,900	7,377,981	7,570,683	7,498,166	7,709,810
	-	-	-	-	-	-
	7,112,230	-	21,293,978	-	-	-
	50,430	43,593	35,057	52,105	48,618	30,565
	-	725	(35,232)	-	-	-
	290,227	285,758	298,639	277,789	287,507	257,344
	<u>15,251,599</u>	<u>13,997,788</u>	<u>35,443,015</u>	<u>15,129,540</u>	<u>14,372,458</u>	<u>14,223,209</u>
	<u>\$ 741,815</u>	<u>\$ (2,336,634)</u>	<u>\$ 19,785,154</u>	<u>\$ (430,280)</u>	<u>\$ 75,691</u>	<u>\$ (222,291)</u>

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Fund:				
Nonspendable	\$ 33,206	\$ 37,492	\$ 14,779	\$ 13,126
Committed	101,034	171,953	65,932	63,887
Assigned	878,837	198,019	212,458	345,602
Unassigned	5,178,275	5,259,214	3,191,833	1,851,986
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total general fund	<u>\$ 6,191,352</u>	<u>\$ 5,666,678</u>	<u>\$ 3,485,002</u>	<u>\$ 2,274,601</u>
All Other Governmental Funds:				
Nonspendable	\$ 2,626	\$ 5,180	\$ 2,513	\$ 3,475
Restricted	6,533,800	8,452,286	6,315,934	6,276,963
Committed	75	75	75	75
Assigned	-	-	-	7,475
Unassigned (deficit)	(59,899)	(60,132)	(31,352)	(110,705)
Reserved	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Total all other governmental funds	<u>6,476,602</u>	<u>8,397,409</u>	<u>6,287,170</u>	<u>6,177,283</u>
Total governmental funds	<u>\$ 12,667,954</u>	<u>\$ 14,064,087</u>	<u>\$ 9,772,172</u>	<u>\$ 8,451,884</u>

**Source:** School District financial records.

**Note:** The School District implemented GASB Statement 54 in fiscal year 2011.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 18,334	\$ 18,207	\$ 17,201	\$ 15,660	\$ 14,186	\$ -
-	164,341	-	123,199	20,000	-
626,859	1,385,208	787,742	1,583,917	1,656,896	-
468,779	-	2,100,172	2,426,172	2,755,500	-
-	-	-	-	-	313,189
-	-	-	-	-	4,055,093
<u>\$ 1,113,972</u>	<u>\$ 1,567,756</u>	<u>\$ 2,905,115</u>	<u>\$ 4,148,948</u>	<u>\$ 4,446,582</u>	<u>\$ 4,368,282</u>
\$ 3,072	\$ 13,858	\$ 29,406	\$ 9,110	\$ 11,084	\$ -
4,163,973	13,691,353	8,002,317	7,130,006	13,224,957	-
43,823	162,405	125,427	7,392	5,000	-
7,475	-	-	-	-	-
(69,876)	-	(414)	(18,644)	(4,123)	-
-	-	-	-	-	1,219,642
-	-	-	-	-	224,532
-	-	-	-	-	971,017
<u>4,148,467</u>	<u>13,867,616</u>	<u>8,156,736</u>	<u>7,127,864</u>	<u>13,236,918</u>	<u>2,415,191</u>
<u>\$ 5,262,439</u>	<u>\$ 15,435,372</u>	<u>\$ 11,061,851</u>	<u>\$ 11,276,812</u>	<u>\$ 17,683,500</u>	<u>\$ 6,783,473</u>

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Revenues</b>				
From local sources:				
Property taxes	\$ 9,073,428	\$ 9,991,615	\$ 8,410,104	\$ 7,852,706
Tuition and fees	1,252,538	1,397,494	1,272,717	1,257,511
Charges for services	278,846	279,029	255,092	316,062
Earnings on investments	226,506	117,286	80,955	60,444
Increase (decrease) in fair value of investments	(72,315)	(63,458)	(48,772)	43,718
Extracurricular	90,368	98,024	95,421	87,102
Classroom materials and fees	67,502	73,671	67,806	69,191
Rental income	2,830	5,110	4,510	3,140
Contributions and donations	31,810	41,246	34,355	38,407
Contract services	6,977	1,035	3,851	2,644
Other local revenues	370,867	394,056	378,244	411,998
Intergovernmental - intermediate	6,050	1,825	45,829	-
Intergovernmental - state	7,607,999	7,549,017	7,545,135	9,931,469
Intergovernmental - federal	1,045,866	1,116,806	1,260,083	992,614
Total revenues	<u>19,989,272</u>	<u>21,002,756</u>	<u>19,405,330</u>	<u>21,067,006</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	7,321,145	7,123,003	6,944,381	6,696,401
Special	2,457,737	2,203,937	2,145,385	2,004,220
Vocational	53,256	33,840	59,501	56,084
Other	126,914	39,659	42,753	46,671
Support services:				
Pupil	865,392	805,971	845,423	841,714
Instructional staff	940,498	735,404	520,460	583,704
Board of education	38,942	49,281	35,466	51,078
Administration	1,645,870	1,371,369	1,340,610	1,298,025
Fiscal	556,715	519,754	513,268	505,966
Operations and maintenance	1,385,847	1,479,891	1,368,712	1,290,153
Pupil transportation	884,085	858,289	889,646	795,391
Central	222,325	196,919	288,443	216,348
Operation of non-instructional services:				
Food service operations	573,226	579,547	531,697	545,600
Latchkey operations	83,289	86,059	81,953	107,112
Other non-instructional services	157,489	31,961	124,216	53,383
Extracurricular activities	537,334	468,683	478,797	412,850
Facilities acquisition and construction	2,300,681	637,450	281,579	841,629
Capital outlay	258,505	313,443	-	396,598
Debt service:				
Principal retirement	550,788	732,244	614,363	537,774
Interest and fiscal charges	1,052,297	962,030	978,389	993,458
Bond issuance costs	-	-	-	-
Accreted interest	395,906	-	-	-
Total expenditures	<u>22,408,241</u>	<u>19,228,734</u>	<u>18,085,042</u>	<u>18,274,159</u>
Excess (deficiency) of revenues over (under) expenditures	(2,418,969)	1,774,022	1,320,288	2,792,847

**Source:** School District financial records.

	2015	2014	2013	2012	2011	2010
\$	6,303,999	\$ 6,634,748	\$ 6,439,549	\$ 6,770,183	\$ 6,811,405	\$ 6,273,572
	1,400,718	1,406,341	1,131,481	930,521	603,722	454,021
	300,242	310,241	304,063	338,593	343,880	341,006
	51,833	39,406	37,462	53,694	48,229	28,962
	15,958	725	(35,232)	-	-	-
	110,408	98,002	89,061	98,937	89,324	72,030
	91,236	76,813	76,865	69,433	62,951	67,492
	4,333	3,488	5,222	7,817	5,826	6,269
	41,416	86,146	164,791	29,069	3,654	16,820
	2,596	4,471	4,437	3,911	7,888	7,197
	382,376	365,898	375,655	350,349	345,605	336,753
	2,000	5,945	10,072	40,007	10,055	5,902
	11,015,544	18,135,373	13,622,903	7,480,036	7,650,851	7,885,218
	1,077,754	1,269,354	1,315,723	1,697,573	1,890,678	1,361,162
	<u>20,800,413</u>	<u>28,436,951</u>	<u>23,542,052</u>	<u>17,870,123</u>	<u>17,874,068</u>	<u>16,856,404</u>
	6,818,686	7,750,680	7,405,709	7,105,699	7,355,952	7,021,672
	2,096,101	2,163,747	1,907,667	1,751,605	1,705,416	1,638,378
	54,021	54,032	103,756	105,314	102,179	100,478
	96,894	93,301	102,449	100,517	91,730	116,797
	877,540	974,684	1,017,645	1,009,267	1,001,149	882,916
	517,132	433,119	435,122	503,978	470,510	529,378
	49,067	43,390	31,246	51,535	32,725	34,668
	1,351,835	1,405,049	1,337,377	1,159,162	1,201,544	1,246,756
	566,005	456,726	480,505	497,353	455,803	417,531
	1,222,222	1,360,731	1,169,841	1,209,641	1,112,437	1,217,001
	918,687	926,320	854,319	961,052	842,862	1,034,244
	241,275	322,824	337,655	471,051	377,054	384,903
	548,108	560,705	524,803	541,275	493,375	481,473
	70,659	69,748	61,874	54,577	49,485	55,778
	54,394	55,454	121,604	62,265	86,977	111,471
	392,282	381,453	382,930	448,895	381,467	396,081
	13,527,529	5,328,458	5,910,747	6,503,643	786,805	147,450
	-	-	-	-	372,368	-
	522,070	493,703	325,825	258,397	883,287	734,000
	1,048,839	1,189,306	1,245,939	1,481,585	1,044,231	734,586
	-	136,589	97,895	121,118	225,915	-
	-	-	-	-	-	-
	<u>30,973,346</u>	<u>24,200,019</u>	<u>23,854,908</u>	<u>24,397,929</u>	<u>19,073,271</u>	<u>17,285,561</u>
	(10,172,933)	4,236,932	(312,856)	(6,527,806)	(1,199,203)	(429,157)

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Other Financing Sources (Uses)</b>				
Insurance and judgment settlements	\$ 694,000	\$ -	\$ -	\$ -
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	35
Transfers (out)	-	-	-	(35)
Premium on refunding bonds	-	-	-	-
Sale of refunding bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Premium on notes and bonds sold	-	-	-	-
Sale of bonds	-	-	-	-
Lease transaction	328,836	2,517,893	-	396,598
Total other financing sources (uses)	<u>1,022,836</u>	<u>2,517,893</u>	<u>-</u>	<u>396,598</u>
Net change in fund balances	<u>\$ (1,396,133)</u>	<u>\$ 4,291,915</u>	<u>\$ 1,320,288</u>	<u>\$ 3,189,445</u>
Capital expenditures	\$ 2,281,037	\$ 742,076	\$ 127,733	\$ 1,176,074
Debt service as a percentage of noncapital expenditures	7.96%	9.16%	8.87%	8.96%

**Source:** School District financial records.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	1,807
583,491	41,900	28,100	41,800	17,096	25,000
(583,491)	(41,900)	(28,100)	(41,800)	(17,096)	(25,000)
-	173,237	408,233	935,832	-	-
-	5,804,978	4,339,094	8,554,726	-	-
-	(5,841,626)	(4,649,432)	(9,369,440)	-	-
-	-	-	-	226,875	-
-	-	-	-	11,499,987	-
-	-	-	-	372,368	-
-	<u>136,589</u>	<u>97,895</u>	<u>121,118</u>	<u>12,099,230</u>	<u>1,807</u>
<u>\$ (10,172,933)</u>	<u>\$ 4,373,521</u>	<u>\$ (214,961)</u>	<u>\$ (6,406,688)</u>	<u>\$ 10,900,027</u>	<u>\$ (427,350)</u>
\$ 13,547,338	\$ 5,316,946	\$ 5,662,247	\$ 6,537,372	\$ 1,163,719	\$ 232,781
9.01%	8.91%	8.64%	9.74%	10.76%	8.61%

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

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

Collection Year	Real Property (a)		Tangible Personal Property (b)		Public Utility (c)	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2019	\$ 274,395,420	\$ 783,986,914	\$ -	\$ -	\$ 16,835,490	\$ 48,101,400
2018	244,326,240	698,074,971	-	-	13,772,600	39,350,286
2017	242,204,300	692,012,286	-	-	13,072,100	37,348,857
2016	240,076,130	685,931,800	-	-	12,483,050	35,665,857
2015	228,293,890	652,268,257	-	-	11,894,870	33,985,343
2014	227,675,030	650,500,086	-	-	11,427,140	32,648,971
2013	226,640,100	647,543,143	-	-	11,875,840	33,930,971
2012	252,957,500	722,735,714	-	-	11,305,270	32,300,771
2011	254,638,260	727,537,886	-	-	10,818,110	30,908,886
2010	252,011,520	720,032,914	721,700	2,886,800	8,515,930	24,331,229

**Source:** School District financial records.

**Notes:**

- (a) The assessed value of real property is fixed at 35% of true value and is determined pursuant to the State Tax Commissioner.
- (b) The rate at which tangible personal property used in business is assessed for purposes ad valorem property taxation is 25%, which was established in 1993.  
Tangible personal property tax was phased out entirely by 2011.
- (c) Assumes public utilities are assessed at true value which is 35%.



<b>Total Direct Tax Rate</b>	<b>Total</b>		
	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>%</b>
57.85	\$ 291,230,910	\$ 832,088,314	35.00%
58.20	258,098,840	737,425,257	35.00%
58.39	255,276,400	729,361,143	35.00%
58.27	252,559,180	721,597,657	35.00%
50.24	240,188,760	686,253,600	35.00%
49.87	239,102,170	683,149,057	35.00%
49.82	238,515,940	681,474,114	35.00%
50.10	264,262,770	755,036,486	35.00%
49.83	265,456,370	758,446,771	35.00%
49.90	261,249,150	747,250,943	34.96%

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

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

<b>Tax Year/ Collection Year</b>	<b>Lorain County</b>	<b>City of Elyria</b>	<b>Village of LaGrange</b>	<b>Township of Carlisle</b>	<b>Township of Elyria</b>	<b>Township of LaGrange</b>	<b>Township of New Russia</b>
2018/2019	15.08	7.50	8.60	7.25	10.28	6.71	4.05
2017/2018	15.08	7.50	8.60	7.25	10.28	6.71	4.05
2016/2017	15.08	6.10	8.20	7.75	8.78	7.21	4.55
2015/2016	15.08	6.10	8.20	7.25	8.78	7.21	4.55
2014/2015	14.48	6.10	8.20	7.25	8.78	7.21	4.55
2013/2014	14.48	6.10	6.30	7.25	8.78	8.01	4.55
2012/2013	13.66	6.10	6.30	7.25	8.78	8.01	4.55
2011/2012	13.69	6.10	6.30	7.25	7.78	8.01	3.40
2010/2011	13.69	6.10	6.23	7.28	7.78	8.08	4.59
2009/2010	13.39	5.68	6.23	7.28	7.78	8.08	4.59

**Source:** Lorain County Auditor's Office.

<b>Keystone Local School District</b>						
<b>Township of Penfield</b>	<b>Township of Pittsfield</b>	<b>Voted</b>			<b>Unvoted</b>	<b>Total</b>
		<b>General</b>	<b>Bond</b>	<b>Permanent Improvement</b>		
10.28	9.40	45.93	5.30	2.00	4.62	57.85
10.28	9.40	45.93	5.65	2.00	4.62	58.20
10.78	9.90	45.93	5.84	2.00	4.62	58.39
10.53	9.90	45.93	5.72	2.00	4.62	58.27
10.28	9.65	37.98	5.64	2.00	4.62	50.24
10.28	9.65	37.98	5.27	2.00	4.62	49.87
10.28	9.65	37.98	5.22	2.00	4.62	49.82
10.28	8.50	37.98	5.50	2.00	4.62	50.10
10.78	9.72	37.98	5.23	2.00	4.62	49.83
10.78	9.72	37.98	5.30	2.00	4.62	49.90

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

PRINCIPAL PROPERTY TAX PAYERS  
DECEMBER 31, 2018 AND DECEMBER 31, 2009

<b>December 31, 2018</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total District Taxable Assessed Value</b>
Columbia Gas Transmission	\$ 7,738,610	1	3.25%
Ohio Edison - FirstEnergy Company	3,070,730	2	1.28%
Lorain-Medina Rural Electric Cooperative, Inc.	2,609,130	3	1.09%
Lorain County Landfill LLC	1,677,120	4	0.70%
K&K Tompkins Real Estate LLC	1,597,580	5	0.67%
Gordon Farms Partnership, LLP.	1,504,310	6	0.63%
Twin Lake Homes, LTD.	1,343,800	7	0.56%
Elyria Country Club	1,202,230	8	0.50%
American Transmission System, Inc.	1,000,060	9	0.42%
2 LB USB 2007 CI North Center Street LLC	973,060	10	0.41%
Total	\$ 22,716,630		9.51%

<b>December 31, 2009</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total District Taxable Assessed Value</b>
Columbia Gas Transmission	\$ 4,099,660	1	1.74%
Durham Ridge Investments	3,659,230	2	1.56%
Ohio Edison - FirstEnergy Company	2,349,930	3	1.00%
Lorain-Medina Rural Electric Cooperative, Inc.	1,944,180	4	0.83%
Elyria Country Club	1,545,000	5	0.66%
Sentinel Square LLC	1,221,270	6	0.52%
Gordon Farms Partnership, LLP.	1,113,090	7	0.47%
Twin Lake Homes, LTD.	929,650	8	0.40%
Vabros LLC	809,410	9	0.34%
Columbia Gas of Ohio	738,410	10	0.31%
Total	\$ 18,409,830		7.83%

**Source:** Lorain County Auditor's Office.

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

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

<b>Tax Year/ Collection Year</b>	<b>Current Levy</b>	<b>Current Collection</b>	<b>Percent of Current Levy Collected</b>	<b>Delinquent Collection (a)</b>	<b>Total Collection</b>	<b>Total Collection as a Percent of Total Levy</b>
2018/2019	\$ 10,243,481	\$ 9,669,919	94.40%	\$ 77,734	\$ 9,747,653	95.16%
2017/2018	9,662,907	9,332,778	96.58%	98,269	9,431,047	97.60%
2016/2017	9,589,659	9,212,765	96.07%	93,141	9,305,906	97.04%
2015/2016	9,445,300	8,182,209	86.63%	154,804	8,337,014	88.27%
2014/2015	7,318,014	7,058,536	96.45%	122,162	7,180,698	98.12%
2013/2014	7,182,548	6,903,521	96.12%	134,258	7,037,779	97.98%
2012/2013	7,164,228	7,406,100	103.38%	236,907	7,643,007	106.68%
2011/2012	7,461,429	7,550,080	101.19%	337,127	7,887,207	105.71%
2010/2011	7,418,268	7,433,938	100.21%	264,604	7,698,542	103.78%
2009/2010	7,321,678	7,323,056	100.02%	268,712	7,591,768	103.69%

**Source:** Lorain County Auditor's Office.

**Notes:**

The Total Collection as a Percent of Total Levy column includes percentages in excess of 100% due to timing issues with the collection of property taxes.

(a) The Delinquent Collection amount for 2009/2010 was unavailable from Lorain County due to severe software problems. Therefore, the District used a four year average of 2005/2006 through 2008/2009 as an estimate for 2009/2010.

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

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Governmental Activities</b>			<b>(a) Total Primary Government</b>	<b>(b) Percentage of Personal Income</b>	<b>(b) Per Capita</b>	<b>(b) Per ADM</b>
	<b>General Obligation Bonds</b>	<b>Lease- Purchase Agreement</b>	<b>Capital Leases</b>				
2019	\$ 24,370,545	\$ 2,450,862	\$ 502,390	\$ 27,323,797	1.17%	\$ 345	\$ 17,754
2018	24,765,850	2,624,450	401,660	27,791,960	1.29%	353	17,896
2017	25,115,043	481,000	249,461	25,845,504	1.20%	329	16,610
2016	25,487,548	540,000	324,824	26,352,372	1.26%	332	16,637
2015	25,830,722	596,000	44,086	26,470,808	1.27%	333	16,701
2014	26,120,057	650,000	127,156	26,897,213	1.30%	338	15,831
2013	26,236,737	702,000	203,859	27,142,596	1.39%	342	16,292
2012	26,036,550	752,000	274,684	27,063,234	1.39%	351	15,948
2011	25,354,422	800,000	340,081	26,494,503	1.03%	343	15,724
2010	14,399,488	846,000	-	15,245,488	0.58%	192	8,952

**Sources:**

- (a) See notes to the financial statements regarding the District's outstanding debt information.
- (b) See schedule "Demographic and Economic Statistics, Last Ten Years" for personal income, population and enrollment information.

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

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>General Bonded Debt Outstanding</b>			<b>(c) Percentage of Actual Taxable Value of Property</b>	<b>(b) Net Bonded Debt Per Capita</b>
	<b>(a) General Obligation Bonds</b>	<b>Debt Service Available Net Position</b>	<b>Net Bonded Debt</b>		
2019	\$ 24,370,545	\$ 2,911,755	\$ 21,458,790	2.58%	\$ 271
2018	24,765,850	2,375,242	22,390,608	3.04%	285
2017	25,115,043	2,336,702	22,778,341	3.12%	290
2016	25,487,548	2,011,762	23,475,786	3.25%	295
2015	25,830,722	1,779,306	24,051,416	3.50%	303
2014	26,120,057	1,634,556	24,485,501	3.58%	308
2013	26,236,737	1,538,510	24,698,227	3.62%	311
2012	26,036,550	1,325,294	24,711,256	3.27%	320
2011	25,354,422	868,452	24,485,970	3.23%	317
2010	14,399,488	1,158,641	13,240,847	1.77%	167

**Sources:**

- (a) See notes to the financial statements regarding the District's outstanding debt information.
- (b) See schedule "Demographic and Economic Statistics, Last Ten Years" for population information.
- (c) See schedule "Assessed Valuation and Estimated Actual Value of Taxable Property, Last Ten Years" for assessed valuation information.

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2019

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Keystone Local School District	\$ 27,323,797	100.00%	\$ 27,323,797
Overlapping debt:			
Lorain County	60,390,000	3.92%	2,367,288
City of Elyria	11,485,000	0.22%	25,267
Lorain County Joint Vocational School District	2,214,251	4.40%	97,427
Total overlapping debt	<u>74,089,251</u>		<u>2,489,982</u>
 Total direct and overlapping debt	 <u>\$ 101,413,048</u>		 <u>\$ 29,813,779</u>

**Source:** Ohio Municipal Advisory Council.

**Note:** Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the District by the total assessed valuation of the subdivision. The valuations used were for the 2014 collection year.



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

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

Fiscal Year	Voted Debt Limit	Total Debt Applicable to Limit (a)	Debt Service Available Balance	Net Debt Applicable to Limit	Voted Legal Debt Margin (b)	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2019	\$ 26,210,782	\$ 22,539,691	\$ 3,718,005	\$ 18,821,686	\$ 7,389,096	71.81%
2018	23,228,896	22,688,785	3,345,534	19,343,251	3,885,645	83.27%
2017	22,974,876	23,198,785	2,847,180	20,351,605	2,623,271	88.58%
2016	22,730,326	23,678,785	2,547,099	21,131,686	1,598,640	92.97%
2015	21,616,988	24,088,785	2,132,376	21,956,409	(339,421)	101.57%
2014	21,519,195	24,413,745	1,871,469	22,542,276	(1,023,081)	104.75%
2013	21,466,435	24,633,807	1,644,833	22,988,974	(1,522,539)	107.09%
2012	23,783,649	24,839,713	1,313,200	23,526,513	257,136	98.92%
2011	23,636,620	24,984,987	964,028	24,020,959	(384,339)	101.63%
2010	23,447,471	14,290,000	1,142,605	13,147,395	10,300,076	56.07%

**Source:** School District financial records.

**Notes:** Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt. House Bill 530 became effective on March 30, 2006, which excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

(a) Total Debt Applicable to Limit excludes accreted interest on capital appreciation bonds.

(b) The District has been authorized in certain years by the Ohio Superintendent of Public Instruction to exceed its overall limitation because it has been designated as a "special needs" school district.

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

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (a)</u>	<u>Per Capita Personal Income (b)</u>	<u>Total Personal Income</u>	<u>School Enrollment (c)</u>	<u>Unemployment Rates</u>		
					<u>Lorain County</u>	<u>Ohio</u>	<u>United States</u>
2019	79,101	\$ 29.58	\$ 2,339,808	1,539	4.2%	4.1%	3.3%
2018	78,650	27.49	2,162,089	1,553	4.6%	4.5%	4.0%
2017	78,650	27.49	2,162,089	1,556	6.3%	4.7%	4.1%
2016	79,466	26.24	2,085,188	1,584	5.4%	4.8%	4.8%
2015	79,466	26.24	2,085,188	1,585	4.8%	4.2%	4.8%
2014	79,466	26.05	2,070,089	1,699	6.9%	5.3%	6.3%
2013	79,451	24.62	1,956,084	1,666	8.2%	7.2%	7.6%
2012	77,178	25.20	1,944,886	1,697	7.7%	7.2%	8.2%
2011	77,348	33.12	2,561,766	1,685	8.2%	8.8%	9.2%
2010	79,375	33.12	2,628,900	1,703	10.1%	10.5%	9.5%

**Sources:**

(a) Bestplaces.net

(b) Lorain County Auditor's Office.

(c) Enrollment figures are taken from District records.

**Note:** Per Capita Personal Income and Total Personal Income are in units of thousands.

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

PRINCIPAL EMPLOYERS  
DECEMBER 31, 2018 AND DECEMBER 31, 2009

<b>December 31, 2018</b>		
<b>Employer</b>	<b>Employees</b>	<b>Rank</b>
Keystone Local School District	209	1
Keystone Pointe	148	2
West Roofing Systems, Inc.	75	3
Rural Lorain County Water Authority	35	4
Greyhawk Land Holdings, LLC.	53	5
Micron Manufacturing	49	6
SpaceBound, Inc.	49	7
Panel Master, LLC.	43	8
LaGrange IGA	34	9
Mader Machine, Inc.	29	10
Total	724	

<b>December 31, 2009</b>		
<b>Employer</b>	<b>Employees</b>	<b>Rank</b>
Keystone Local School District	192	1
Keystone Pointe	160	2
Inservco Insurance Services, Inc.	85	3
West Roofing Systems, Inc.	50	4
Greyhawk Land Holdings, LLC.	40	5
Mader Machine, Inc.	31	6
Micron Manufacturing	30	7
SpaceBound, Inc.	27	8
Varbros, LLC.	23	9
Village of LaGrange	17	10
Total	655	

**Source:** Individual employers.

**Note:** Information was unavailable at December 31, 2009.

Information related to total employment within the District was unavailable at both December 31, 2017 and December 31, 2009. Therefore, the above totals by employer could not be expressed as a percentage of total employment.

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

**STAFFING STATISTICS  
FULL TIME EQUIVALENTS (FTE) BY TYPE AND FUNCTION  
LAST TEN FISCAL YEARS**

<b>Type</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Office - administrative	13.00	12.00	13.00	12.00	13.00	12.50	11.20	10.25	12.02	11.86
Professional - educational	96.75	96.50	97.90	96.00	94.92	101.56	101.30	103.85	102.31	107.19
Professional - other	6.00	6.00	15.02	19.18	21.32	18.27	20.05	21.64	13.67	15.52
Technical	3.00	4.00	5.43	4.93	4.93	3.93	1.00	1.00	1.00	1.00
Office - clerical	25.52	24.48	10.74	11.74	10.74	10.74	10.74	12.65	13.35	13.35
Craft and trade	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Service worker/laborer	44.63	34.75	46.31	40.82	37.81	37.39	37.64	39.50	34.72	35.65
<b>Total</b>	<b>189.90</b>	<b>178.73</b>	<b>189.40</b>	<b>185.67</b>	<b>183.72</b>	<b>185.39</b>	<b>182.93</b>	<b>189.89</b>	<b>178.07</b>	<b>185.57</b>

<b>Function</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Instruction:										
Regular	79.00	76.50	77.50	77.00	76.00	76.00	75.00	79.50	77.31	81.89
Special	16.00	18.50	17.00	17.00	13.85	17.56	17.49	14.54	14.00	14.30
Vocational	0.75	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Other	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Support services:										
Pupil	9.00	5.04	8.32	7.00	7.00	7.50	8.31	11.31	7.00	7.00
Instructional staff	15.25	13.65	20.20	19.18	21.32	18.70	17.55	19.14	17.53	19.38
Administration	21.27	21.27	23.74	22.07	22.74	22.24	20.94	21.90	19.65	19.49
Fiscal	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Operations and maintenance	15.06	12.80	13.13	12.13	11.50	12.63	12.13	12.13	12.00	12.60
Pupil transportation	14.02	14.30	12.81	12.46	13.09	13.79	13.75	13.51	13.36	13.69
Central	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Operation of non-instructional services:										
Food service operations	9.32	7.34	6.27	8.90	8.25	8.04	8.70	9.21	8.76	8.76
Other non-instructional	7.23	5.83	5.43	4.93	4.97	3.93	4.06	3.65	3.46	3.46
<b>Total</b>	<b>189.90</b>	<b>178.73</b>	<b>189.40</b>	<b>185.67</b>	<b>183.72</b>	<b>185.39</b>	<b>182.93</b>	<b>189.89</b>	<b>178.07</b>	<b>185.57</b>

**Source:** District records.

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

**OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

<b>Function</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Instruction:</b>										
Regular and special										
Enrollment (students)	1,539	1,553	1,556	1,584	1,585	1,699	1,666	1,697	1,685	1,703
Graduates	125	128	129	125	124	142	127	137	132	138
<b>Support services:</b>										
Board of education										
Regular meetings per year	14	13	13	16	22	22	23	22	19	22
Special meetings per year	3	8	1	1	10	3	-	4	6	6
Fiscal										
Nonpayroll checks issued	2,378	2,515	2,571	2,416	2,375	2,879	2,689	2,622	2,513	2,563
Operations and maintenance										
Square footage maintained	252,042	394,528	394,528	308,518	308,518	311,518	311,518	252,370	249,370	249,370
Pupil transportation										
Average students transported daily (a)	581	658	660	666	691	682	678	674	642	647
Food service operations										
Meals served to students	100,966	102,707	103,623	139,180	128,021	123,596	120,147	122,412	109,288	109,391
Number of students with free or reduced lunches	465	439	484	464	562	505	491	472	463	379

**Source:** District records.

**Notes:**

(a) Figure includes public and nonpublic riders.

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

**CAPITAL ASSET STATISTICS  
LAST TEN FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Land	\$ 483,652	\$ 483,652	\$ 483,652	\$ 521,816
Construction in progress	2,004,881	178,359	-	-
Land improvements	1,672,464	1,842,578	1,788,743	1,985,768
Buildings and improvements	38,924,744	39,847,414	40,720,263	42,311,648
Furniture and equipment	583,529	400,780	530,173	677,116
Vehicles	404,227	481,147	248,819	192,995
Total governmental activities capital assets, net	<u>\$ 44,073,497</u>	<u>\$ 43,233,930</u>	<u>\$ 43,771,650</u>	<u>\$ 45,689,343</u>

**Source:** School District financial records.

<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
\$ 521,816	\$ 521,816	\$ 521,816	\$ 521,816	\$ 521,816	\$ 521,816
19,585,236	6,126,383	891,987	6,988,082	695,396	-
2,141,917	2,309,837	2,477,758	2,645,679	2,704,100	2,856,413
22,964,019	23,894,921	24,776,211	13,792,480	14,292,785	14,803,729
311,474	437,877	576,162	520,826	634,566	326,363
246,187	230,968	270,613	339,719	331,000	375,919
<u>\$ 45,770,649</u>	<u>\$ 33,521,802</u>	<u>\$ 29,514,547</u>	<u>\$ 24,808,602</u>	<u>\$ 19,179,663</u>	<u>\$ 18,884,240</u>

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

**SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Keystone High School (2006)				
Square feet	106,884	106,884	106,884	106,884
Capacity (students)	625	625	625	625
Enrollment	519	535	573	537
Keystone Middle School (1964)				
Square feet	(c)	(c)	(c)	85,390
Capacity (students)	(c)	(c)	(c)	440
Enrollment	(c)	(c)	(c)	(a)
Keystone Middle School (2013)				
Square feet	59,148	59,148	59,148	59,148
Capacity (students)	370	370	370	370
Enrollment	367	348	370	366
Keystone Elementary School (1891)				
Square feet	(c)	(c)	(c)	57,096
Capacity (students)	(c)	(c)	(c)	381
Enrollment	(c)	(c)	(c)	(b)
Keystone Elementary School (2016)				
Square feet	86,010	86,010	86,010	86,010
Capacity (students)	708	708	708	708
Enrollment	653	670	613	681
Total enrollment by year	1,539	1,553	1,556	1,584

**Source:** District records.

**Notes:** Year of original construction is in parentheses.

In cases in which enrollment numbers are larger than capacity, the District has utilized portable classrooms, which are not included in the square footage amounts.

(a) The new Keystone Middle School was constructed during fiscal year 2013. However, as of June 30, 2013 the District began maintaining the old middle school building despite it having no student population.

(b) The new Keystone Elementary School was constructed during fiscal year 2016. However, as of June 30, 2016 the District began maintaining the old elementary school building despite it having no student population.

(c) The District no longer owns the property. The 301 Liberty Street Facility was sold to the Village of LaGrange in January of 2017.



<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
106,884	106,884	106,884	106,884	106,884	106,884
625	625	625	625	625	625
532	585	574	579	578	588
85,390	85,390	85,390	85,390	85,390	85,390
440	440	440	440	440	440
(a)	(a)	(a)	547	559	544
59,148	59,148	59,148	(a)	(a)	(a)
370	370	370	(a)	(a)	(a)
392	397	400	(a)	(a)	(a)
57,096	57,096	57,096	57,096	57,096	57,096
381	381	381	381	381	381
661	717	692	571	548	571
(b)	(b)	(b)	(b)	(b)	(b)
(b)	(b)	(b)	(b)	(b)	(b)
(b)	(b)	(b)	(b)	(b)	(b)
1,585	1,699	1,666	1,697	1,685	1,703

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

OPERATING STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year	General Government		Governmental Activities			Percent Change	Teaching Staff	Pupil/Teacher Ratio
	Expenditures (a)	Cost Per Pupil	Expenses (a)	Cost Per Pupil	Enrollment (b)			
2019	\$ 20,805,156	\$ 13,519	\$ 16,887,879	\$ 10,973	1,539	-0.90%	99	15.54
2018	17,534,460	11,291	10,173,349	6,551	1,553	-0.19%	98	15.85
2017	16,492,290	10,599	18,414,005	11,834	1,556	-1.77%	98	15.88
2016	16,742,927	10,570	16,432,090	10,374	1,584	-0.06%	96	16.50
2015	29,402,437	18,550	16,772,849	10,582	1,585	-6.71%	98	16.17
2014	22,380,421	13,173	18,294,718	10,768	1,699	1.98%	112	15.17
2013	22,185,249	13,316	17,372,942	10,428	1,666	-1.83%	111	15.01
2012	22,536,829	13,280	16,913,725	9,967	1,697	0.71%	108	15.71
2011	16,919,838	10,041	16,493,230	9,788	1,685	-1.06%	106	15.90
2010	15,816,975	9,288	16,327,439	9,587	1,703	-1.45%	109	15.62

**Source:** School District financial records.

**Notes:**

(a) Debt Service totals have been excluded.

(b) Enrollment figures are taken from District records.

# OHIO AUDITOR OF STATE KEITH FABER



**KEYSTONE LOCAL SCHOOL DISTRICT**

**LORAIN COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 21, 2020**