

**KINGS LOCAL SCHOOL DISTRICT
WARREN COUNTY, OHIO**

SINGLE AUDIT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**



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Columbus, Ohio 43215
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Board of Education
Kings Local School District
1797 King Avenue
Kings Mills, Ohio 45034

We have reviewed the *Independent Auditor's Report* of the Kings Local School District, Warren County, prepared by Julian & Grube, Inc., for the audit period July 1, 2023 through June 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

June 02, 2025

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**KINGS LOCAL SCHOOL DISTRICT
WARREN COUNTY, OHIO**

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Independent Auditor's Report

Kings Local School District
Warren County
1797 King Avenue
Kings Mills, Ohio 45034

To the Members of the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kings Local School District, Warren County, Ohio, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Kings Local School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Kings Local School District, as of June 30, 2024, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024 on our consideration of the Kings Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Kings Local School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Kings Local School District's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 18, 2024

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Kings Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

The discussion and analysis of Kings Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the Notes to the Basic Financial Statements and financial statements to enhance their understanding of the School District's performance.

Financial Highlights

Key financial highlights for fiscal year 2024 are as follows:

- In total, net position decreased \$1,682,152.
- Fiscal year 2024 was the first full year of collection for a new 6.4 mill operating levy that was passed in November 2022.
- General revenues of governmental activities accounted for \$63,295,121 in revenue or 84 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$11,636,480 or 16 percent of total revenues of \$74,931,601.

Using this Basic Financial Statement Report

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2024?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources, using the accrual

Kings Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the School District's net position and changes to the net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page nine. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

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

Reporting the School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for 2024 compared to 2023:

Table 1
Net Position
Governmental Activities

	2024	2023	Change
Assets:			
Current and Other Assets	\$86,714,005	\$80,237,529	\$6,476,476
Net OPEB Asset	3,984,928	5,384,220	(1,399,292)
Capital Assets	44,764,694	44,947,557	(182,863)
Total Assets	\$135,463,627	\$130,569,306	\$4,894,321

(Continued)

Kings Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

Table 1
 Net Position
 Governmental Activities
(Continued)

	2024	2023	Change
Deferred Outflows of Resources:			
Deferred Charge on Refunding	\$2,375,636	\$2,622,866	(\$247,230)
Pension	12,005,037	14,444,992	(2,439,955)
OPEB	2,611,935	1,628,857	983,078
Total Deferred Outflows of Resources	16,992,608	18,696,715	(1,704,107)
Liabilities:			
Current and Other Liabilities	8,037,725	6,871,886	1,165,839
Long-term Liabilities:			
Due Within One Year	3,555,938	3,501,621	54,317
Due in More Than One year:			
Net Pension Liability	57,862,354	59,429,740	(1,567,386)
Net OPEB Liability	4,228,804	3,491,485	737,319
Other Amounts	36,218,385	39,689,968	(3,471,583)
Total Liabilities	109,903,206	112,984,700	(3,081,494)
Deferred Inflows of Resources:			
Property Taxes	55,990,845	44,701,224	11,289,621
Payment in Lieu of Taxes	1,641,495	1,766,387	(124,892)
Pension	4,424,885	5,898,697	(1,473,812)
OPEB	6,733,417	8,470,474	(1,737,057)
Total Deferred Inflows of Resources	68,790,642	60,836,782	7,953,860
Net Position:			
Net Investment in Capital Assets	14,782,096	13,174,675	1,607,421
Restricted	16,521,894	13,230,707	3,291,187
Unrestricted (Deficit)	(57,541,603)	(50,960,843)	(6,580,760)
Total Net Position (Deficit)	(\$26,237,613)	(\$24,555,461)	(\$1,682,152)

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2024. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Kings Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

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.

Total assets increased \$4,894,321. Current and other assets increased \$6,476,477 due to a rise in equity in pooled cash and cash equivalents, driven by higher property tax revenue recognized on the budget basis.

Total liabilities decreased \$3,081,494. The other amounts due in more than one year decreased \$3,471,583 as a result of the continued repayment of various debt issuances.

Deferred inflows of resources increased \$7,953,860 due to the a drop in the amount of property taxes available as an advance compared to fiscal year 2023. Property tax revenue decreased compared to the prior fiscal year due to a large business paying their tax liability after fiscal year end compared to fiscal year 2023. During fiscal year 2023, the tax liability was paid prior to June 30, 2023, thus affecting the amount available as an advance, which was recognized as revenue.

Overall, total net position decreased \$1,682,152 from the prior fiscal year. Net investment in capital assets increased \$1,607,421 due to the start of construction of significant capital improvements across the School District including a new high school. Restricted net position increased \$3,291,187 due to an overall increase in the net OPEB asset compared to the prior fiscal year as a result in a change in the calculation of net position for pension and OPEB plans. Unrestricted net position decreased \$6,580,760 due to a change in assumptions for the State Teachers Retirement System related to a decrease in the investment rate of return.

In an effort to promote comparability with other governments, the School District updated its calculation of net position restricted for pension and OPEB plans for fiscal year 2024. This change impacted the amounts presented as net position restricted for OPEB plans and unrestricted net position. GASB 100 does not require amounts prior to those presented in the basic financial statements to be updated for a change in accounting principle.

In order to further understand what makes up the changes in net position for the current fiscal year, the following table gives readers further details regarding the results of activities for 2024 and 2023.

Kings Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

Table 2
 Changes in Net Position
 Governmental Activities

	2024	2023	Change
Revenues:			
Program Revenues:			
Charges for Services	\$4,010,071	\$3,836,871	\$173,200
Operating Grants	7,626,409	7,561,928	64,481
Total Program Revenues	<u>11,636,480</u>	<u>11,398,799</u>	<u>237,681</u>
General Revenues:			
Property Taxes	43,996,480	51,768,912	(7,772,432)
Grants and Entitlements	15,625,751	13,578,625	2,047,126
Other	<u>3,672,890</u>	<u>3,010,456</u>	<u>662,434</u>
Total General Revenues	<u>63,295,121</u>	<u>68,357,993</u>	<u>(5,062,872)</u>
Total Revenues	<u>74,931,601</u>	<u>79,756,792</u>	<u>(4,825,191)</u>
Program Expenses:			
Instruction	42,965,841	41,297,563	1,668,278
Support Services:			
Pupils and Instructional Staff	7,686,575	7,936,138	(249,563)
Board of Education, Administration, Fiscal, and Business	5,729,935	5,998,169	(268,234)
Operation and Maintenance of Plant	5,639,472	5,158,204	481,268
Pupil Transportation	6,502,036	5,679,789	822,247
Central	1,123,336	1,080,113	43,223
Operation of Non-Instructional Services	3,928,556	3,806,556	122,000
Extracurricular Activities	1,810,446	1,642,483	167,963
Interest	<u>1,227,556</u>	<u>1,267,699</u>	<u>(40,143)</u>
Total Expenses	<u>76,613,753</u>	<u>73,866,714</u>	<u>2,747,039</u>
Change in Net Position	<u>(1,682,152)</u>	<u>5,890,078</u>	<u>(7,572,230)</u>
Net Position (Deficit) Beginning of Year	<u>(24,555,461)</u>	<u>(30,445,539)</u>	<u>5,890,078</u>
Net Position (Deficit) End of Year	<u>(\$26,237,613)</u>	<u>(\$24,555,461)</u>	<u>(\$1,682,152)</u>

Governmental Activities

The School District's revenues are mainly from two sources. Property taxes levied for general, debt service, and capital projects purposes, and unrestricted grants and entitlements. These two main revenue sources comprised 80 percent of the School District's total revenues for governmental activities.

The School District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in

Kings Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners), the effective tax rate would become .5 mills, and the owner would still pay \$35.00.

Thus, Ohio school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 59 percent of total revenue for governmental activities for the School District in fiscal year 2024. Property tax revenue decreased from the prior fiscal year due to the timing of when property taxes were able to be advanced from the County Treasurer. Funds were not able to be advanced until after June 30, 2024, but a large advance was available at June 30, 2023.

Instruction and support services comprise 56 percent and 35 percent, respectively, of governmental program expenses. Overall, expenses increased \$2,747,039 primarily due to an increase in special instruction and pupil transportation due to increasing needs of special education students and a new transportation contract that was signed after a request for proposals process.

The Statement of Activities shows the cost of program services and the charges for services and sales and grants and contributions, including interest, offsetting those services. That is, it identifies the cost of these services supported by tax revenue and unrestricted grants and entitlements. The dependence upon tax revenues and intergovernmental foundation monies is apparent. The community and the State of Ohio, as a whole, provide the vast majority of resources for Kings Local School District students.

The School District's Funds

Information about the School District's major funds is presented in the fund financial statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$75,260,408 and total expenditures of \$81,144,140. The net change in fund balances for the year was a decrease of \$5,883,732.

The General Fund balance decreased \$4,728,117 from the prior fiscal year. General Fund revenues decreased in fiscal year 2024, mainly due to the decrease in property tax revenue. Property tax revenue decreased due to the timing of when property taxes were able to be advanced from the County Treasurer. Cash basis property tax revenues increased year over year as expected. Expenditures increased, which was mainly due to increased salaries/benefits and contracted services. A base wage increase of 3 percent for staff, longevity increases, and additional staffing for student enrollment growth were the primary factors affecting the increase in salaries. Health insurance costs increased as well as higher retirement expenses due to higher payroll. Contracted services increased due to increasing student specific services.

The Debt Service Fund balance decreased \$418,368 due to current year debt payments exceeding current year revenues.

Kings Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

General Fund Budgeting Highlights

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

During the course of fiscal year 2024, the School District amended its General Fund budget numerous times. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets while providing flexibility for site management. The School District revised the budget in an attempt to deal with unexpected changes in revenues and expenditures.

A review of the budgetary comparison statement for the General Fund reflects an increase of \$2,226,073 in revenues from the original budget to the final budget. This increase is the result of an increase in intergovernmental revenue due to increased State funding allocated within the State biannual budget. Actual revenues exceeded final budget revenues by an amount of \$625,414 due to higher State funding and interest.

The increase in expenditures from the original to the final budget was \$2,211,166. This increase is comprised of various changes to several expenditure line items, mostly special instruction and pupil transportation. These increases are mainly due to the increasing needs of special education students and a new transportation contract that was signed after a request for proposals process.

Actual expenditures were \$1,602,461 less than the final budgeted amount, with the largest variance in regular instruction. These savings came from the School District carefully monitoring expenses throughout the year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2024, the School District had \$44,764,694 invested in capital assets (net of accumulated depreciation). For further information regarding the School District's capital assets, refer to Note 8 in the Notes to the Basic Financial Statements.

Debt

At June 30, 2024, the School District had \$33,293,770 in bonds payable, \$3,285,000 due within one year. The 2015 HB264 Energy Improvement bonds have \$1,255,000 in bonds outstanding and are paid from the General Fund. The \$27,235,000 in outstanding non-direct placement general obligation bonds are paid from the debt service fund using property tax levies, which are restricted to expenditures associated with the repayment of the debt. The School District's long-term liabilities also includes \$112,532 in outstanding leases.

At June 30, 2024, the School District's overall legal debt margin was \$87,169,481 with an unvoted debt margin of \$9,869,407, and an Energy Conservation debt margin of \$1,236,045.

Kings Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

For further information regarding the School District's debt obligations, refer to Note 13 in the Notes to the Basic Financial Statements.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mike Morrow, Treasurer at Kings Local School District, 1797 King Avenue, Kings Mills, Ohio 45034. Or email at MMorrow@kingslocal.net.

Kings Local School District

Statement of Net Position

June 30, 2024

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$26,690,285
Inventory Held for Resale	24,977
Materials and Supplies Inventory	7,497
Accrued Interest Receivable	59,541
Accounts Receivable	196,581
Intergovernmental Receivable	716,711
Prepaid Items	67,966
Property Taxes Receivable	57,308,952
Payment in Lieu of Taxes Receivable	1,641,495
Net OPEB Asset	3,984,928
Nondepreciable Capital Assets	4,318,227
Depreciable Capital Assets, Net	<u>40,446,467</u>
<i>Total Assets</i>	<u>135,463,627</u>
Deferred Outflows of Resources:	
Deferred Charge on Refunding	2,375,636
Pension	12,005,037
OPEB	<u>2,611,935</u>
<i>Total Deferred Outflows of Resources</i>	<u>16,992,608</u>
Liabilities:	
Accounts Payable	131,592
Accrued Wages and Benefits Payable	5,922,994
Contracts Payable	874,237
Intergovernmental Payable	1,023,916
Employee Withholding Liability	7,584
Accrued Interest Payable	77,402
Long-Term Liabilities:	
Due Within One Year	3,555,938
Due In More Than One Year:	
Net Pension Liability	57,862,354
Net OPEB Liability	4,228,804
Other Amounts	<u>36,218,385</u>
<i>Total Liabilities</i>	<u>109,903,206</u>
Deferred Inflows of Resources:	
Property Taxes	55,990,845
Payment in Lieu of Taxes	1,641,495
Pension	4,424,885
OPEB	<u>6,733,417</u>
<i>Total Deferred Inflows of Resources</i>	<u>68,790,642</u>
Net Position:	
Net Investment in Capital Assets	14,782,096
Restricted for:	
Capital Projects	3,915,210
Debt Service	5,097,320
Individuals	24,586
Student Managed Activities	374,427
Food Service	2,885,453
Auxiliary Services	92,793
Local, State, and Federal Grants	147,177
OPEB Plans	3,984,928
Unrestricted (Deficit)	<u>(57,541,603)</u>
<i>Total Net Position (Deficit)</i>	<u>(\$26,237,613)</u>

See accompanying notes to the basic financial statements

Kings Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2024

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	
				Total Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$29,155,565	\$1,094,551	\$335,537	(\$27,725,477)
Special	13,801,049	464,392	3,609,007	(9,727,650)
Student Intervention Services	9,227	0	0	(9,227)
Support Services:				
Pupils	6,017,946	0	17,110	(6,000,836)
Instructional Staff	1,668,629	0	565,353	(1,103,276)
Board of Education	97,603	0	0	(97,603)
Administration	4,041,325	0	0	(4,041,325)
Fiscal	1,390,767	0	0	(1,390,767)
Business	200,240	0	0	(200,240)
Operation and Maintenance of Plant	5,639,472	1,563	61,373	(5,576,536)
Pupil Transportation	6,502,036	0	641,979	(5,860,057)
Central	1,123,336	0	11,896	(1,111,440)
Operation of Non-Instructional Services	3,928,556	2,024,698	2,038,008	134,150
Extracurricular Activities	1,810,446	424,867	346,146	(1,039,433)
Interest	1,227,556	0	0	(1,227,556)
<i>Total Governmental Activities</i>	<u>\$76,613,753</u>	<u>\$4,010,071</u>	<u>\$7,626,409</u>	<u>(64,977,273)</u>
General Revenues:				
Property Taxes Levied for:				
General Purposes				39,726,290
Debt Service				3,143,492
Capital Outlay				1,126,698
Grants and Entitlements not Restricted to Specific Programs				15,625,751
Investment Earnings/Interest				1,362,290
Payment in Lieu of Taxes				1,891,531
Miscellaneous				<u>419,069</u>
<i>Total General Revenues</i>				<u>63,295,121</u>
Change in Net Position				(1,682,152)
<i>Net Position (Deficit) Beginning of Year</i>				<u>(24,555,461)</u>
<i>Net Position (Deficit) End of Year</i>				<u>(\$26,237,613)</u>

See accompanying notes to the basic financial statements

Kings Local School District

Balance Sheet

Governmental Funds

June 30, 2024

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$13,569,389	\$5,070,558	\$8,050,338	\$26,690,285
Inventory Held for Resale	0	0	24,977	24,977
Materials and Supplies Inventory	0	0	7,497	7,497
Accrued Interest Receivable	59,541	0	0	59,541
Accounts Receivable	108,583	0	87,998	196,581
Interfund Receivable	1,433,098	0	0	1,433,098
Intergovernmental Receivable	150,748	0	565,963	716,711
Prepaid Items	65,334	0	2,632	67,966
Property Taxes Receivable	51,469,063	4,365,476	1,474,413	57,308,952
Payment in Lieu of Taxes Receivable	1,641,495	0	0	1,641,495
<i>Total Assets</i>	<i>68,497,251</i>	<i>9,436,034</i>	<i>10,213,818</i>	<i>88,147,103</i>
Liabilities:				
Accounts Payable	63,327	0	68,265	131,592
Accrued Wages and Benefits Payable	5,409,899	0	513,095	5,922,994
Contracts Payable	0	0	874,237	874,237
Intergovernmental Payable	935,611	0	88,305	1,023,916
Employee Withholding Liability	6,445	0	1,139	7,584
Interfund Payable	0	0	1,433,098	1,433,098
<i>Total Liabilities</i>	<i>6,415,282</i>	<i>0</i>	<i>2,978,139</i>	<i>9,393,421</i>
Deferred Inflows of Resources:				
Property Taxes	50,289,134	4,261,312	1,440,399	55,990,845
Payment in Lieu of Taxes	1,641,495	0	0	1,641,495
Unavailable Revenue	281,282	16,476	151,124	448,882
<i>Total Deferred Inflows of Resources</i>	<i>52,211,911</i>	<i>4,277,788</i>	<i>1,591,523</i>	<i>58,081,222</i>
Fund Balances:				
Nonspendable	65,334	0	10,129	75,463
Restricted	0	5,158,246	6,673,252	11,831,498
Committed	179,324	0	0	179,324
Assigned	1,736,211	0	0	1,736,211
Unassigned (Deficit)	7,889,189	0	(1,039,225)	6,849,964
<i>Total Fund Balances</i>	<i>9,870,058</i>	<i>5,158,246</i>	<i>5,644,156</i>	<i>20,672,460</i>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<i>\$68,497,251</i>	<i>\$9,436,034</i>	<i>\$10,213,818</i>	<i>\$88,147,103</i>

See accompanying notes to the basic financial statements

Kings Local School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2024

Total Governmental Funds Balances \$20,672,460

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 44,764,694

Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable revenue in the funds.

Delinquent Property Taxes	209,952
Intergovernmental	164,040
Interest	37,352
Accounts Receivable	<u>37,538</u>
Total	448,882

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (77,402)

Deferred outflows of resources include deferred charges on refunding, which do not provide current financial resources and, therefore, are not reported in the funds. 2,375,636

The net pension liability and net OPEB liability (asset) are not due and payable in the current period; therefore, the liabilities (asset) and related deferred inflows/outflows are not reported in the governmental funds:

Net OPEB Asset	3,984,928
Deferred Outflows - Pension	12,005,037
Deferred Outflows - OPEB	2,611,935
Net Pension Liability	(57,862,354)
Net OPEB Liability	(4,228,804)
Deferred Inflows - Pension	(4,424,885)
Deferred Inflows - OPEB	<u>(6,733,417)</u>
Total	(54,647,560)

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

General Obligation Bonds Payable	(28,490,000)
Bond Premiums	(2,893,621)
Accretion on Capital Appreciation Bonds	(1,910,149)
Leases Payable	(112,532)
Compensated Absences	<u>(6,368,021)</u>
Total	<u>(39,774,323)</u>

Net Position of Governmental Activities (\$26,237,613)

See accompanying notes to the basic financial statements

Kings Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$39,714,713	\$3,142,467	\$1,126,371	\$43,983,551
Intergovernmental	17,206,438	464,136	5,097,501	22,768,075
Investment Earnings/Interest	1,183,170	0	157,815	1,340,985
Tuition and Fees	1,549,887	0	872,812	2,422,699
Rent	1,563	0	7,125	8,688
Extracurricular Activities	5,300	0	421,322	426,622
Contributions and Donations	219,434	0	300,917	520,351
Charges for Services	0	0	1,150,131	1,150,131
Payment in Lieu of Taxes	1,891,531	0	0	1,891,531
Miscellaneous	326,635	0	74,105	400,740
<i>Total Revenues</i>	<i>62,098,671</i>	<i>3,606,603</i>	<i>9,208,099</i>	<i>74,913,373</i>
Expenditures:				
Current:				
Instruction:				
Regular	27,916,520	0	619,507	28,536,027
Special	11,989,014	0	1,995,573	13,984,587
Student Intervention Services	9,227	0	0	9,227
Support Services:				
Pupils	6,004,118	0	20,901	6,025,019
Instructional Staff	1,216,886	0	527,707	1,744,593
Board of Education	97,603	0	0	97,603
Administration	4,483,605	0	0	4,483,605
Fiscal	1,342,810	44,480	15,640	1,402,930
Business	241,141	0	0	241,141
Operation and Maintenance of Plant	4,092,239	0	169,161	4,261,400
Pupil Transportation	6,348,069	0	708	6,348,777
Central	1,119,343	0	11,986	1,131,329
Operation of Non-Instructional Services	218,209	0	4,046,548	4,264,757
Extracurricular Activities	1,317,489	0	494,709	1,812,198
Capital Outlay	0	0	2,142,176	2,142,176
Debt Service:				
Principal Retirement	382,370	2,110,000	226,103	2,718,473
Interest	48,145	1,870,491	21,662	1,940,298
<i>Total Expenditures</i>	<i>66,826,788</i>	<i>4,024,971</i>	<i>10,292,381</i>	<i>81,144,140</i>
<i>Excess of Revenues Under Expenditures</i>	<i>(4,728,117)</i>	<i>(418,368)</i>	<i>(1,084,282)</i>	<i>(6,230,767)</i>
Other Financing Sources:				
Inception of Lease	0	0	338,635	338,635
Proceeds from Sale of Capital Assets	0	0	8,400	8,400
<i>Total Other Financing Sources</i>	<i>0</i>	<i>0</i>	<i>347,035</i>	<i>347,035</i>
<i>Net Change in Fund Balances</i>	<i>(4,728,117)</i>	<i>(418,368)</i>	<i>(737,247)</i>	<i>(5,883,732)</i>
<i>Fund Balances Beginning of Year</i>	<i>14,598,175</i>	<i>5,576,614</i>	<i>6,381,403</i>	<i>26,556,192</i>
<i>Fund Balances End of Year</i>	<i>\$9,870,058</i>	<i>\$5,158,246</i>	<i>\$5,644,156</i>	<i>\$20,672,460</i>

See accompanying notes to the basic financial statements

Kings Local School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2024*

Net Change in Fund Balances - Total Governmental Funds (\$5,883,732)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlay exceeded depreciation/amortization in the current period:

Capital Asset Additions	2,142,176
Current Year Depreciation/Amortization	<u>(2,316,639)</u>
Excess of depreciation/amortization expense over capital outlay	(174,463)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.

Proceeds from Sale of Capital Assets	(8,400)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent Property Taxes	12,929
Intergovernmental	<u>(36,266)</u>
Interest	21,305
Tuition and Fees	1,931
Miscellaneous	<u>18,329</u>
Total	18,228

Accretion and amortization of bond premiums, the deferred charge on refunding debt, as well as accrued interest payable on the bonds are not reported in the funds, but are allocated as an expense over the life of the debt in the Statement of Activities:

Accrued Interest	11,412
Amortization of Deferred Charge on Refunding	<u>(247,230)</u>
Amortization of Premium on Bonds	534,090
Accretion of Capital Appreciation Bonds	<u>(475,530)</u>
Total	(177,258)

Repayment of bond and financed purchase principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Bond Payments	2,300,000
Financed Purchase Agreement Payments	97,915
Lease Payments	320,558
Accretion Paid on Capital Appreciation Bonds	<u>890,000</u>
Total	3,608,473

Inception of leases are reported as other financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide statements, however, issuing debt increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Inception of Lease	(338,635)
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Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.

Pension	5,579,696
OPEB	<u>189,147</u>
Total	5,768,843

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability (asset) are reported as pension/OPEB expense in the Statement of Activities.

Pension	(4,978,453)
OPEB	<u>394,377</u>
Total	(4,584,076)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences	<u>88,868</u>
Change in Net Position of Governmental Activities	<u>(\$1,682,152)</u>

See accompanying notes to the basic financial statements

Kings Local School District
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2024

	Budget Amounts			Variance With Final Budget
	Original	Final	Actual	
Revenues:				
Property Taxes	\$49,680,778	\$47,929,843	\$47,929,843	\$0
Intergovernmental	13,772,531	16,606,900	17,127,584	520,684
Interest	304,839	883,937	980,957	97,020
Tuition and Fees	1,488,380	1,567,916	1,556,951	(10,965)
Rent	300	300	1,563	1,263
Contributions and Donations	14,024	60,991	107,912	46,921
Payments in Lieu of Taxes	1,420,071	1,919,372	1,891,531	(27,841)
Miscellaneous	125,628	63,365	61,697	(1,668)
<i>Total Revenues</i>	<i>66,806,551</i>	<i>69,032,624</i>	<i>69,658,038</i>	<i>625,414</i>
Expenditures:				
Current:				
Instruction:				
Regular	28,791,861	28,809,229	28,136,503	672,726
Special	11,434,924	12,306,158	12,017,949	288,209
Student Intervention Services	41,152	42,510	41,514	996
Support Services:				
Pupil	5,859,685	6,098,096	5,955,279	142,817
Instructional Staff	1,348,125	1,251,632	1,222,319	29,313
Board of Education	92,152	100,814	98,453	2,361
Administration	4,515,855	4,627,929	4,519,543	108,386
Fiscal	1,371,498	1,373,895	1,341,718	32,177
Business	237,883	244,805	239,072	5,733
Operation and Maintenance of Plant	4,106,998	4,291,872	4,191,357	100,515
Pupil Transportation	5,646,134	6,522,109	6,369,362	152,747
Central	1,189,884	1,146,556	1,119,704	26,852
Operation of Non-Instructional Services	13,687	24,470	23,897	573
Extracurricular Activities	1,388,687	1,344,901	1,313,404	31,497
Debt Service:				
Principal Retirement	138,750	190,550	190,000	550
Interest	34,594	47,509	40,500	7,009
<i>Total Expenditures</i>	<i>66,211,869</i>	<i>68,423,035</i>	<i>66,820,574</i>	<i>1,602,461</i>
<i>Excess of Revenues Over Expenditures</i>	<i>594,682</i>	<i>609,589</i>	<i>2,837,464</i>	<i>2,227,875</i>
Other Financing Sources (Uses):				
Refund of Prior Year Expenditures	46,868	21,928	1,649	(20,279)
Advances In	169,568	1,063,000	962,838	(100,162)
Advances Out	0	(2,294,412)	(2,240,676)	53,736
<i>Total Other Financing Sources (Uses)</i>	<i>216,436</i>	<i>(1,209,484)</i>	<i>(1,276,189)</i>	<i>(66,705)</i>
<i>Net Change in Fund Balance</i>	<i>811,118</i>	<i>(599,895)</i>	<i>1,561,275</i>	<i>2,161,170</i>
<i>Fund Balance at Beginning of Year</i>	<i>10,770,946</i>	<i>10,770,946</i>	<i>10,770,946</i>	<i>0</i>
<i>Prior Year Encumbrances Appropriated</i>	<i>703,426</i>	<i>703,426</i>	<i>703,426</i>	<i>0</i>
<i>Fund Balance at End of Year</i>	<i>\$12,285,490</i>	<i>\$10,874,477</i>	<i>\$13,035,647</i>	<i>\$2,161,170</i>

See accompanying notes to the basic financial statements

Kings Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 1 – Description of the School District and Reporting Entity

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

The School District was established in the 1950s through the consolidation of existing land area and school districts. The School District serves an area of approximately twenty-three square miles. It is located in Warren County and includes portions of Deerfield, Union, and Hamilton Townships and has territory in portions of the City of Mason, City of Lebanon, and Village of South Lebanon.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Kings Local School District, this includes general operations, food service, preschool, latchkey, and student-related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the School District. The School District has no component units.

The following activities are included within the reporting entity:

Parochial School - Within the School District's boundaries, St. Margaret of York operates as a private school. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. This activity is reflected as a nonmajor special revenue fund for financial reporting purposes.

The School District participates in three jointly governed organizations and one insurance purchasing pool. These organizations are presented in Note 15 to the Basic Financial Statements. These organizations are:

Kings Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Jointly Governed Organizations:

Southwest Ohio Computer Association
Warren County Career Center
Southwest Ohio Organization for School Health

Insurance Purchasing Pool:

Ohio School Boards Association Workers' Compensation
Group Retrospective Rating Plan

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the School District. The government-wide financial statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type; however, the School District has no business-type activities.

The Statement of Net Position presents the financial condition of the governmental activities of the School District at year-end. The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Kings Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Fund Financial Statements

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

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The School District only has governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions of the School District 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 and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

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

Debt Service Fund - The Debt Service Fund is used to account for and report the accumulation of resources restricted for the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the School District is obligated in some manner for the payment.

The nonmajor governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of the School District are included on the

Kings Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. 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.

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. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined, and “available” means that the resources are collectible within the current fiscal year, or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, payment in lieu of taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes and payment in lieu of 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Inflows/Outflows of Resources

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, payment in lieu of taxes, pension, OPEB, and unavailable revenue. Property taxes and payment in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance fiscal year 2025 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, interest, and accounts receivable. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 15. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 10 and 11, respectively)

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense,

Kings Local School District
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For the Fiscal Year Ended June 30, 2024

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.

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During fiscal year 2024, the School District's investments were limited to STAR Ohio, First American Treasury Mutual Fund, Commercial Paper, Municipal Bonds, Federal Agency Securities, US Treasury Notes, and Negotiable Certificates of Deposit.

Investments, except for STAR Ohio, the First American Treasury Mutual Fund, and commercial paper, are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund's current share price. The School District's commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

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

STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest credited to the General Fund during fiscal year 2024 was \$1,183,170, which included \$504,411 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the

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financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable/Payable." Interfund balances are eliminated on the Statement of Net Position.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which the services are consumed.

Inventory

Materials and supplies inventory is reported at cost, while inventory held for resale is presented at the lower of cost or market value, and donated commodities are presented at their entitlement value. Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

Capital Assets

All capital assets of the School District are general capital assets that are associated with 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 (except for intangible right-to-use lease assets which are discussed below) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except land and construction in progress, are depreciated/amortized. 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:

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Description	Governmental Activities Estimated Lives
Land Improvements	10 - 50 years
Buildings and Improvements	5 - 50 years
Furniture and Equipment	5 - 50 years
Vehicles	5 - 20 years

The School District is reporting intangible right to use assets related to leased equipment. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, these intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after 5 years of service.

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 that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. 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. Bonds, leases, and financed purchases are recognized as a liability in the governmental fund financial statements when due.

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Leases Payable

The School District serves as lessee in a noncancellable lease which is accounted for as follows:

Lessee - At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the useful life of the underlying asset. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Fund Balance

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education. In the General Fund, assigned amounts include amounts to be assigned by principals for extracurricular activities. State statute authorizes the Treasurer to assign

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fund balance for purchases on order provided such amounts have been lawfully appropriated. The Treasurer assigned fund balance to cover a gap between revenue and appropriations in the fiscal year 2025 appropriation budget.

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 used only to report a deficit fund balance.

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

Net Position

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

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restricted Net Position for Pension and OPEB plans represent the corresponding restricted asset amounts held in trust by the pension and OPEB plans for future benefits.

Internal Activity

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

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the Certificate of Estimated Resources, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The Certificate of Estimated Resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of

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budgetary control has been established by the Board of Education at the fund level. Although the legal level of budgetary control was established at the fund level of expenditures, the School District has elected to present the budgetary statement comparison at the fund and function level of expenditures. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The Certificate of Estimated Resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflects the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflects the amounts in the amended certificate that was in effect at the time the final appropriations were passed.

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

Bond Premiums and Compounded Interest on Capital Appreciation Bonds

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line (bonds outstanding) method, since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the compounded interest accrued during the fiscal year. Bond premiums and the compounded interest on the capital appreciation bonds are presented as an addition to the face amount of the bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds were issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent. Accretion on the capital appreciation bonds is not reported. Interest on the capital appreciation bonds is recorded as an expenditure when the debt becomes due.

Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This deferred amount is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows/inflows of resources on the Statement of Net Position.

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Estimates

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

Note 3 – Change in Accounting Principles

For fiscal year 2024, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, and related guidance from GASB Implementation Guide No. 2023-1, *Implementation Guidance Update — 2023*. The School District also implemented Question 5.1 from GASB Implementation Guide No. 2021-1, *Implementation Guidance Update — 2021*.

GASB 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision-useful, understandable, and comprehensive information for users about accounting changes and error corrections.

Question 5.1 from Implementation Guide 2021-1 addresses the collective significance of applying the capitalization threshold to individual items in a group of assets. The School District reviewed its capital asset groupings and determined there were no asset groups where individually the assets were under the capitalization threshold yet were significant collectively.

The implementation of GASB Statement No. 100 and GASB implementation Guides 2021-1 and 2023-1 did not have any effect on beginning net position.

In an effort to promote comparability with other governments, the School District updated its calculation of net position restricted for OPEB plans for fiscal year 2024. This change had no impact on beginning net position, but rather impacted the amounts presented as net position restricted for OPEB plans and unrestricted net position.

Note 4 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (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 (Budget Basis) is presented for the General Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

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1. Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).
4. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).
5. Budgetary revenues and expenditures of the Uniform School Supplies Fund are classified to the General Fund for GAAP reporting.
6. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

Net Change in Fund Balance	
GAAP Basis	(\$4,728,117)
Adjustments:	
Revenue Accruals	8,028,547
Expenditure Accruals	246,770
Encumbrances	(533,478)
Change in Fair Value of Investments - 2023	(228,475)
Change in Fair Value of Investments - 2024	41,555
Perspective Difference:	
Public School Support Fund	12,311
Advances	<u>(1,277,838)</u>
Budget Basis	<u><u>\$1,561,275</u></u>

Note 5 – Deposits and Investments

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must

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

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

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

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

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7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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

Investments

At June 30, 2024, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	S&P/ Moody's Rating	Percent of Total Investments
Net Asset Value per Share:				
STAR Ohio	\$11,410,351	Less than one year	AAAm	N/A
First American Treasury Mutual Fund	998,923	Less than one year	AAA/m/Aaa-mf	N/A
Total Net Asset Value per Share	<u>12,409,274</u>			
Amortized Cost:				
Commercial Paper	2,876,926	Less than one year	P-1/A-1 to A-1+	12.16%
Fair Value - Level 2 Inputs:				
Municipal Bonds	491,069	Less than one year	A1-Aa2	N/A
Federal Home Loan Bank Notes	2,508,028	Less than five years	Aaa/AA+	10.60%
Federal National Mortgage Association Notes	473,089	Less than two years	Aaa/AA+	N/A
Federal Home Loan Mortgage Corporation Notes	1,300,783	Less than five years	Aaa/AA+	5.50%
Federal Farm Credit Bank Notes	249,957	Less than five years	Aaa/AA+	N/A
US Treasury Notes	645,924	Less than five years	Aaa/AA+	N/A
Negotiable Certificates of Deposit	2,701,819	Less than three years	N/A	11.42%
Total Fair Value - Level 2 Inputs	<u>8,370,669</u>			
Total Investments	<u>\$23,656,869</u>			

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The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2024. STAR Ohio and the First American Treasury Mutual Fund are measured at the Net Asset Value Per Share. The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk

As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. To date, no investments have been purchased with a life greater than five years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Standard and Poor's ratings for the School District's investments are listed in the table above. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized statistical rating organization and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organization. The School District has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policy does not address this risk beyond the requirements in State Statutes.

Note 6 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2024 represents collections

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of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2024 represents collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in D1—calendar year 2024 became a lien December 31, 2022, were levied after April 1, 2023, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Warren County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024, are available to finance fiscal year 2024 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes that are measurable as of June 30, 2024, 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 - property taxes.

The amount available as an advance at June 30, 2024, was \$1,108,155 and is recognized as revenue: \$991,866 in the General Fund, \$87,688 in the Debt Service Fund, and \$28,601 in the nonmajor governmental funds. The amount available as an advance at June 30, 2023, was \$9,206,996 in the General Fund, \$811,158 in the Debt Service Fund, and \$265,622 in the nonmajor governmental funds.

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

The assessed values upon which fiscal year 2024 taxes were collected are:

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For the Fiscal Year Ended June 30, 2024

	2023 Second - Half Collections		2024 First - Half Collections	
	Amount	Percentage	Amount	Percentage
Real Estate	\$1,183,699,340	97.59%	\$1,202,867,390	97.32%
Public Utility Personal	29,267,620	2.41%	33,177,850	2.68%
Total Assessed Value	\$1,212,966,960	100.00%	\$1,236,045,240	100.00%
Tax rate per \$1,000 of assessed valuation	\$81.63		\$81.63	

Payments in Lieu of Taxes

The School District is party to Tax Increment Financing (TIF) agreements. Municipalities, townships, and counties can enter into TIF agreements which lock in real property at its unimproved value for up to 30 years in a defined TIF district. Some TIF agreements also require the TIF government to allocate service payments to school districts and other governments to help offset the property taxes these governments would have received had the improvements to real property not been exempted. The Service payments that the School District receives as part of TIF agreements are presented on the financial statements as Payment in Lieu of Taxes.

Note 7 – Receivables

Receivables at June 30, 2024, consisted of accrued interest, accounts (student fees, sales, and reimbursements), interfund, intergovernmental grants, property taxes, and payment in lieu of taxes. 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. All receivable amounts, except delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

The School District receives payment in lieu of taxes from multiple Tax Increment Financing Agreements that were entered into between the School District and corporations. These payments will be received based on each individual agreement.

A summary of the principal items of intergovernmental receivables follows:

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For the Fiscal Year Ended June 30, 2024

	<u>Amount</u>
Governmental Activities:	
IDEA-B	\$127,965
Title III	12,744
Title I-A	77,149
IDEA Early Childhood Special Education	3,887
Title II-A	29,374
Title IV-A	21,613
Elementary and Secondary School Emergency Relief	185,454
Foundation Adjustment	1,203
Food Service Grants	107,777
Ohio Department Of Education and Workforce	85,616
Medicaid Reimbursement	17,600
Student Transportation	28,000
State Teachers Retirement System	18,329
Total Intergovernmental Receivables	<u><u>\$716,711</u></u>

Note 8 – Capital Assets

Capital assets activity for the fiscal year ended June 30, 2024, was as follows:

	<u>Balance</u>	<u>6/30/2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>	<u>6/30/2024</u>
Governmental Activities:						
Capital Assets Not Being Depreciated/Amortized:						
Land	\$3,194,466	\$226,484	\$0	\$3,420,950		
Construction in Progress	0	897,277	0	897,277		
Total Capital Assets Not Being Depreciated/Amortized	<u>3,194,466</u>	<u>1,123,761</u>	<u>0</u>	<u>4,318,227</u>		
Capital Assets Being Depreciated/Amortized:						
Tangible Assets:						
Land Improvements	5,114,431	128,442	(70,400)	5,172,473		
Buildings and Improvements	70,947,047	64,320	(89,772)	70,921,595		
Furniture and Equipment	5,412,236	487,018	(229,828)	5,669,426		
Vehicles	1,537,317	0	(66,762)	1,470,555		
Total Tangible Assets:	<u>83,011,031</u>	<u>679,780</u>	<u>(456,762)</u>	<u>83,234,049</u>		
Intangible Right to Use:						
Lease Assets:						
Equipment	<u>283,678</u>	<u>338,635</u>	<u>0</u>	<u>622,313</u>		
Total Capital Assets Being Depreciated/Amortized	<u>\$83,294,709</u>	<u>\$1,018,415</u>	<u>(\$456,762)</u>	<u>\$83,856,362</u>		

(Continued)

Kings Local School District
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For the Fiscal Year Ended June 30, 2024

	Balance 6/30/2023	Additions	Deductions	Balance 6/30/2024
<u>Governmental Activities:</u>				
Less Accumulated Depreciation/Amortization:				
Depreciation:				
Land Improvements	(\$4,529,109)	(\$105,871)	\$70,400	(\$4,564,580)
Buildings and Improvements	(31,966,878)	(1,386,240)	81,372	(33,271,746)
Furniture and Equipment	(3,731,771)	(520,797)	229,828	(4,022,740)
Vehicles	<u>(1,124,742)</u>	<u>(39,853)</u>	<u>66,762</u>	<u>(1,097,833)</u>
Total Depreciation:	<u>(41,352,500)</u>	<u>(2,052,761)</u>	<u>448,362</u>	<u>(42,956,899)</u>
Amortization:				
Intangible Right to Use:				
Lease Assets:				
Equipment	(189,118)	(263,878)	0	(452,996)
Total Accumulated	<u>(41,541,618)</u>	<u>(2,316,639)</u> *	<u>448,362</u>	<u>(43,409,895)</u>
Total Capital Assets Being Depreciated, Net				
Governmental Activities	<u>41,753,091</u>	<u>(1,298,224)</u>	<u>(8,400)</u>	<u>40,446,467</u>
Capital Assets, Net	<u>\$44,947,557</u>	<u>(\$174,463)</u>	<u>(\$8,400)</u>	<u>\$44,764,694</u>

* Depreciation/Amortization expense was charged to governmental functions as follows:

	Depreciation	Amortization	Total
Instruction:			
Regular			
Regular	\$427,469	\$263,878	\$691,347
Special	797	0	797
Support Services:			
Administration			
Administration	1,626	0	1,626
Fiscal	417	0	417
Operation and Maintenance of Plant	1,422,902	0	1,422,902
Pupil Transportation	153,259	0	153,259
Operation of Non-Instructional Services	41,859	0	41,859
Extracurricular Activities	4,432	0	4,432
Total	<u>\$2,052,761</u>	<u>\$263,878</u>	<u>\$2,316,639</u>

Note 9 – Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the School District contracted with Liberty Mutual for fleet insurance, property, and liability insurance. The School District also contracted with Crum and Forster Insurance company for cyber protection.

Settled claims have not exceeded the commercial coverage in any of the past three years. There has been no significant reduction in coverage since last year.

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Workers' Compensation

For fiscal year 2024, the School District participated in the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Plan (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience, and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sedgwick provides administrative, cost control, and actuarial services to the GRP.

Note 10 – Defined Benefit Pension Plans

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

Net Pension/Net OPEB Liability

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

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

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

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

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In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$1,551,179 for fiscal year 2024. Of this amount, \$68,999 is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients’ base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board’s actuary that a change will not materially impair the fiscal integrity of the system or is

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necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

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

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members 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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2024, the full employer contribution was allocated to pension.

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The School District's contractually required contribution to STRS was \$4,028,517 for fiscal year 2024. Of this amount, \$679,608 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability			
Current Measurement Date	0.248633900%	0.204895180%	
Prior Measurement Date	<u>0.244135500%</u>	<u>0.207938510%</u>	
Change in Proportionate Share	<u>0.004498400%</u>	<u>(0.003043330%)</u>	
Proportionate Share of the Net			
Pension Liability	\$13,738,304	\$44,124,050	\$57,862,354
Pension Expense	\$1,430,338	\$3,548,115	\$4,978,453

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources:			
Differences between expected and			
actual experience	\$590,503	\$1,608,670	\$2,199,173
Changes of assumptions	97,316	3,633,855	3,731,171
Changes in proportionate share and			
difference between School District contributions			
and proportionate share of contributions	272,762	222,235	494,997
School District contributions subsequent to the			
measurement date	1,551,179	4,028,517	5,579,696
Total Deferred Outflows of Resources	<u>\$2,511,760</u>	<u>\$9,493,277</u>	<u>\$12,005,037</u>

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Deferred Inflows of Resources:

Differences between expected and actual experience	\$0	\$97,913	\$97,913
Changes of assumptions	0	2,735,248	2,735,248
Net difference between projected and actual earnings on pension plan investments	193,104	132,241	325,345
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	0	1,266,379	1,266,379
Total Deferred Inflows of Resources	\$193,104	\$4,231,781	\$4,424,885

\$5,579,696 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	\$272,612	(\$732,305)	(\$459,693)
2026	(451,504)	(1,872,242)	(2,323,746)
2027	936,135	4,228,439	5,164,574
2028	10,234	(390,913)	(380,679)
Total	\$767,477	\$1,232,979	\$2,000,456

Actuarial Assumptions – SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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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, 2023, are presented below:

	June 30, 2023
Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	<u>100.00 %</u>	

Discount Rate The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2023 was 14 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

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

	Current		
	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$20,277,034	\$13,738,304	\$8,230,669

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation are presented below:

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Inflation	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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 Rate of Return **
Domestic Equity	26.00%	6.60%
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00%</u>	

* Final target weights reflected at effective October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in

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accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

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

	Current		
	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$67,853,022	\$44,124,050	\$24,055,832

Note 11 – Defined Benefit OPEB Plans

See Note 10 for a description of the net OPEB liability/asset.

Plan Description – School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School District's surcharge obligation was \$189,147.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$189,147 for fiscal year 2024, all of which is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System of Ohio (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. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strs.org or by calling (888) 227-7877.

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

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Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liability (Asset), 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, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an independent actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.256688600%	0.204895180%	
Prior Measurement Date	0.248679400%	0.207938510%	
Change in Proportionate Share	<u>0.008009200%</u>	<u>(0.003043330%)</u>	
Proportionate Share of the:			
Net OPEB (Asset)	\$0	(\$3,984,928)	(\$3,984,928)
Net OPEB Liability	\$4,228,804	\$0	\$4,228,804
OPEB Expense	(\$249,544)	(\$144,833)	(\$394,377)

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$8,809	\$6,212	\$15,021
Changes of assumptions	1,429,883	587,039	2,016,922
Net difference between projected and actual earnings on pension plan investments	32,775	7,114	39,889
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	268,928	82,028	350,956
School District contributions subsequent to the measurement date	189,147	0	189,147
Total Deferred Outflows of Resources	\$1,929,542	\$682,393	\$2,611,935

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	SERS	STRS	Total
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$2,180,951	\$607,799	\$2,788,750
Changes of assumptions	1,201,021	2,629,197	3,830,218
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	114,449	0	114,449
Total Deferred Inflows of Resources	<u>\$3,496,421</u>	<u>\$3,236,996</u>	<u>\$6,733,417</u>

\$189,147 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2025. 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:			
2025	(\$589,888)	(\$1,108,508)	(\$1,698,396)
2026	(516,161)	(528,232)	(1,044,393)
2027	(338,269)	(201,393)	(539,662)
2028	(211,765)	(274,840)	(486,605)
2029	(131,902)	(251,680)	(383,582)
Thereafter	31,959	(189,950)	(157,991)
Total	<u>(\$1,756,026)</u>	<u>(\$2,554,603)</u>	<u>(\$4,310,629)</u>

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.

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023, are presented below:

	June 30, 2023
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2048
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 to 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022, and the June 30, 2023, total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1 % Increase
	(3.27%)	(4.27%)	(5.27%)
School District's proportionate share of the net OPEB liability	\$5,405,621	\$4,228,804	\$3,300,835

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	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$3,106,756	\$4,228,804	\$5,715,669

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation compared to the prior year are presented below:

	June 30, 2023	June 30, 2022
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 4.14 percent ultimate	7.50 percent initial 3.94 percent ultimate
Medicare	-10.94 percent initial 4.14 percent ultimate	-68.78 percent initial 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	-11.95 percent initial 4.14 percent ultimate	9.00 percent initial 3.94 percent ultimate
Medicare	1.33 percent initial 4.14 percent ultimate	-5.47 percent initial 3.94 percent ultimate

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

Healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	Current		
	1% Decrease (6.00%)	Discount Rate (7.00%)	1 % Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$3,372,720)	(\$3,984,928)	(\$4,518,096)

	Current		
	1% Decrease	Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$4,542,838)	(\$3,984,928)	(\$3,312,936)

Note 12 – Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn 10 to 20 days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators do not earn vacation time, with the exception of the Superintendent, Treasurer, High School Principal, Business Manager, Athletic Director, Food Service Director, and Childcare Director.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 300 days for certified and classified employees and 45 days beyond contract year for administrators. Upon retirement, certified and classified employees are paid for one-fourth of their accrued, but unused sick leave credit to a maximum of 65 days with 5 to 11 years of service, or 92 days with more than 12 years of service. Upon retirement, administrators are paid for one-half of their accrued, but unused sick leave.

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Health Care Benefits

The School District provides medical, dental, vision, and life insurance benefits to most employees. Depending upon the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies with the employee, depending on the terms of the union contract.

Note 13 – Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 2024 were as follows:

	Amount Outstanding 6/30/23	Additions	Deductions	Amount Outstanding 6/30/24	Amounts Due in One Year
<u>Governmental Activities:</u>					
General Obligation Bonds:					
Direct Placements:					
2015 HB264 Bonds 3.00%					
Bonds	\$1,445,000	\$0	\$190,000	\$1,255,000	\$195,000
Premium	14,333	0	2,177	12,156	0
Total Direct Placements	<u>1,459,333</u>	<u>0</u>	<u>192,177</u>	<u>1,267,156</u>	<u>195,000</u>
Non-Direct Placements:					
2013A School Improvement Refunding					
Current Interest 3.25-5.00%	2,560,000	0	1,560,000	1,000,000	0
Capital Appreciation Bond	760,000	0	0	760,000	0
Interest Accretion	1,189,012	174,215	0	1,363,227	0
Premium	978,524	0	135,758	842,766	0
2013B School Improvement Refunding					
Current Interest 3.50-5.00%	5,910,000	0	90,000	5,820,000	2,805,000
Capital Appreciation Bond	185,000	0	185,000	0	0
Interest Accretion	743,374	146,626	890,000	0	0
Premium	525,099	0	175,035	350,064	0
2015 School Improvement Refunding 4.00-5.00%					
Bonds	6,010,000	0	0	6,010,000	0
Premium	514,597	0	64,324	450,273	0
2020 School Improvement Refunding					
Current Interest 2.69-3.25%	13,200,000	0	275,000	12,925,000	285,000
Capital Appreciation Bond	720,000	0	0	720,000	0
Interest Accretion	392,233	154,689	0	546,922	0
Premium	1,395,158	0	156,796	1,238,362	0
Total Non-Direct Placements	<u>35,082,997</u>	<u>475,530</u>	<u>3,531,913</u>	<u>32,026,614</u>	<u>3,090,000</u>
Total General Obligation Bonds	<u>\$36,542,330</u>	<u>\$475,530</u>	<u>\$3,724,090</u>	<u>\$33,293,770</u>	<u>\$3,285,000</u>

(Continued)

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	Amount Outstanding 6/30/23	Additions	Deductions	Amount Outstanding 6/30/24	Amounts Due in One Year
<u>Governmental Activities:</u>					
<u>Other Long-Term Obligations:</u>					
Net Pension Liability:					
SERS	\$13,204,747	\$533,557	\$0	\$13,738,304	\$0
STRS	46,224,993	0	2,100,943	44,124,050	0
Total Net Pension Liability	59,429,740	533,557	2,100,943	57,862,354	0
Net OPEB Liability:					
SERS	3,491,485	737,319	0	4,228,804	0
Compensated Absences	6,456,889	1,875,059	1,963,927	6,368,021	158,406
Financed Purchases	97,915	0	97,915	0	0
Leases	94,455	338,635	320,558	112,532	112,532
Total Other Long-Term Obligations	69,570,484	3,484,570	4,483,343	68,571,711	270,938
Total Governmental Activities					
Long-Term Obligations	\$106,112,814	\$3,960,100	\$8,207,433	\$101,865,481	\$3,555,938

On February 6, 2015, the School District issued \$2,735,000 in General Obligation bonds for the purpose on making energy conservation improvements to the School District's various buildings. The bonds were issued to pay three percent interest and with final maturity on December 1, 2029. The bonds were directly placed with the Huntington Investment Company. The bonds will be paid from the General Fund.

School Improvement Bonds – On various occasions, the School District issued general obligation bonds for the purpose of additions and improvements to school buildings in the School District. The maturity dates of the bonds vary through December 1, 2033. The interest rates vary from 2.00% to 5.00%.

In February 2013, the School District issued \$22,365,000 in the Series 2013A School Improvement Bonds for the purpose of advance refunding a portion of the 1995 School Improvement Bonds, the 2000 School Improvement Bonds, and the 2007 School Improvement Bonds. \$21,605,000 were serial bonds, and \$760,000 were capital appreciation bonds. Also in February 2013, the School District issued \$18,420,000 in the Series 2013B School Improvement Bonds for the purpose of advance refunding a portion of the 2004 School Improvement Bonds. \$18,185,000 were serial bonds, and \$235,000 were capital appreciation bonds. The bonds were issued for a 20-year period, with final maturity in December 2033.

The capital appreciation bond for the Series 2013A School Improvement Bonds will mature in fiscal year 2027 in the amount of \$2,745,000. The remaining \$185,000 capital appreciation bond for the Series 2013B School Improvement Bonds matured in fiscal year 2024 with a final maturity amount of \$1,075,000. The bonds will be paid from the Debt Service Fund.

In July of 2015, the School District issued \$6,010,000 Series 2015 School Improvement General Obligation refunding bonds. The bonds were issued for the purposes of refunding a portion of the School District's General Obligation Bonds, Series 2007 and additions to school facilities, site acquisition, and providing equipment. The bonds will mature on December 1, 2030. The bonds will be paid from the Debt Service Fund.

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In January of 2020, the School District issued \$14,760,000 in School Improvement Refunding Bonds for the purpose of refunding a portion of the 2013A School Improvement Refunding Bonds, in order to take advantage of lower interest rates. These bonds are paid from the Debt Service fund and will mature in December 2033. The capital appreciation bonds will mature in fiscal year 2032 in the amount of \$3,365,000.

Financed Purchase Agreements – In prior years, the School District entered into financed purchase agreements for computer equipment. The School District purchased the equipment from Dell. Financed purchase payments are reflected as debt service expenditures in the fund financial statements. Principal payments made during fiscal year 2024 totaled \$97,915 from the General fund. The financed purchase was paid off during fiscal year 2024.

Leases –The School District has an outstanding lease agreement for computer equipment. The future lease payments were discounted based on the interest rate implicit in the lease. This discount is being amortized using the interest method over the life of the lease. One lease is paid from the General Fund and the other is paid from the Permanent Improvement fund. A summary of the principal and interest amounts for the remaining lease payments is as follows:

Fiscal Year Ending				
June 30,	Principal	Interest	Total	
2025	\$112,532	\$11,351	\$123,883	

Compensated absences will be paid from the General Fund, and the Food Service and Auxiliary Services special revenue funds. General obligation bonds will be paid from the General and Debt Service funds. There is no repayment schedule for the net pension/OPEB liabilities. However, employer pension/OPEB contributions are made from the following funds: General, Food Service, Latchkey/Preschool, Auxiliary Services, Elementary and Secondary School Emergency Relief, IDEA-B, and Title I. For additional information related to the net pension/OPEB liabilities see Notes 10 and 11.

Principal and interest requirements to retire general obligation debt outstanding at fiscal year-end are as follows:

Fiscal Year Ending June 30,	Serial Bonds		Capital Appreciation		Capital Appreciation	
	Principal	Interest	Principal	Interest	Total	
2025	\$3,090,000	\$873,089	\$0	\$0	\$3,963,089	
2026	3,310,000	744,353	0	0	4,054,353	
2027	305,000	672,796	760,000	1,985,000	3,722,796	
2028	2,870,000	615,934	0	0	3,485,934	
2029	2,980,000	510,109	0	0	3,490,109	
2030-2034	13,200,000	1,074,139	720,000	2,645,000	17,639,139	
Total	\$25,755,000	\$4,490,420	\$1,480,000	\$4,630,000	\$36,355,420	

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Fiscal Year Ending June 30,	From Direct Placement	
	Serial Bonds Principal	Serial Bonds Interest
2025	\$195,000	\$34,725
2026	195,000	28,875
2027	210,000	22,800
2028	210,000	16,500
2029	220,000	10,050
2030	225,000	3,375
Total	<u>\$1,255,000</u>	<u>\$116,325</u>

The School District's overall legal debt margin was \$87,169,481 with an unvoted debt margin of \$9,869,407, and an Energy Conservation (HB 264 Bonds) debt margin of \$1,236,045 at June 30, 2024.

Note 14 – Interfund Activity

As of June 30, 2024, interfund receivables and payables that resulted from various interfund transactions were as follows:

Payable	Receivable
General Fund	
Nonmajor Governmental Funds	<u>\$1,433,098</u>

General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Advancing monies to other funds is necessary due to timing differences in the receiving of grant monies. When the monies are finally received, the grant fund will use these restricted monies to reimburse the General Fund for the initial advance.

Note 15 – Jointly Governed Organizations and Insurance Purchasing Pool

Jointly Governed Organizations

Southwest Ohio Computer Association

The School District is a participant in the Southwest Ohio Computer Association (SWOCA), which is a computer consortium. SWOCA is an association of public school districts within the boundaries of Butler, Hamilton, Preble, and Warren Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SWOCA consists of one representative from each district plus one representative from the fiscal agent. The Board exercises total control over the operations of the consortium including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District paid SWOCA \$254,904 for services provided during the fiscal year. Financial

Kings Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

information can be obtained from SWOCA at 3607 Hamilton-Middletown Road, Hamilton, Ohio 45011.

Warren County Career Center

The Warren County Career Center is a distinct political subdivision of the State of Ohio. It is operated under the direction of a Board consisting of one of the elected board members from each of the participating school districts, including one member from the Kings Local School District Board of Education. Warren County Career Center was formed for the purpose of providing vocational education opportunities to the students of the School District. The Board exercises total control over the operations of the center including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District did not pay any dues or fees to the Warren County Career Center during fiscal year 2024. Financial information can be obtained from Warren County Career Center at 3525 State Route 48, Lebanon, Ohio 45036.

Southwest Ohio Organization for School Health

The School District is a participant in the Southwest Ohio Organization for School Health (SWOOSH), which is a benefits consortium. SWOOSH is an association of 10 public school districts. The organization was formed for the purpose of maximizing benefits while minimizing costs of medical, prescription drug, vision, dental, life, and/or other group insurance coverages. The governing board of SWOOSH consists of one representative from each district plus one representative from the fiscal agent. The Board exercises total control over the operations of the consortium including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District paid SWOOSH \$6,139,434 for services provided during the fiscal year. Financial information can be obtained from the Hamilton County Educational Service Center at 11083 Hamilton Avenue, Cincinnati, Ohio 45231.

Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Retrospective Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program (GRRP), an insurance purchasing pool. The GRRP's business and affairs are conducted by a five member Board of Directors. Each fiscal year, the participants pay an enrollment fee to Sedgwick Managed Care Ohio to cover the costs of administering the program.

Note 16 – Set-Aside Calculations

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

Kings Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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

	Capital Acquisition
Set-aside Balance as of June 30, 2023	\$0
Current Fiscal Year Set-aside Requirement	1,020,545
Qualifying Disbursements	<u>(1,020,545)</u>
Set-aside Balance as of June 30, 2024	<u><u>\$0</u></u>

Qualifying disbursements presented in the table for the capital acquisition set-asides were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had additional offsets and qualifying disbursements for capital acquisitions, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore is not presented as being carried forward to the next fiscal year.

Note 17 – Accountability

At June 30, 2024, the following funds had deficit fund balances:

Funds	Amounts
<hr/>	
Nonmajor Governmental Funds:	
Elementary and Secondary School	
Emergency Relief	\$75,458
Title III	5,299
Title I-A	27,771
Title VI-B	45,296
IDEA Early Childhood Special Education	2,365
Latchkey	156,485
Building	726,551
Total Funds	<u><u>\$1,039,225</u></u>

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the General Fund needed for operations until the receipt of grant monies. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 18 – Fund Balances

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

Kings Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Fund Balances	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
<i>Nonspendable:</i>				
Prepays	\$65,334	\$0	\$2,632	\$67,966
Inventory	0	0	7,497	7,497
<i>Total Nonspendable</i>	<u>65,334</u>	<u>0</u>	<u>10,129</u>	<u>75,463</u>
<i>Restricted for:</i>				
Capital Projects	0	0	3,035,560	3,035,560
Debt Service	0	5,158,246	0	5,158,246
Individuals	0	0	24,586	24,586
Student Managed Activities	0	0	374,405	374,405
Food Service	0	0	2,971,610	2,971,610
Auxiliary Services	0	0	120,349	120,349
Local, State and Federal Grants	0	0	146,742	146,742
<i>Total Restricted</i>	<u>0</u>	<u>5,158,246</u>	<u>6,673,252</u>	<u>11,831,498</u>
<i>Committed to:</i>				
Board Approved Purchases	<u>179,324</u>	<u>0</u>	<u>0</u>	<u>179,324</u>
<i>Assigned to:</i>				
Purchases on Order	289,437	0	0	289,437
Principal's Discretion	169,520	0	0	169,520
Future Appropriations	1,277,254	0	0	1,277,254
<i>Total Assigned</i>	<u>1,736,211</u>	<u>0</u>	<u>0</u>	<u>1,736,211</u>
<i>Unassigned (Deficit):</i>	<i>7,889,189</i>	<i>0</i>	<i>(1,039,225)</i>	<i>6,849,964</i>
<i>Total Fund Balances</i>	<u>\$9,870,058</u>	<u>\$5,158,246</u>	<u>\$5,644,156</u>	<u>\$20,672,460</u>

Note 19 – Significant Commitments

Contractual Commitments

As of June 30, 2024, the School District had the following commitments with respect to capital projects:

Project	Contractual Commitments
Cameras and Badge Readers	\$71,270
Facilities Master Plan	103,680

Kings Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	\$533,478
Nonmajor Governmental Funds	968,615
Total	<u><u>\$1,502,093</u></u>

Note 20 – Contingencies

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

As of the date of this report, all DEW adjustments for fiscal year 2024 have been finalized.

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2024, if applicable, cannot be determined at this time.

Litigation

The School District is not currently party to any pending litigation.

Note 21 – Subsequent Event

On July 17, 2024, the School District approved the issuance of bond anticipation notes, not to exceed \$24,000,000, for the purpose of school improvements. The notes carry an interest rate of 4.5 percent.

On July 17, 2024, the School District approved the issuance of general obligation bonds, not to exceed \$100,000,000, for the purpose of school improvements. The bonds carry an interest rate of 5.0 percent.

Kings Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

On September 4, 2024, the School District approved a contract with SHP for district wide improvements in the amount of \$10,692,325.

Kings Local School District
Required Supplementary Information

Kings Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2024	2023	2022	2021
School District's Proportion of the Net Pension Liability	0.24863390%	0.24413550%	0.23866720%	0.24125540%
School District's Proportionate Share of the Net Pension Liability	\$13,738,304	\$13,204,747	\$8,806,126	\$15,957,141
School District's Covered Payroll	\$9,873,157	\$8,836,200	\$8,240,086	\$7,882,107
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	139.15%	149.44%	106.87%	202.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
0.23457500%	0.22501710%	0.23089600%	0.23392440%	0.22576180%	0.22517800%
\$14,035,034	\$12,887,147	\$13,795,526	\$17,121,108	\$12,882,188	\$11,396,130
\$8,090,356	\$7,719,993	\$6,743,986	\$7,947,679	\$6,876,502	\$6,562,771
173.48%	166.93%	204.56%	215.42%	187.34%	173.65%
70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

Kings Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Eight Fiscal Years (1)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
School District's Proportion of the Net OPEB Liability	0.25668860%	0.24867940%	0.24498400%	0.25046800%
School District's Proportionate Share of the Net OPEB Liability	\$4,228,804	\$3,491,485	\$4,636,523	\$5,443,488
School District's Covered Payroll	\$9,873,157	\$8,836,200	\$8,240,086	\$7,882,107
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	42.83%	39.51%	56.27%	69.06%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%	18.17%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.24009090%	0.22884140%	0.23408220%	0.23676900%
\$6,037,781	\$6,348,679	\$6,282,151	\$6,748,792
\$8,090,356	\$7,719,993	\$6,743,986	\$7,947,679
74.63%	82.24%	93.15%	84.92%
15.57%	13.57%	12.46%	11.49%

Kings Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2024	2023	2022	2021
School District's Proportion of the Net Pension Liability	0.204895180%	0.207938510%	0.213205219%	0.210593020%
School District's Proportionate Share of the Net Pension Liability	\$44,124,050	\$46,224,993	\$27,260,204	\$50,956,018
School District's Covered Payroll	\$27,947,286	\$26,929,057	\$26,552,414	\$26,007,157
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	157.88%	171.65%	102.67%	195.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.00%	78.90%	87.80%	75.50%

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
0.209316370%	0.203648720%	0.195062900%	0.194807630%	0.182815860%	0.183813520%
\$46,289,057	\$44,777,779	\$46,337,610	\$65,207,987	\$50,524,959	\$44,709,810
\$24,727,843	\$23,354,407	\$21,300,264	\$21,251,257	\$19,834,907	\$18,820,086
187.19%	191.73%	217.54%	306.84%	254.73%	237.56%
77.40%	77.30%	75.30%	66.80%	72.10%	74.70%

Kings Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
School Teachers Retirement System of Ohio
Last Eight Fiscal Years (1)

	2024	2023	2022	2021
School District's Proportion of the Net OPEB Liability (Asset)	0.204895180%	0.207938510%	0.213205219%	0.210593020%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$3,984,928)	(\$5,384,220)	(\$4,495,257)	(\$3,701,168)
School District's Covered Payroll	\$27,947,286	\$26,929,057	\$26,552,414	\$26,007,157
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	(14.26%)	(19.99%)	(16.93%)	(14.23%)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	168.50%	230.70%	174.70%	182.10%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.209316370%	0.203648720%	0.195062900%	0.194807630%
(\$3,466,782)	(\$3,272,427)	\$7,610,634	\$10,418,363
\$24,727,843	\$23,354,407	\$21,300,264	\$21,251,257
(14.02%)	(14.01%)	35.73%	49.02%
174.70%	176.00%	47.10%	37.30%

Kings Local School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2024	2023	2022	2021	2020
Net Pension Liability					
Contractually Required Contribution	\$1,551,179	\$1,382,242	\$1,237,068	\$1,153,612	\$1,103,495
Contributions in Relation to the Contractually Required Contribution	<u>(1,551,179)</u>	<u>(1,382,242)</u>	<u>(1,237,068)</u>	<u>(1,153,612)</u>	<u>(1,103,495)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
School District Covered Payroll (1)	\$11,079,850	\$9,873,157	\$8,836,200	\$8,240,086	\$7,882,107
Pension Contributions as a Percentage of Covered Payroll	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>
Net OPEB Liability					
Contractually Required Contribution (2)	\$189,147	\$192,195	\$157,536	\$152,241	\$161,463
Contributions in Relation to the Contractually Required Contribution	<u>(189,147)</u>	<u>(192,195)</u>	<u>(157,536)</u>	<u>(152,241)</u>	<u>(161,463)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
OPEB Contributions as a Percentage of Covered Payroll	<u><u>1.71%</u></u>	<u><u>1.95%</u></u>	<u><u>1.78%</u></u>	<u><u>1.85%</u></u>	<u><u>2.05%</u></u>
Total Contributions as a Percentage of Covered Payroll (2)	<u><u>15.71%</u></u>	<u><u>15.95%</u></u>	<u><u>15.78%</u></u>	<u><u>15.85%</u></u>	<u><u>16.05%</u></u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) These amounts include Surcharge.

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015
\$1,092,198	\$1,042,199	\$944,158	\$1,112,675	\$906,323
<u>(1,092,198)</u>	<u>(1,042,199)</u>	<u>(944,158)</u>	<u>(1,112,675)</u>	<u>(906,323)</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$8,090,356	\$7,719,993	\$6,743,986	\$7,947,679	\$6,876,502
<u><u>13.50%</u></u>	<u><u>13.50%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>13.18%</u></u>
\$185,579	\$164,724	\$126,545	\$118,572	\$174,550
<u>(185,579)</u>	<u>(164,724)</u>	<u>(126,545)</u>	<u>(118,572)</u>	<u>(174,550)</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u><u>2.29%</u></u>	<u><u>2.13%</u></u>	<u><u>1.88%</u></u>	<u><u>1.49%</u></u>	<u><u>2.54%</u></u>
<u><u>15.79%</u></u>	<u><u>15.63%</u></u>	<u><u>15.88%</u></u>	<u><u>15.49%</u></u>	<u><u>15.72%</u></u>

Kings Local School District
Required Supplementary Information
Schedule of the School District's Contributions
School Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2024	2023	2022	2021	2020
Net Pension Liability					
Contractually Required Contribution	\$4,028,517	\$3,912,620	\$3,770,068	\$3,717,338	\$3,641,002
Contributions in Relation to the Contractually Required Contribution	<u>(4,028,517)</u>	<u>(3,912,620)</u>	<u>(3,770,068)</u>	<u>(3,717,338)</u>	<u>(3,641,002)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
School District Covered Payroll	\$28,775,121	\$27,947,286	\$26,929,057	\$26,552,414	\$26,007,157
Pension Contributions as a Percentage of Covered Payroll	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>
Net OPEB Liability					
Contractually Required Contribution	\$0	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
OPEB Contributions as a Percentage of Covered Payroll	<u><u>0.00%</u></u>	<u><u>0.00%</u></u>	<u><u>0.00%</u></u>	<u><u>0.00%</u></u>	<u><u>0.00%</u></u>
Total Contributions as a Percentage of Covered Payroll	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015
\$3,461,898	\$3,269,617	\$2,982,037	\$2,975,176	\$2,776,887
<u>(3,461,898)</u>	<u>(3,269,617)</u>	<u>(2,982,037)</u>	<u>(2,975,176)</u>	<u>(2,776,887)</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$24,727,843	\$23,354,407	\$21,300,264	\$21,251,257	\$19,834,907
<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>
 \$0	 \$0	 \$0	 \$0	 \$0
<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u><u>0.00%</u></u>	<u><u>0.00%</u></u>	<u><u>0.00%</u></u>	<u><u>0.00%</u></u>	<u><u>0.00%</u></u>
<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>

Kings Local School District

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2024

Net Pension Liability

Changes in Terms/Assumptions – SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used. For 2021, the cost-of living adjustment was reduced from 2.5 percent to 2 percent. For 2023 and 2024, the cost-of-living adjustment was increased from 2 percent to 2.5 percent.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning in 2022, amounts reported use mortality rates based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts report for 2017 through 2021 use mortality rates that are 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. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented below:

Kings Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	Varies by Service from 2.5 percent to 8.5 percent	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	See Below	See Below	See Below
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring after August 1, 2013, or later, COLA commences on fifth anniversary of retirement date.

Investment rate of return:

Fiscal Years 2022 through 2024	7.00 percent, net of investment expenses, including inflation
Fiscal Years 2018 through 2021	7.45 percent, net of investment expenses, including inflation
Fiscal Year 2017 and prior	7.75 percent, net of investment expenses, including inflation

Beginning with fiscal year 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Kings Local School District

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2024

Changes in Benefit Term – STRS Pension

For 2024, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

Net OPEB Liability

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:

Fiscal year 2024	3.86 percent
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation

Fiscal year 2024	4.27 percent
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Kings Local School District

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2024

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. 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. 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 discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

For fiscal year 2023, the projected salary increases were changed from age based to service based. Healthcare trends were updated to reflect emerging claims and recoveries experience.

Changes in Benefit Terms – STRS OPEB

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent 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 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent 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.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020, to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020, from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021, to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

Kings Local School District

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2024

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

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience.

For fiscal year 2024, healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

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SUPPLEMENTARY INFORMATION

KINGS LOCAL SCHOOL DISTRICT
WARREN COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	TOTAL EXPENDITURES OF FEDERAL AWARDS
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	2023	\$ 91,582
School Breakfast Program	10.553	2024	<u>194,315</u>
Total School Breakfast Program			<u>285,897</u>
National School Lunch Program	10.555	2023	468,006
COVID-19 - National School Lunch Program - CN FOOD PRO SUPPLY	10.555	COVID-19, 2024	<u>154,395</u>
National School Lunch Program	10.555	2024	861,133
National School Lunch Program - Food Donation	10.555	2024	<u>203,695</u>
Total National School Lunch Program			<u>1,687,229</u>
Total Child Nutrition Cluster			<u>1,973,126</u>
Total U.S. Department of Agriculture			<u>1,973,126</u>
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through the Ohio Office of Budget and Management</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - School Safety Round #5	21.027	COVID-19	74,000
Total U.S. Department of Treasury			<u>74,000</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2023	30,491
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2024	<u>329,184</u>
Total Title I Grants to Local Educational Agencies			<u>359,675</u>
Special Education Cluster (IDEA)			
Special Education-Grants to States (IDEA, Part B)	84.027A	84.027A, 2023	56,331
Special Education-Grants to States (IDEA, Part B)	84.027A	84.027A, 2024	<u>1,147,814</u>
Total Special Education-Grants to States (IDEA, Part B)			<u>1,204,145</u>
Special Education-Preschool Grants (IDEA Preschool)	84.173A	84.173A, 2024	<u>22,981</u>
Total Special Education Cluster (IDEA)			<u>1,227,126</u>
English Language Acquisition State Grants - Title III - Immigrant	84.365A	84.365A, 2023	3,709
English Language Acquisition State Grants - Title III - Language Instruction for English Learners	84.365A	84.365A, 2023	<u>1,370</u>
English Language Acquisition State Grants - Title III - Immigrant	84.365A	84.365A, 2024	19,667
English Language Acquisition State Grants - Title III - Language Instruction for English Learners	84.365A	84.365A, 2024	<u>53,491</u>
Total English Language Acquisition State Grants - Title III			<u>78,237</u>
Supporting Effective Instruction State Grants	84.367A	84.367A, 2023	11,988
Supporting Effective Instruction State Grants	84.367A	84.367A, 2024	<u>78,854</u>
Total Supporting Effective Instruction State Grants			<u>90,842</u>
Student Support and Academic Enrichment Program	84.424A	84.424A, 2023	5,000
Student Support and Academic Enrichment Program	84.424A	84.424A, 2024	<u>22,461</u>
Total Student Support and Academic Enrichment Program			<u>27,461</u>
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	COVID-19, 84.425U, 2023	91,370
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	COVID-19, 84.425U, 2024	<u>165,010</u>
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund - State Activity Supplement	84.425U	COVID-19, 84.425U, 2024	<u>766,737</u>
Total Education Stabilization Fund (ESF)			<u>1,023,117</u>
Total U.S. Department of Education			<u>2,806,458</u>
Total Expenditures of Federal Awards			<u>\$ 4,853,584</u>

The accompanying notes are an integral part of this schedule.

**KINGS LOCAL SCHOOL DISTRICT
WARREN COUNTY, OHIO**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR § 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Kings Local School District under programs of the federal government for the fiscal year ended June 30, 2024 and is prepared in accordance with the cash basis of accounting. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Kings Local School District, it is not intended to and does not present the financial position, or changes in net position of the Kings Local School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited as to reimbursement.

NOTE 2 – DE MINIMIS COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The Kings Local School District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – CHILD NUTRITION CLUSTER

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

NOTE 4 – FOOD DONATION PROGRAM

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

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Kings Local School District
Warren County
1797 King Avenue
Kings Mills, Ohio 45034

To the Members of the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kings Local School District, Warren County, Ohio, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Kings Local School District's basic financial statements, and have issued our report thereon dated December 18, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Kings Local School District

Warren County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Julian & Grube, Inc." The signature is fluid and cursive, with a slight flourish at the end of "Grube".

Julian & Grube, Inc.

December 18, 2024

**Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Kings Local School District
Warren County
1797 King Avenue
Kings Mills, Ohio 45034

To the Members of the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Kings Local School District's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Kings Local School District's major federal programs for the fiscal year ended June 30, 2024. The Kings Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

In our opinion, the Kings Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Kings Local School District
Warren County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Kings Local School District
Warren County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

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

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

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

Julian & Grube, Inc.

Julian & Grube, Inc.
December 18, 2024

**KINGS LOCAL SCHOOL DISTRICT
WARREN COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024**

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unmodified
(d)(1)(ii)	<i>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	None Reported
(d)(1)(iii)	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material weaknesses in internal control reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	None Reported
(d)(1)(v)	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
(d)(1)(vi)	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
(d)(1)(vii)	<i>Major Program(s) (listed):</i>	Education Stabilization Fund (ALN 84.425)
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type A: \$750,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE KEITH FABER



KINGS LOCAL SCHOOL DISTRICT

WARREN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/12/2025

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

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