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Communications to Those Charged with Governance

Members of the Audit Committee and Board of Directors
Kenton County School District
Kentucky

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kenton County School District for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 14, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Kenton County School District are described in Note B to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the 2024 fiscal year. We noted no transactions entered into by Kenton County School District during the year for which there is a lack of authoritative guidance or consensus. All transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were as follows:

- The estimated liability for accrued sick leave is based on the amount of accumulated sick leave as of June 30, 2024 and the historical trends as to how much of this accumulated sick leave will actually be paid to employees. We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the district-wide financial statements taken as a whole.

- The estimated net pension liability, net other post-employment benefits (“OPEB”) liability and related deferred inflows and outflows is based upon audited information reported for TRS and CERS pension and OPEB plans. We evaluated the reports and determined they are reasonable in relation to the district-wide financial statements taken as a whole.
- Management’s estimate of the lives of its property and equipment is based on prior experience with the various property and equipment and is consistent with others within the industry. We evaluated the key factors and assumptions used to develop the estimated lives of its property and equipment in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit’s financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 14, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis (Unaudited), budgetary comparison information, and the pension and OPEB liability and contribution information, which are required supplementary information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of members of the Audit Committee, the Board of Directors, and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

L B M C, P C

Louisville, Kentucky
November 14, 2024

Financial Statements and Reports
Required by the Single Audit Act

Kenton County School District

June 30, 2024

**KENTON COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS
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Independent Auditors' Report

Members of the Board
Kenton County School District
Fort Wright, Kentucky

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenton County School District (the "District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Kenton County 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, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue

as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 GAAS, *Government Auditing Standards* and *Kentucky Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee For School District Audits 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 GAAS, *Government Auditing Standards*, and *Kentucky Public School Districts' Audit Contract and Requirements*, we:

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

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

Required Supplementary Information

GAAP requires that the Management's Discussion and Analysis (Unaudited) on pages 4 through 14, budgetary comparison information on pages 64 through 65, bond and interest redemption funds on page 66, and the pension and other postemployment benefits liability and contributions information on pages 67 through 81 be presented to supplement the basic financial statements. Such information, 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 GAAS, which consisted of inquiries of

management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. Schedules of School Activity Funds on pages 82 through 85, the combining supplementary information on pages 82 through 85, and Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* on pages 86 through 88, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related 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 statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the 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 November 14, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

L B M C, P C

Louisville, Kentucky
November 14, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024
Unaudited**

As management of the Kenton County School District (the "District"), we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

DISTRICT BACKGROUND

Kenton County Schools served 14,018 enrolled students in Preschool through twelfth grade during the 2024 fiscal year through 19 schools including 3 high schools, a technology academy, 4 middle schools and 11 elementary schools. All students received full day instruction in a variety of academic programs.

The District is committed to providing a world class education ensuring ALL students are transition ready and prepared for the 21st century economy. District goals include a student transition readiness rate of 100% at each grade level and a 96.25% school attendance rate. Fiscal operations focus on providing resources that improve learning in a measurable way over time. Investing in high-quality resources in all areas of District operations provides students with a world class education in safe and inviting learning environments.

The Community Based Accountability System management tool implemented in 2022 continues to grow and identify areas of efficiency and effectiveness in District academic and support operations. Quarterly metrics provide progress in each pillar area to the stakeholders and committees. Collaborative analysis completed each quarter identifies the current status and adjustments that are needed to achieve each pillar's goals and objectives. Every major area of the District is included in this endeavor.

Resource additions including expanded technology for each teacher and student, new classroom resources in reading, literacy and mathematics, professional development for teachers coupled with measurements of student academic progress throughout the year, targeted remediation and social/emotional awareness all contribute to the holistic approach of learning adopted by the District. Academic growth and proficiency is measured each year in several ways. The 2024 school year was another successful year for students and their accomplishments included the following:

- Overall school performance on the 2024 KY Summative Assessment in the second highest category for each aggregate school level, elementary, middle and high
- A high percentage of students performing at or above Proficient and Distinguished and above the state average
- ACT average is above the state in all content areas and the overall composite score
- Four year graduation rate increased by 2.3 % to 97.9% in 2024
- Post-secondary readiness increased 15% over the last two years to reach 95.6%
- Increased student participation in extra and co-curricular activities in 2024

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024
Unaudited (Continued)**

FINANCIAL HIGHLIGHTS

Net Position increased \$26.9 million reflecting an increase in annual tax revenue and earnings on investments.

Total Revenues were \$204 million for the year. General revenues accounted for \$170 million, 83 percent of the total, while program specific revenues, in the form of charges for services and sales, grants, and contributions, accounted for \$34 million or 17 percent of total revenues. The District incurred \$177 million in total expenses.

Governmental Fund Revenues were \$195.5 million with \$149 million accounted for in the General Fund. Local tax revenues increased to \$86.5 million while state SEEK revenues decreased by \$4 million. Federal grant program revenue collections increased \$1.6 million due to collection of expiring Coronavirus Response & Relief grants.

Governmental Fund Expenditures totaled \$218.6 million during 2024 with General Fund expenses comprising \$141 million of that total. All District schools delivered instruction in-person for the entire school year.

The General Fund ended the year with a reserve balance of \$41.7 million which represents 23% of the non-construction budget for the year. \$25.6 million of the \$62.9 million Total Fund Balance is either restricted or committed to capital/construction projects or operating obligations. The Unassigned Fund Balance at the end of the year is \$37.3 million.

District facility activity during 2024 included the final phases on the addition/renovation to Scott High School, safety and security enhancements and building renovation projects for five schools to address student population needs and eliminate temporary classroom facilities. In addition, construction work began on the new Transportation and Operations Support building and site preparation on the central office building project.

School Revenue Bonds were issued in July, 2023 for \$34.95 million to finance the construction of the Support Operations Facility.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) district-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide financial statements. The District-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. This financial perspective is provided via the Statement of Net position and the Statement of Activities.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Net Position is one indication of financial health and position to support future operations. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other non-financial factors, such as changes in the District's property tax base and the condition of school facilities, also contribute to evaluating the District's overall financial position.

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024
Unaudited (Continued)**

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, the revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods.

The District-wide financial statements are divided into two categories, governmental activities and business-type activities. Governmental activities include functions of the District that are principally supported by property taxes and intergovernmental revenues and include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt are also supported by taxes and intergovernmental revenues. Business-type activities are those that charge a fee to assist in covering the cost of the service. Food Service is the only business-type activity reported in these financial statements.

The district-wide financial statements can be found on pages 15 and 16 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary fund is food service operations. All other activities of the District are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 17 through 24 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 60 of this report.

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024
Unaudited (Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS

Net Position for the periods ended June 30, 2024 and 2023

The following is a summary of net position for the fiscal years ended June 30, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Current assets	\$ 79,316,538	\$ 67,400,708
Noncurrent assets	<u>321,981,026</u>	<u>295,524,354</u>
Total assets	<u>401,297,564</u>	<u>362,925,062</u>
 Deferred outflows	 <u>33,848,372</u>	 <u>41,467,650</u>
 Current liabilities	 31,663,854	 30,414,650
Noncurrent liabilities	<u>286,839,097</u>	<u>299,381,452</u>
Total liabilities	<u>318,502,951</u>	<u>329,796,102</u>
 Deferred inflows	 <u>45,683,386</u>	 <u>30,569,077</u>
 Net position		
Investment in capital assets (net of debt)	87,686,992	80,338,313
Restricted	20,378,768	12,297,092
Unrestricted	<u>(37,106,161)</u>	<u>(48,607,872)</u>
 Total net position	 <u><u>\$ 70,959,599</u></u>	 <u><u>\$ 44,027,533</u></u>

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024
Unaudited (Continued)**

Due to state pension plan and OPEB liabilities reflected on the District's balance sheet, Net Position may not be the best indicator of a government's financial position. In the case of the District, assets plus deferred outflows exceeded liabilities plus deferred inflow of resources by \$70.9 million as of June 30, 2024. Unrestricted Net Position is (\$37.1) million which includes the recognition of the District's proportionate share of the pension and other post-employment benefits (OPEB) liabilities at year end. Without the effect of the pension and OPEB net liabilities, unrestricted net position would be approximately \$43.8 million. See notes 8 and 9 in the Notes to the Financial Statements.

The pension and OPEB liabilities are related to the state pension funds which are legislated and controlled by the state of KY and at this time are not fully funded. Fully funding the state's pension and benefit plans is a recurring agenda item for the KY legislature. Future remedies may include changes to benefit calculations, employee and/or employer contribution rates and investment strategies. The District has always paid its entire employer contribution based on the rates enacted by each pension body.

Capital Assets

The largest portion of the District's net position resides in its investment in capital assets, which include land, buildings and improvements, vehicles, furniture and equipment, and construction in progress, less any related outstanding debt. These capital assets enable the District to provide high-quality services and facilities to students and the community. However, it's important to note that these assets are not liquid and cannot be converted directly to cash for debt repayment. As a result, the resources required to service this debt must come from other funding sources.

One major capital improvement is the comprehensive renovation at Scott High School. This multi-year project which reached substantial completion in July 2024, has enhanced all areas of the facility, including classroom spaces, the auditorium, gymnasium, and natatorium. As the only high school with a pool facility in Northern Kentucky, the 440-seat natatorium hosts regional and state swimming and diving meets. It also supports community organizations such as police and fire departments, JROTC, and lifeguard training, as well as open swims, increasing its value as a community resource.

The District has also taken steps to improve operational flow and address space needs at RC Hinsdale Elementary. In 2024, the District acquired three properties near the school to address circulation issues and increase parking capacity. These purchases, totaling \$1.6 million, were funded without additional bonds by utilizing investment earnings, a building fund transfer, and surplus funds from a previous project.

Construction also continues on the Support Operations Facility, which will house a bus garage, maintenance workshop, District storage, technology department workspaces, and support department offices. Revenue Bonds totaling \$34.95 million were issued in July 2023 to fund this facility, which is expected to be operational by early 2025.

Another significant project is the new central office building, a ground-up construction scheduled for completion in 2026. The District has leased its current office space from the Sanitation District for 21 years, and this new facility will provide dedicated administrative offices, meeting rooms, a public training room, virtual learning classrooms, and records storage. Revenue Bonds of \$24.99 million were secured to fund this project, reinforcing the District's commitment to operational efficiency and strategic growth.

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024
Unaudited (Continued)**

Due to high demand and supply chain delays, school buses ordered in 2023 were delivered in the 2024 school year. The District added nine new buses through the Kentucky Intermodal School Transportation System ("KISTA") bond program. This order included eight 84-passenger buses, enhancing route efficiency by replacing 72-passenger buses. Additionally, the District added two special needs buses funded through grant support.

Debt

As of June 30, 2024, the District had \$224.9 million in outstanding bonds, which are serviced through the Debt Service Fund. The Kentucky School Facility Construction Commission ("KSFCC") contributes to servicing a portion of this debt, totaling \$16.6 million. Further details on debt service can be found in Note 17 of the Financial Statements.

The District also continues to participate in the KISTA bus lease/purchase program, approved by the Board, which provides a cost-effective approach to managing transportation needs. Total KISTA debt outstanding as of June 30, 2024, is \$6.12 million, representing a reduction of over \$1.4 million from the previous year. This debt, which is managed through the General Fund, illustrates the District's commitment to maintaining efficient and sustainable transportation resources.

In accordance with Government Accounting Standards Board ("GASB") Statement No. 96 on *Subscription-Based Information Technology Arrangements* ("SBITA"), the District has reviewed its technology subscriptions to ensure compliance with proper classification standards. These subscription-based assets and liabilities are presented in the district-wide financial statements, with further details provided in Notes 20 and 21 of the Financial Statements.

Lease obligations have been recorded in accordance with Government Accounting Standards Board ("GASB") Statement No. 87 as the district entered into a four year lease agreement for technology assets in 2024. The right-to-use assets and liabilities are presented in the district-wide financial statements, with further details provided in Notes of the Financial Statements.

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024
Unaudited (Continued)**

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2024 and 2023.

	2024	2023
Revenues		
Program revenues		
Charges for services	\$ 2,694,688	\$ 2,480,611
Operating grants	25,572,871	23,907,150
Capital grants	5,797,002	7,458,431
Total grant revenues	<u>34,064,561</u>	<u>33,846,192</u>
General Revenues		
Taxes	86,536,390	82,478,095
Grants and entitlements	78,306,381	87,266,668
Earnings on investments	4,561,165	2,711,652
Miscellaneous	706,541	2,725,221
Total general revenues	<u>170,110,477</u>	<u>175,181,636</u>
Total revenues	204,175,038	209,027,828
Expenses		
Instructional	97,469,674	98,323,036
Student support services	10,566,719	11,731,506
Staff support	6,488,577	9,885,743
District administration	2,795,187	2,788,237
School administration	10,086,729	11,927,527
Business support	3,578,768	4,234,266
Plant operations	20,841,300	23,732,938
Student transportation	9,322,019	9,370,263
Food service operation	7,229,470	7,067,927
Other	1,358,474	2,346,309
Interest on long-term debt	7,506,055	6,329,038
Total expenses	<u>177,242,972</u>	<u>187,736,790</u>
Change in net position	<u>\$ 26,932,066</u>	<u>\$ 21,291,038</u>

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024
Unaudited (Continued)**

Governmental Activity

All District activities operated on normal schedules in 2024 and schools delivered instruction in-person for the entire school year while student attendance returned to more normal levels.

Funding from the American Rescue Plan covered increased costs related to increased staffing and instruction to address learning loss experienced in the previous three years.

Governmental Revenues experienced a \$4.1 million increase in property taxes and \$1.7 million increase in interest revenue in 2024. Property tax collections rose due to property value increases in the county. Real estate, franchise and motor vehicle all reflected an increase in tax base. State SEEK revenue decreased \$4.0 million due to the local tax effort adjustment related to the tax base increase and a decrease in funded student attendance. State facilities revenue match decreased by \$2.2 million while the state On-behalf decreased by \$7.2 million compared to 2023. Federal collections from relief funds were also lower as these grants near expiration.

Total expenses reflected a decrease of \$17.8 million and reflects the decrease in On-behalf, federal relief and construction project expenditures. Certified and classified salary schedules increased 2.5% to retain and attract staff. With the increase in revenue and bond proceeds, the 2024 fiscal year ended by adding \$11.7 million to Total Fund Balance from current year activities.

Business-Type Activity

The only business-type activity of the District is the food service operation. This program experienced revenues of \$8.5 million and expenditures of \$7.6 million during fiscal year 2024. USDA breakfast and lunch meal reimbursement revenue was \$5.9 million in 2024, an increase of \$452,000. Expenditures also increased as some food items were unavailable and were replaced with higher cost items. Certainly food costs continued to be affected by inflation during 2024 which is expected in the 2025 school year. The 2024 fiscal year ended adding \$862 thousand to net position.

The Food Service Program continues to offer students excellent nutrition through a variety of breakfast and lunch meal choices. Meals are prepared and served each school day and several weeks during summer instructional programs. The food service operation is self-operating and funded without assistance from the General Fund. The business activity receives no support from tax revenues.

In accordance with Implementation of Government Accounting Standards Board Statement No. 68, *Accounting and Reporting for Pensions*, and Government Accounting Standards Board Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other than OPEBs*, food service financial results include provisions for deferred outflows and inflows related to both the state net pension and postemployment benefits other than OPEBs liabilities.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. Fund financial statements are included on pages 17 – 24. The District accounts include eight different funds with the General Fund reflecting the most activity. Total governmental fund revenues, including on-behalf payments, were \$195.5 million with expenditures of \$218.6 million.

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024
Unaudited (Continued)**

Government Fund tax revenues increased by \$4.0 million in 2024 due to increased property and motor vehicle valuations in Kenton County. Both the General and Building Fund reflected this increase. District and Student Activity Funds also experienced increased revenue activity as extra and co-curricular events returned to the weekly school agendas. Federal grant reimbursements increased by \$1.7 million in 2024 accounting for 7% of government collected revenue. State SEEK and grant funding decreased by \$4.0 million comprising 20% of 2024 government fund collected revenue. The District's property tax base remains strong and increased by \$923 million (9.0%) providing a stable source of operating revenue. The distribution of government fund revenues is approximately 51% from state/federal sources and 49% generated from local sources.

Government Fund expenditures totaled \$218.6 million, a decrease of \$17.7 million from 2023. General Fund expenditures decreased \$8.4 million as no new buses were ordered in 2024 and the annual On-behalf payments decreased by \$7.0 million in 2024. Salary and benefit costs increased \$1.9 million reflecting a 2.5% increase in the salary schedules and the experience step rate increase of approximately 1.3%. Salary and benefits cost represent approximately 85% of the General Fund expenditures each year. The District is committed to hiring and retaining the most qualified personnel. The current compensation schedule is competitive with other Northern Kentucky Districts as well as Ohio and Indiana. This has helped attract highly qualified applicants and retain staff who have been trained by the District. Special Revenue expenditures rose \$1.9 million to fund instructional programs and sessions to address student learning loss and social/emotional needs. The majority of this increase occurred in federal grants. Construction expenditures were \$12 million lower as multiple capital improvement projects were in their final year of completion.

The General Fund ended the year with a fund balance at June 30, 2024 of \$41.7 million. This fund receives approximately 94% of annual cash revenue from local taxes and state SEEK revenue which can vary with the local economic environment and state budget issues. The fund balance will be critical in maintaining instructional programs and facilities as state funding priorities could shift given the current status of the state pension funding deficiencies.

The Special Revenue Fund expended and received \$7.9 million from federal Coronavirus Relief Acts. The funds paid for additional instruction programs after school and during the summer months as well as PPE, health supplies and student technology devices. Some of these federal funds will continue to be available through September, 2024.

BUDGETARY IMPLICATIONS

The District's budget is prepared according to Kentucky 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. By law, this fund budget must include a minimum 2% contingency. The Board adopted a 2024 working budget with \$26 million in contingency (20%). The 2024 General Fund budget is included in the Supplementary Information section of this report. It should be noted that state on-behalf revenues and expenditures of \$36.3 million are not budgeted but are included in the actual results column of the report.

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024
Unaudited (Continued)**

For the General Fund, total budgeted revenues and other financing sources were \$112 million and actual revenues, excluding on-behalf payments were \$114.4 million. General Fund budgeted expenditures, excluding contingency, were \$117 million while actual expenditures, excluding on-behalf totaled \$108 million. The favorable variances in actual revenue and expenditures resulted in the addition of \$6.4 million to the fund balance at the end of the year.

On-Behalf Payments

The District recorded on-behalf payments in the General Fund in 2024 totaling \$36.3 million and \$572 thousand in the District Academy Fund as required by KDE. On-behalf payments represent amounts paid on behalf of the Kenton County School District by the Commonwealth of Kentucky for employee health insurance, Teachers' Retirement, post-employment benefits and technology services. These revenues and expenditures are not budgeted but are required to be reflected in the annual financial fund reports as a revenue and expenditure. As a result, it should be noted that large variances between budgeted and actual amounts for the General Fund are the result of this inconsistency.

CURRENT ISSUES

District operations and schedules were normal during the 2024 school year however the effects of the health emergency remain evident in student achievement, social and emotional areas. Expanded learning opportunities and programs that began in 2022 to address student learning loss have been incorporated into the daily instruction process and will continue as needed. Funding from the American Rescue Plan provided support during the 2024 school year and will shift to other grant or general funding sources over the next two years.

The local economy is active which creates a challenging environment to attract workers. The District experienced staffing shortages in several positions such as substitute teacher, custodian, food service and bus drivers. The state is also experiencing a shortage of classroom teachers since fewer students are entering college teacher preparation programs. Compensation plans, certification alternatives and aggressive recruiting of certified teachers are helping fill vacancies and maintain effective instruction and district operations. Certain measures were passed by the 2024 General Assembly to address the state wide teacher and other personnel shortages experienced by all Ky school districts. The district continues to experience rising utility, food and service costs due to inflation, the same as any other business in the nation. Fortunately, the property tax base continues to provide adequate tax revenue to offset the expected cost increases.

The KY General Assembly raised the SEEK revenue to \$4,326 and \$4,586 per student for 2025 and 2026 respectively and increased funding for student transportation and school resource officers. The District has been providing full day instruction for Kindergarten students since 2019 and added full day Preschool instruction in 2022. The state currently funds Preschool half-day. The SEEK process continues to redistribute revenue via the 30 cent adjustment process so districts in areas of rising property values do not retain the benefit of all local tax revenue increases.

State operating grants provide funding for specialized instructional and safety programs. These include Extended School Services, Preschool, Safe Schools, Read To Achieve, Family Resource Centers, and Ky Education Technology programs. The state revenue projections indicate that these programs will continue to be funded. Federal Title I and IDEA remain steady resources to supplement instruction for special student populations and schools.

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024
Unaudited (Continued)**

Capital improvements to existing school buildings and new construction continue throughout the District and have been primarily funded with lease revenue bonds. The 2024 General Assembly authorized school districts to issue general obligation bonds to fund future construction projects in order to benefit from market interest rates. This option was utilized on the August, 2024 bond issue which was issued at a premium. The District continues to participate in an annual financial review with Moody's rating service to secure a specific district issuer rating.

The financial position of the state's pension plans continues to affect the District's financial obligations. Both the Teachers' Retirement and County Employees Retirement Systems are underfunded at this time. The District has always paid its required contribution as determined by the plans. In accordance with the requirements of Governmental Accounting Standards Board Statements 68 and 75, the District has recorded its proportionate share of certain financial aspects of the pension plans in which its employees participate.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Questions about this report or additional financial information needs should be directed to Dr. Henry Webb, Superintendent, or Ms. Susan Bentle, Treasurer, at 859-344-8888, or by mail at 1055 Eaton Drive, Fort Wright, Kentucky 41017.

DISTRICT-WIDE FINANCIAL STATEMENTS

KENTON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities	Business-type Activities	TOTAL
Assets			
Cash and cash equivalents	\$ 30,211,159	\$ 4,844,714	\$ 35,055,873
Investments	39,847,726		39,847,726
Accounts receivable	3,988,135	91,386	4,079,521
Lease deposit	36,298		36,298
Inventories	139,055	158,065	297,120
SBITA assets, net of amortization	1,150,824		1,150,824
Leased assets, net of depreciation	1,233,257		1,233,257
Land and other nondepreciable assets	33,743,934		33,743,934
Capital assets, net of accumulated depreciation	285,086,776	766,235	285,853,011
Total Assets	\$ 395,437,164	\$ 5,860,400	\$ 401,297,564
Deferred Outflows of Resources			
Deferred savings from refunding bonds	\$ 1,294,728		\$ 1,294,728
Deferred Outflows from Pension Contributions	10,490,649	\$ 1,235,988.00	11,726,637
Deferred Outflows from OPEB Contributions	20,350,608	476,399	20,827,007
Total Deferred Outflows	\$ 32,135,985	\$ 1,712,387	\$ 33,848,372
Liabilities			
Accounts payable	\$ 9,804,488	\$ 152,942	\$ 9,957,430
Accrued interest payable	2,178,853		2,178,853
Accrued liabilities	947,594	4,128	951,722
Unearned revenue	499,817	64,326	564,143
Net pension liability	38,970,390	4,591,414	43,561,804
Net OPEB liability (asset)	24,275,762	(61,064)	24,214,698
Current maturities of			
School building revenue bonds	15,470,000		15,470,000
Equipment finance obligations	1,250,781		1,250,781
SBITA liabilities	500,983		500,983
Leased asset liability	789,942		789,942
Long-term maturities of			
School building revenue bonds	211,707,148		211,707,148
Equipment finance obligations	4,872,525		4,872,525
Compensated absences	1,404,527	81,012	1,485,539
SBITA liabilities	578,559		578,559
Leased asset liability	418,824		418,824
Total Liabilities	\$ 313,670,193	\$ 4,832,758	\$ 318,502,951
Deferred Inflows of Resources			
Deferred Inflows from Pension Contributions	\$ 9,428,503	\$ 1,110,848	\$ 10,539,351
Deferred Inflows from OPEB Contributions	33,282,520	1,861,515	35,144,035
Total Deferred Inflows	\$ 42,711,023	\$ 2,972,363	\$ 45,683,386
Net Position			
Net investment in capital assets	\$ 86,920,757	\$ 766,235	\$ 87,686,992
Nonspendable fund balance - inventories	139,055		139,055
Restricted for			
Capital projects and construction	19,435,990		19,435,990
Grants and awards	21,909		21,909
District Activities	424,910		424,910
School Activities	1,355,473		1,355,473
Food Service		(998,569)	(998,569)
Unrestricted	(37,106,161)		(37,106,161)
Total Net Position	\$ 71,191,933	\$ (232,334)	\$ 70,959,599

See Accompanying Notes to Financial Statements

**KENTON COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024**

	Total District-wide Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental activities							
Instruction	\$ 97,469,674	\$ 188,693	\$ 17,207,679		\$ (80,073,302)		\$ (80,073,302)
Support Services:							
Student	10,566,719		2,269,728		(8,296,991)		(8,296,991)
Instructional staff	6,488,577				(6,488,577)		(6,488,577)
District administrative	2,795,187				(2,795,187)		(2,795,187)
School administrative	10,086,729				(10,086,729)		(10,086,729)
Business support services	3,578,768				(3,578,768)		(3,578,768)
Plant operation and maintenance	20,841,300	249,077			(20,592,223)		(20,592,223)
Transportation	9,322,019	904,053			(8,417,966)		(8,417,966)
Community services	1,256,229	2,261	198,051		(1,055,917)		(1,055,917)
Other instructional	102,245				(102,245)		(102,245)
Facilities acquisition & construction				\$ 5,212,944	5,212,944		5,212,944
Interest	7,506,055				(7,506,055)		(7,506,055)
Total governmental activities	170,013,502	1,344,084	19,675,458	5,212,944	(143,781,016)		(143,781,016)
Business-type activities							
School food services	7,229,470	1,350,604	5,897,413	584,058		\$ 602,605	602,605
Total business-type activities	7,229,470	1,350,604	5,897,413	584,058		602,605	602,605
Total activities	\$ 177,242,972	\$ 2,694,688	\$ 25,572,871	\$ 5,797,002	\$ (143,781,016)	\$ 602,605	\$ (143,178,411)
General revenues:							
Taxes							
Property taxes					\$ 79,550,577		\$ 79,550,577
Utility taxes					6,985,813		6,985,813
State and federal sources							
SEEK program revenues					37,764,507		37,764,507
On behalf revenues					36,937,950	\$ 461,259	37,399,209
Other state revenues and grants					3,075,272	67,393	3,142,665
Interest and investment earnings					4,379,276	181,889	4,561,165
Gain/(Loss) on disposition of capital asse					87,865	(1,705)	86,160
Miscellaneous					620,381		620,381
Fund Transfer					449,174	(449,174)	
Total general revenues					169,850,815	259,662	170,110,477
Change in net position					26,069,799	862,267	26,932,066
Net position, beginning of year					45,122,134	(1,094,601)	44,027,533
Net position, end of year					\$ 71,191,933	\$ (232,334)	\$ 70,959,599

See Accompanying Notes to Financial Statements

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

KENTON COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	General Fund	Special Revenue Fund	Construction Fund	Total Nonmajor Gov't Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 11,688,798	\$ -	\$ 15,057,623	\$ 3,464,738	\$ 30,211,159
Investments	29,862,063		9,985,663		39,847,726
Inventory	139,055				139,055
Lease Deposit	36,298				36,298
Accounts and grants receivable	1,853,645	2,130,202		4,289	3,988,136
Total Assets	<u>\$ 43,579,859</u>	<u>\$ 2,130,202</u>	<u>\$ 25,043,286</u>	<u>\$ 3,469,027</u>	<u>\$ 74,222,374</u>
Liabilities					
Accounts Payable	\$ 847,161	\$ 1,661,389	\$ 6,185,026	\$ 1,110,913	\$ 9,804,489
Accrued Liabilities	947,594				947,594
Unearned Revenue	31,004	468,813			499,817
Total Liabilities	<u>1,825,759</u>	<u>2,130,202</u>	<u>6,185,026</u>	<u>1,110,913</u>	<u>11,251,900</u>
Fund Balances					
NonSpendable	139,055				139,055
Restricted	21,909		18,858,260	1,933,203	20,813,372
Committed	1,457,905			424,911	1,882,816
Assigned	2,791,099				2,791,099
Unassigned	37,344,132				37,344,132
Total Fund Balances	<u>41,754,100</u>		<u>18,858,260</u>	<u>2,358,114</u>	<u>62,970,474</u>
Total Liabilities and Fund Balances	<u>\$ 43,579,859</u>	<u>\$ 2,130,202</u>	<u>\$ 25,043,286</u>	<u>\$ 3,469,027</u>	<u>\$ 74,222,374</u>

See Accompanying Notes to Financial Statements

**KENTON COUNTY SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2024**

Total Governmental Fund Balances	\$ 62,970,474
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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 as assets in the governmental fund balance sheet.	318,901,992
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Deferred savings from refunding bonds are not financial resources and therefore are not reported as assets in the governmental funds balance sheet.	1,294,728
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Deferred outflows and inflows from pension are not financial resources and therefore are not reported as assets in the governmental funds balance sheet.	1,062,146
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Deferred outflows and inflows from OPEB are not financial resources and therefore are not reported as assets in the governmental funds balance sheet.	(12,931,912)
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Long-term liabilities, including bonds payable, are not due and payable in the government funds balance sheet. Long-term liabilities at year-end consist of:

Bonds & Equipment Finance Payable	(233,275,962)
Accrued Interest - Bonds Payable	(2,178,854)
Compensated Absences	(1,404,527)
Net Pension Liability	(38,970,390)
Net OPEB Liability	(24,275,762)
	(300,105,495)

Net Position of Governmental Activities	\$ 71,191,933
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See Accompanying Notes to Financial Statements

KENTON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Special Revenue Fund	Construction Fund	Total Nonmajor Gov't Funds	Total Governmental Funds
Revenues					
Local sources					
Property taxes	\$ 53,155,926			\$ 18,480,945	\$ 71,636,871
Motor Vehicle taxes	7,913,706				7,913,706
Utilities taxes	6,985,813				6,985,813
Tuition and fees	188,693				188,693
Transportation Revenue	904,053				904,053
Other local revenues	965,351			2,145,028	3,110,379
Grants from local agencies and donors		\$ 70,697		158,424	229,121
State sources					
SEEK program	37,764,507			1,294,950	39,059,457
FSPK program				1,254,090	1,254,090
KSFCC allocation				2,663,904	2,663,904
Other state revenues	37,353,211	4,751,245		572,670	42,677,126
Federal sources	616,063	13,927,712			14,543,775
Interest Income on Investments	3,002,618		\$ 1,323,665	52,992	4,379,275
Total Revenues	148,849,941	18,749,654	1,323,665	26,623,003	195,546,263
Expenditures					
Instruction	82,362,675	13,787,244		4,953,619	101,103,538
Student support services	10,909,613	656,495		419	11,566,527
Instructional staff support services	4,644,410	2,381,345		11,311	7,037,066
District administrative support services	2,924,314	43,357			2,967,671
School administrative support services	10,878,778			382,042	11,260,820
Business support services	3,920,543				3,920,543
Plant operations and maintenance	15,561,013	219,210		52,061	15,832,284
Transportation	8,207,759	437,094		2,110	8,646,963
Community services	50	1,282,441			1,282,491
Educational Specific		102,245			102,245
Building renovations			30,879,372		30,879,372

See Accompanying Notes to Financial Statements

Continued

KENTON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Special Revenue Fund	Construction Fund	Total Nonmajor Gov't Funds	Total Governmental Funds
Expenditures (Continued)					
Debt Service					
Principal	1,409,665			15,750,000	17,159,665
Interest	205,084			6,557,495	6,762,579
Bond issuance costs			135,850		135,850
Total Expenditures	<u>141,023,904</u>	<u>18,909,431</u>	<u>31,015,222</u>	<u>27,709,057</u>	<u>218,657,614</u>
Excess (deficit) of revenues over expenditures	7,826,037	(159,777)	(29,691,557)	(1,086,054)	(23,111,351)
Other financing sources (uses)					
Proceeds of revenue bond sales			34,950,000		34,950,000
Discount on bonds sold			(620,835)		(620,835)
Proceeds from sale of assets	87,865				87,865
Proceeds from capital equipment financing					-
Transfers in	1,847,565	263,217	1,195,715	22,152,115	25,458,612
Transfers out	<u>(3,368,628)</u>	<u>(103,440)</u>	<u> </u>	<u>(21,537,370)</u>	<u>(25,009,438)</u>
Total other financing sources (uses)	<u>(1,433,198)</u>	<u>159,777</u>	<u>35,524,880</u>	<u>614,745</u>	<u>34,866,204</u>
Net change in fund balances	6,392,839	-	5,833,323	(471,309)	11,754,853
Fund balances, beginning of year	<u>35,361,261</u>		<u>13,024,937</u>	<u>2,829,423</u>	<u>51,215,621</u>
Fund balances, end of year	<u>\$ 41,754,100</u>	<u>\$ -</u>	<u>\$ 18,858,260</u>	<u>\$ 2,358,114</u>	<u>\$ 62,970,474</u>

Continued from Previous Page

See Accompanying Notes to Financial Statements

KENTON COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Net Change in Fund Balances - Total Governmental Funds	\$	11,754,853
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which depreciation expense exceeds capital outlays for the year as well as differences in gains and losses on capital asset sales		24,759,442
Bond proceeds are recorded as revenues in the fund financial statements but are additions to liabilities in the statement of net position.		(34,950,000)
Capital lease payments and bond payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.		17,159,665
Accrued bond interest payable is not reported as a liability in the fund financial statements but is recorded in the statement of net position		(396,072)
Bond premiums are not reported as a part of long-term debt in the fund financial statements but are recorded in the statement of net position		956,296
Capitalized savings from bond refunding's are not reported in the fund financial statements but must be amortized over the remaining life of the bonds in the statement of activities.		(634,515)
Net Pension Liability is not reported as a liability in the fund financial statements but is recorded in the statement of net position		3,427,174
Net OPEB Liability is not reported as a liability in the fund financial statements but is recorded in the statement of net position		4,387,515
Accrued Interest is recorded as a liability on the district-wide financial statements but is recorded in the statement of net position		(91,532)
SBITA assets are reported as expenditures in the fund financial statements but are presented as assets and liabilities in the statement of activities and amortized over time.		(227,537)
Leased assets are reported as expenditures in the fund financial statements but are presented as assets and liabilities in the statement of activities and amortized over time.		24,491
Noncurrent accrued sick leave is not reported as a liability in the fund financial statements but is recorded in the statement of net position		(99,981)

Change in Net Position of Governmental Activities	\$	26,069,799
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See Accompanying Notes to Financial Statements

PROPRIETARY FUND FINANCIAL STATEMENTS

KENTON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION -PROPRIETARY FUNDS
June 30, 2024

	<u>Food Service</u>
Assets	
Cash and cash equivalents	\$ 4,844,714
Accounts Receivable	91,386
Inventories	<u>158,065</u>
Total Current Assets	5,094,165
Noncurrent Assets	
Capital assets	2,947,385
Less: Accumulated Depreciation	<u>(2,181,150)</u>
Total Noncurrent Assets	766,235
Deferred Outflows of Resources	
Pension Contributions	1,235,988
OPEB Contributions	<u>476,399</u>
Total Deferred Outflows	<u>1,712,387</u>
Total Assets	<u><u>\$ 7,572,787</u></u>
Liabilities	
Accounts Payable	\$ 152,942
Unearned Revenue	64,326
Accrued Payroll	4,128
Long-term maturities of compensated absences	81,012
Net pension Liability	4,591,414
Net OPEB Liability (asset)	<u>(61,064)</u>
Total Liabilities	4,832,758
Deferred Inflows of Resources	
Deferred Inflows from pension Contributions	1,110,848
Deferred Inflows from OPEB Contributions	<u>1,861,515</u>
Total Deferred Inflows	2,972,363
Net Position	
Net investment in capital assets	766,235
Restricted	<u>(998,569)</u>
Total Net Position	<u>(232,334)</u>
Total Liabilities & Net Position	<u><u>\$ 7,572,787</u></u>

See Accompanying Notes to Financial Statements

KENTON COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2024

	<u>Food Service</u>
Operating revenues	
Lunchroom sales	\$ 1,231,230
Other operating revenues	119,374
Total operating revenues	<u>1,350,604</u>
Operating expenses	
Salaries and wages	2,964,240
Contract Services	187,093
Materials and supplies	3,983,512
Depreciation	88,246
Other Expenses	455,554
Total operating expenses	<u>7,678,645</u>
Operating loss	(6,328,041)
Non-operating revenues (expenses)	
Federal grants	5,908,189
Donated commodities	584,058
On-behalf revenues	461,259
State grants	56,617
Investment income	181,890
Loss on disposal of fixed assets	(1,705)
Total non-operating revenues	<u>7,190,308</u>
Change in Net Position	862,267
Net Position, beginning of year	<u>(1,094,601)</u>
Net Position, end of year	<u>\$ (232,334)</u>

See Accompanying Notes to Financial Statements

KENTON COUNTY SCHOOL DISTRICT
Statement of Cash Flows – Proprietary Fund
Proprietary Fund
For the Year Ended June 30, 2024

Cash Flows from Operating Activities	
Cash Received From:	
Lunchroom Sales	\$ 1,231,230
Other Activities	119,374
Cash Paid To/For:	
Employees	(2,983,537)
Supplies	(3,913,298)
Net cash used by operating activities	<u>(5,546,231)</u>
Cash Flows from Capital and Related Financing Activity	
Purchases of capital assets	(350,788)
Cash Flows from Investing Activity	
Investment income	181,890
Cash Flows from Noncapital Financing Activity	
Cash received from non-operating revenues	<u>5,849,006</u>
Net increase in Cash and Cash Equivalents	133,877
Balances - beginning of year	<u>4,710,837</u>
Balances - end of year	<u><u>\$ 4,844,714</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	\$ (6,328,041)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Commodities Used	584,058
On-behalf payments	461,259
Depreciation	88,246
Change in Assets and Liabilities:	
Inventory	(17,642)
Accounts payable	146,445
Accrued Payroll	(88)
Accrued sick leave	12,600
Pension Deferrals and Net Liability	(264,750)
OPEB Deferrals and Net Liability	(228,318)
Net Cash Used by Operating Activities	<u><u>\$ (5,546,231)</u></u>
SCHEDULE OF NON-CASH TRANSACTIONS	
Donated commodities received from federal government	\$ 584,058
On-behalf payments	\$ 461,259

See Accompanying Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

**Kenton County School District
Notes to Financial Statements
Year Ended June 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Kenton County Board of Education (the "Board"), a five member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Kenton County School District ("District"). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations, and primary accountability for fiscal matters.

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the Kenton County Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Parent-Teacher Associations, etc.

The financial statements of the District include those of separately administered organizations that are controlled by or dependent on the Board. Control or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board.

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements:

Kenton County School District Finance Corporation - The Board authorized the establishment of the Kenton County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the District for financing the costs of school building facilities. The Board Members of the Kenton County Board of Education also comprise the Corporation's Board of Directors.

Basis of Presentation

District-wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The district-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the district-wide statements and the statements for governmental funds.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in total net position. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus.

The District has the following funds:

- i. Governmental Fund Types
 - a) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
 - b) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the schedule of expenditures of federal awards included in this report on pages 86-88. This is a major fund of the District.
 - c) Special Revenue Activity Fund is used to support co-curricular activities and are not raised and expended by student groups. District activity funds accounted for in the District bank account are not subject to the Redbook and may be expended with more flexibility than

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

school activity funds but must meet the “educational purpose” standard for all District expenditures.

d) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).

1. The Support Education Excellence in Kentucky (“SEEK”) Capital Outlay Fund receives those funds designated by the state as Capital Outlay funds and is restricted for use in financing projects identified in the District's facility plan.

2. The Facility Support Program of Kentucky Fund (“FSPK”) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.

3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. The District is committed to construction contracts in the amount of \$43,472,189 for ongoing projects. This is a major fund of the District.

e) The Activity Funds account for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with Uniform Program of Accounting for School Activity Funds.

ii. Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and, for the payment of interest on general obligation notes payable, as required by Kentucky Law.

iii. Proprietary Fund (Enterprise Fund)

The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (“USDA”). The Food Service fund is a major fund of the District.

The District applies all Governmental Accounting Standards Board (“GASB”) pronouncements to proprietary funds as well as the Financial Accounting Standards Board (“FASB”) pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The GASB is responsible for establishing GAAP for state and local government through its pronouncements (Statements and Interpretations).

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

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

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

Expenses/Expenditures – 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, are not recognized in governmental funds.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxes

Property Tax Revenues – Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund.

Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than GAAP of the United States of America. The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual ("GAAP").

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual ("GAAP").

Cash and Cash Equivalents

The District considers demand deposits, money market funds, and other investments with an original maturity of 90 days or less, to be cash equivalents.

Fair Value Measurements

GAAP has established a three-level hierarchy for fair value measurements based on transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows: Level 1 inputs are unadjusted quoted prices for identical assets in active markets; Level 2 inputs are observable quoted prices for similar assets in active markets; Level 3 inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Supplies and materials are charged to expenditures when purchased, except for inventories in the Proprietary Fund, which are capitalized at the lower of cost or market.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars, with the exception of computers, digital cameras and real property, for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

<u>Description</u>	Governmental Activities
	<u>Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
General equipment	10 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Other	10 years

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's experience

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

of making termination payments. The entire compensated absence liability is reported on the district-wide financial statements.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statements of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of finance leases, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Fund Balance Reserves

Beginning with fiscal year 2012 the District implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the District's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed fund balance – amounts constrained to specific purposes by the District itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint.

Assigned fund balance – amounts the District intends to use for specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority.

Unassigned fund balance – amounts that are available for purpose; positive amounts are reported only in the General fund.

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations, using restricted funds first, followed by committed funds, assigned funds, then unassigned funds.

Encumbrances are not liabilities and are not recorded as expenditures until receipt of material or service. Encumbrances remaining open at the end of the fiscal year are automatically re-budgeted in the following fiscal year. Encumbrances are considered a managerial assignment of fund balance in the governmental funds balance sheet.

Net Position

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, those revenues are primarily charges for meals provided by the various schools.

Interfund 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. Interfund transfers are reported as other financing sources/uses in governmental funds and as non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous ("CERS") and Teachers Retirement System of the State of Kentucky ("TRS") and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pensions. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the District's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Teachers' Retirement System of the State of Kentucky ("TRS") and additions to deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Leases

The District adopted GASB Statement No. 87, *Leases*, during the fiscal year ended June 30, 2022. The District is a lessee for various noncancellable leases of equipment and vehicles.

Short-Term Leases

For leases with a maximum possible term of 12 months or less at commencement, the District recognizes expense/expenditure based on the provisions of the lease contract.

Leases Other than Short-Term

For all other leases, the District recognizes a lease liability and an intangible right-to-use lease asset in the applicable columns of the District-wide (governmental or business-type activities) and proprietary fund financial statements.

Measurement of Lease Amounts

At lease commencement, the 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, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease

Kenton County School District
Notes to Financial Statements
Year Ended June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized into depreciation and amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. If the District is reasonably certain of exercising a purchase option contained in a lease, the lease asset will be amortized over the useful life of the underlying asset.

Key Estimates and Judgements

Key estimates and judgements include how the District determines (1) the discount rate it uses to calculate the present value of the expected lease payments, (2) lease term, and (3) lease payments.

- The District generally uses its estimated incremental borrowing rate as the discount rate for leases unless the rate that the lessor charges is known.
- The lease term includes the noncancellable period of the lease plus any additional periods covered by either the District or lessor option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Period in which both the District and the lessor have a unilateral option to terminate (or if both parties have to agree to extend) are excluded from the lease term.
- Payments are evaluated by the District to determine if they should be included in the measurement of the lease liability, including those payments that require a determination of whether they are reasonably certain of being made.

Remeasurement of Lease Amounts

The District monitors changes in circumstances that may require measurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease liability, the liability is remeasured, and a corresponding adjustment is made to the lease asset.

Presentation in Statement of Net Position

Lease assets are reported with capital assets and lease liabilities are reported with long-term debt in the statement in the statement of net position.

NOTE 2 ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances, and disclosure of contingent assets and liabilities at the date of the general purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 3 CASH AND CASH EQUIVALENTS

The District maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The amounts exceeding the federally insured limits are covered by a collateral agreement and the collateral is held by the pledging banks' trust departments in the District's name. The District has not experienced any losses in such accounts and the District believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 4 CAPITAL ASSETS

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

	Balance June 30, 2023	Additions	Dispositions	Balance June 30, 2024
<u>Governmental activities</u>				
Land	\$ 10,482,466	\$ 1,609,733		\$ 12,092,199
Land improvements	7,129,836	81,458		7,211,294
Buildings & building improvements	335,663,849	76,308,951	\$ 91,167	411,881,633
Technology equipment	14,454,292	1,266,627	1,542,183	14,178,736
Vehicles	14,457,379	2,022,318	650,162	15,829,535
General equipment	4,548,187	2,046,668	97,420	6,497,435
Construction in progress	67,707,409	29,972,833	76,028,507	21,651,735
Total assets at historical cost	454,443,418	113,308,588	78,409,439	489,342,567
Less: Accumulated depreciation				
Land improvements	3,619,165	236,067		3,855,232
Buildings & building improvements	139,339,380	8,476,084	51,746	147,763,718
Technology equipment	7,958,895	1,796,474	1,448,758	8,306,611
Vehicles	6,804,584	1,522,676	650,162	7,677,098
General equipment	2,650,126	337,681	78,609	2,909,198
Total Accumulated depreciation	160,372,150	12,368,982	2,229,275	170,511,857
Government activities capital assets - net	<u>\$ 294,071,268</u>	<u>\$ 100,939,606</u>	<u>\$ 76,180,164</u>	<u>\$ 318,830,710</u>
	Balance June 30, 2023	Additions	Dispositions	Balance June 30, 2024
<u>Business-Type activities</u>				
General equipment	\$ 2,745,914	\$ 350,788	\$ 238,255	\$ 2,858,447
Vehicles	59,923			59,923
Technology equipment	35,921		6,906	29,015
Total assets at historical cost	2,841,758	350,788	245,161	2,947,385
Accumulated depreciation				
Food service equipment	2,274,981	74,191	236,667	2,112,505
Vehicles	54,049	5,874		59,923
Technology equipment	7,330	8,181	6,789	8,722
Total accumulated depreciation	2,336,360	88,246	243,456	2,181,150
Business-type activities capital assets - net	<u>\$ 505,398</u>	<u>\$ 262,542</u>	<u>\$ 1,705</u>	<u>\$ 766,235</u>

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 4 CAPITAL ASSETS (Continued)

Depreciation expense by function for the fiscal year ended June 30, 2024 was as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Instruction	\$ 3,625,170	\$ -
Student Support Services	10,233	-
Instructional staff support services	14,304	-
District administration support services	47,353	-
School Admin Support	23,286	-
Business support services	38,537	-
Plant operation and maintenance	7,086,895	-
Food service	-	88,246
Transportation	1,523,168	-
Community services	36	-
	<u>\$ 12,368,982</u>	<u>\$ 88,246</u>

NOTE 5 ACCRUED SICK LEAVE BENEFITS

In accordance with GAAP, the District has recorded accrued sick leave as a liability in the District-wide statement of net position since the majority of these liabilities are not expected to be liquidated with expendable available financial resources. Accrued sick leave, which has no maximum accumulation, is payable upon retirement at 30% of the value of accumulated sick leave.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments.

NOTE 6 LEASE LIABILITIES

KISTA Finance Lease

The District is financing the acquisition of buses through various Kentucky Interlocal School Transportation Association ("KISTA") agreements. The obligations under the leases expire between 2025 and 2033. The assets and liabilities under KISTA liabilities are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under KISTA liabilities is included in depreciation expense.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 6 LEASE LIABILITIES (Continued)

Future minimum lease payments under KISTA liabilities as of June 30, 2024, for each of the next five years and in the aggregate are as follows:

Year Ending June 30,

2024-2025	\$ 1,424,773
2025-2026	1,253,245
2026-2027	1,084,194
2027-2028	890,120
2028-2029	728,913
Thereafter	<u>1,398,643</u>
Total minimum payments	6,779,888
Lees amount representing interest	<u>656,582</u>
Present value of net minimum liability payments	<u>\$ 6,123,306</u>

Equipment Lease

Beginning on July 1, 2023, the District entered into a long-term lease for Chromebooks. In accordance with GASB 87, the assets have been reflected in the financial statements as right-to-use assets along with the associated liability. The assets and liabilities are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over the lower of their related lease terms or their estimated productive lives. Amortization of the assets under lease is included in Instruction expenditures.

Future minimum lease payments under the equipment lease as of June 30, 2024, for each of the next three years and in the aggregate are as follows:

Year Ending June 30,

2024-2025	\$ 435,577
2025-2026	435,577
2026-2027	<u>435,577</u>
Total minimum payments	1,306,731
Lees amount representing interest	<u>97,965</u>
Present value of net minimum liability payments	<u>\$ 1,208,766</u>

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 7 LEASE OBLIGATIONS AND BONDED DEBT

The amount shown in the accompanying financial statements as lease obligations represents the District's future obligations to make lease payments relating to the bonds issued.

The original amount of each issue, the issue date, and interest rates are summarized below:

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>
March 7, 2013	30,545,000	2.000% - 3.000%
May 16, 2013	12,005,000	2.000% - 3.125%
March 5, 2014	4,170,000	1.000% - 4.000%
April 1, 2015	14,445,000	2.000% - 3.000%
April 10, 2015	8,895,000	2.000% - 3.000%
May 28, 2015	17,320,000	3.000% - 3.625%
March 9, 2016	25,190,000	2.000% - 4.000%
April 19, 2016	19,400,000	2.000% - 3.250%
June 5, 2017	5,125,000	2.000% - 3.550%
November 7, 2017	2,280,000	3.00%
April 18, 2018	13,945,000	2.000% - 4.000%
May 7, 2020	12,850,000	1.500% - 3.000%
September 30, 2020	7,670,000	1.500% - 1.750%
November 29, 2021	29,125,000	2.000% - 3.000%
- February 2, 2022	48,385,000	2.000% - 5.000%
July 14, 2022	2,490,000	2.500% - 4.000%
August 2, 2023	34,950,000	4.00%

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky ("SEEK") Capital Outlay Fund) is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Kenton County Fiscal Court and the Kenton County School District Finance Corporation to construct school facilities.

The District entered into "participation agreements" with the School Facility Construction Commission (the "Commission"). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. Note 17 sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal has been recorded in the financial statements.

All issues may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2024 for debt service (principal and interest) are reported in Note 16.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 8 RETIREMENT PLANS

The District's employees are provided with two pension plans, based on each position's college degree requirement. The County Employees Retirement System ("CERS") covers employees whose position does not require a college degree or teaching certification. The Kentucky Teachers Retirement System ("TRS") covers positions requiring teaching certification or otherwise requiring a college degree.

General information about the County Employees Retirement System Non-Hazardous

Plan description

Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute ("KRS") Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

Benefits provided

CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service. For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old
		At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not available

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 8 RETIREMENT PLANS (Continued)

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. One month's service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 75% of the decedent's monthly average rate of pay. If the surviving spouse remarries, the monthly rate will be recalculated to 25% of the decedent's monthly average. Any dependent child will receive 50% of the decedent's monthly final rate of pay up to 75% for all dependent children. Five years' service is required for nonservice-related disability benefits.

Contributions

Required contributions by the employee are based on the following tier:

	Required Contributions
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

The contribution requirement for CERS for the year ended June 30, 2024, was \$5,899,616, which consisted of \$4,765,617 from the District and \$1,133,999 from the employees. Total contributions for the year ended June 30, 2023 and 2022 were \$5,808,422 and \$5,131,621, respectively. The contributions have been contributed in full for fiscal years 2024, 2023 and 2022.

General information about the Teachers' Retirement System of the State of Kentucky

Plan description

Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers' Retirement System of the State of Kentucky—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. TRS is a blended component unit of the Commonwealth of Kentucky Revised Statutes and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/employers/information/gasb-65-67/>.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 8 RETIREMENT PLANS (Continued)

Benefits provided

For employees who have established an account in a retirement system administered by the Commonwealth prior to July 1, 2008, employees become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, employees must either:

- 1.) Attain age fifty-five (55) and complete five (5) years of Kentucky service, or
- 2.) Complete 27 years of Kentucky service.

Employees that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. New employees hired after July 1, 2008 but before December 31, 2021 who retire with less than ten years will receive monthly benefits equal to 1.7% of their final average salary for each year of service. New employees hired between July 1, 2008 and December 31, 2021 with between 20 to 26 years of service will receive monthly benefits equal to 2.3% of their final average salary for each year of service. Lastly, new employees hired between July 1, 2008 and December 31, 2021 with between 26-30 years of service. Effective January 1, 2022 the system has been amended to change the benefit structure for employees hired on or after that date.

Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing employees and \$5,000 for retired or disabled employees.

Cost of living increases are one and one-half (1.5) percent annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

Contributions

Contribution rates are established by Kentucky Revised Statutes. For members who began participating before Jan. 1, 2022, non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.565 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to TRS. For members employed by local school

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 8 RETIREMENT PLANS (Continued)

districts, the state (as a non-employer contributing entity) contributes 13.105% of salary for those who joined before July 1, 2008, and 14.105% for those who joined on or after July 1, 2008, and before Jan. 1, 2022. Other participating employers are required to contribute the percentage contributed by members plus an additional 3.25% of members' gross salaries. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 16.105% or 17.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

For members employed by local school districts, the state (as a non-employer contributing entity) contributes 13.105% of salary for those who joined before July 1, 2008, and 14.105% for those who joined on or after July 1, 2008, and before Jan. 1, 2022. Other participating employers are required to contribute the percentage contributed by members plus an additional 3.25% of members' gross salaries.

The contribution requirement for TRS for the year ended June 30, 2024, was \$12,292,078, which consisted of \$2,893,661 from the District and \$9,398,417 from the employees. Total contributions for the year ended June 30, 2023 and 2022 were \$11,929,797 and \$11,215,587, respectively. The contributions have been contributed in full for fiscal years 2024, 2023 and 2022.

Medical Insurance Plan

Plan description

In addition to the pension benefits described above, KRS 161.675 requires TRS to provide post-employment healthcare benefits to eligible employees and dependents. The TRS Medical Insurance Fund (MIF) is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

To be eligible for medical benefits, the member must have retired either for service or disability. The TRS Medical Insurance Fund offers coverage to employees under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. Once retired employees and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

Funding policy

In order to fund the post-retirement healthcare benefit, 7.50% of the gross annual payroll of members is contributed. Member contributions are 3.75% and 0.75% is paid from state appropriate. Employer contributions are 3.00%. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 8 RETIREMENT PLANS (Continued)

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

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the CERS net pension liability	\$ 43,561,804
Commonwealth's proportionate share of the TRS net pension liability associated with the District	<u>335,481,462</u>
	<u>\$ 379,043,266</u>

The net pension liability for each plan 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 District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2023, the District's proportion was 0.678902% percent.

For the year ended June 30, 2024, the District recognized pension expense of \$985,243 related to CERS. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,255,111	\$ 118,370
Changes of assumptions	-	3,992,469
Net difference between projected and actual earnings on pension plan investments	4,705,909	5,300,115
Changes in proportion and differences between District contributions and proportionate share of contributions	-	1,128,397
District contributions after the measurement date	<u>4,765,617</u>	<u>-</u>
Total	<u>\$ 11,726,637</u>	<u>\$ 10,539,351</u>

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 8 RETIREMENT PLANS (Continued)

\$4,765,617 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2024	\$ (2,255,106)
2025	(1,873,982)
2026	972,476
2027	(421,719)
2028	-

Actuarial assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	CERS	TRS
Inflation	2.30%	2.50%
Projected salary increases	2.00%	3.00 - 7.50%
Investment rate of return, net of investment expense and inflation	6.25%	7.10%

For CERS, mortality rates used for active members for PUB-2010 General Mortality table projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on a mortality experience from 2013-2022, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2023. The mortality table used for disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

For TRS, mortality rates were based on Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each groups: service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5- year period ending June 30, 2020, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 8 RETIREMENT PLANS (Continued)

For CERS, the long-term expected return on plan assets is reviewed against actual plan experience at least once every five years through the completion of an actuarial experience study. In general, the assumptions and methods used in the June 30, 2023 valuation are based on the most recent actuarial experience study performed as of June 30, 2022, submitted, and adopted by the Boards in May and June 2023. The future investment earnings of plan assets are assumed to accumulate at a rate of 6.50% per annum. This rate consists of a 2.50% price inflation component and a 4.00% real rate of return component. This assumption was adopted in 2023.

For TRS, the long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS and CERS investment consultant, are summarized in the following table:

Asset Classes	TRS Target Allocation	TRS Long-Term Expected Real Rate of Return	CERS Target Allocation	CERS Long-Term Expected Real Rate of Return
U.S. equity	38.0%	5.00%	50.0%	5.90%
Developed international equity	15.7%	5.50%		
Emerging markets equity	5.3%	6.10%		
Core bonds			10.0%	2.45%
Private equity	7.0%	8.00%	10.0%	11.73%
High yield	5.0%	3.80%	10.0%	3.65%
Fixed income	15.0%	1.90%		
Additional categories	5.0%	3.60%		
Real estate	7.0%	3.20%	7.0%	4.99%
Real return			13.0%	5.15%
Cash	2.0%	1.60%	0.0%	1.39%
Total	100.00%		100.00%	

Discount rate

For CERS, the discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.50%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 8 RETIREMENT PLANS (Continued)

For TRS, the discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected 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 benefit payments to determine the total pension liability.

Sensitivity of CERS and TRS proportionate share of net pension liability to changes in the discount rate

The following table presents the net pension liability of the District, calculated using the discount rates selected by each pension system, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.50%	6.50%	7.50%
District's proportionate share of net pension liability	\$ 54,999,409	\$ 43,561,804	\$ 34,056,724
TRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports of both CERS and TRS.

NOTE 9 OPEB PLANS

General information about the Teachers' Retirement System OPEB Plan

Plan description

Teaching-certified employees of the Kenton County School District are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (TRS) – a cost-sharing multiple- employer defined benefit OPEB plan with a special funding situation established to provided retirement annuity plan coverage for local school districts and other public educational agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statues and therefore is included in the Commonwealth's

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 9 OPEB PLANS (Continued)

financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

The state reports a liability, deferred outflows of resources and deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the TRS Medical Insurance and Life Insurance Plans. The following information is about the TRS plans.

Medical Insurance Plan

Plan description

In addition to the OPEB benefits described above, Kentucky Revised Statute 161.675 requires TRS to provide post-employment healthcare benefits to eligible members and dependents. The TRS Medical Insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

Benefits provided

To be eligible for medical benefits, the member must have retired either for service or disability. The TRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. TRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the TRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

Contributions

In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three and three quarters percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

General information about the County Employees Retirement System Non-Hazardous OPEB Plan

Plan description

Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 9 OPEB PLANS (Continued)

Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute ("KRS") Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS.

Benefits

CERS provides health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service. For retirement purposes, employees are grouped into three tiers, based on hire date. See Note 8 for tier classifications.

Contributions

Required contributions by the employee are based on the tier disclosed in Note 8.

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

At June 30, 2024, the Kenton County School District reported a liability of \$ 24,214,698 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the District's proportion was 1.03 percent for TRS, which was an decrease of 0.37 percent of its proportion measured as of June 30, 2022. At June 30, 2023, the District's proportion was 0.68 percent for CERS, which was a decrease of 0.01 percent from its proportion measured as of June 30, 2022.

The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the CERS net OPEB asset	\$ (937,302)
District's proportionate share of the TRS net OPEB liability	25,152,000
State's proportionate share of the net OPEB liability associated with the District.	<u>21,200,000</u>
	<u><u>\$ 45,414,698</u></u>

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 9 OPEB PLANS (Continued)

For the year ended June 30, 2024, the District recognized OPEB benefit of \$2,307,398 and revenue of \$1,701,430 for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 653,422	\$ 21,833,767
Changes of assumptions	7,562,547	1,285,464
Net difference between projected and actual earnings on OPEB investments	2,224,126	1,971,657
Changes in proportion and differences between District contributions and proportionate share of contributions	8,215,395	10,053,147
District contributions after the measurement date	<u>2,171,517</u>	<u>-</u>
Total	<u>\$ 20,827,007</u>	<u>\$ 35,144,035</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$2,171,517 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<u>Year Ending June 30</u>	
2025	\$ (5,321,427)
2026	(4,163,517)
2027	(2,182,211)
2028	153,000
2029	(717,000)
Thereafter	(892,000)

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 9 OPEB PLANS (Continued)

Actuarial assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	TRS	CERS
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.	6.25%
Projected salary increases	3.00 - 7.50%, including wage inflation	3.30% to 10.30%, varies by service
Inflation rate	2.50%	2.30%
Real Wage Growth	0.25%	
Wage Inflation	2.75%	
Healthcare cost trend rates		
Under 65	6.75% for FY 2023 decreasing to an ultimate rate of 4.50% by FY 2032	Initial trend starting at 6.3% at January 1 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Ages 65 and Older	6.75% for FY 2023 decreasing to an ultimate rate of 4.50% by FY 2032	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Medicare Part B Premiums	1.55% for FY 2023 with an ultimate rate of 4.50% by 2034	
Municipal Bond Index Rate	3.66%	3.86%
Discount Rate	7.10%	5.93%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including price inflation	

For TRS, mortality rates were based on the Pub2010 (Teachers Amount-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2022 valuation were based on the results of the most actuarial experience studies for the system, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

For CERS, mortality rates used for active members was PUB-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on a mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

For TRS, the long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 9 OPEB PLANS (Continued)

the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:

Asset Classes	Target Allocation	30 Year Expected Geometric Rate of Return
Large Cap U.S. equity	35.4%	5.00%
Small Cap U.S. equity	2.6%	5.50%
Fixed income	9.0%	1.90%
Developed international equity	15.0%	5.50%
Emerging markets	5.0%	6.10%
High yield bonds	8.0%	3.80%
Real estate	6.5%	3.20%
Private equity	8.5%	8.00%
Other additional categories	9.0%	3.70%
Cash	1.0%	1.60%
Total	100.00%	

Discount rate

For TRS, the discount rate used to measure the total OPEB liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

For CERS, the discount rate used to measure the total OPEB liability was 5.93%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 9 OPEB PLANS (Continued)

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1- percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
TRS Discount Rate	6.10%	7.10%	8.10%
District's Net OPEB Liability	\$ 32,351,000	\$ 25,152,000	\$ 19,202,000
CERS Discount Rate	4.93%	5.93%	6.93%
District's Net OPEB Liability	\$ 1,758,959	\$ (937,302)	\$ (3,195,093)

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates

The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage- point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Health Care Trend Rate</u>	<u>1% Increase</u>
TRS			
District's Net OPEB Liability	\$ 18,107,000	\$ 25,152,000	\$ 33,924,000
CERS			
District's Net OPEB Liability	\$ (3,004,220)	\$ (937,302)	\$ 1,601,709

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued TRS financial report.

Life Insurance Plan

Plan description

TRS administers the life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The TRS Life Insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the life insurance plan may be made by the TRS Board of Trustees and the General Assembly.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 9 OPEB PLANS (Continued)

TRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. TRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit funded by the Life Insurance Fund (LIF) is payable upon the death of the member to the member's estate or to a party designated by the member.

Contributions

In order to fund the post-retirement life insurance benefit, three hundredths of one percent (.03%) of the gross annual payroll of members is contributed by the state.

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

At June 30, 2024, the Kenton County School District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability - LIF	\$ -
State's proportionate share of the net OPEB liability - LIF associated with the District.	<u>525,000</u>
	<u>\$ 525,000</u>

For the year ended June 30, 2024, the District recognized OPEB expense of \$ 0.

Actuarial assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.10%, net of OPEB Plan Investment Expense, including inflation
Projected salary increases	3.00 - 7.50%, including wage inflation
Inflation rate	2.50%
Rage wage growth	0.25%
Wage Inflation	2.75%
Municipal bond index rate	3.37%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan Investment Expense, including price inflation

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 9 OPEB PLANS (Continued)

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2021 valuation were based on the results of the most actuarial experience studies, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity	40.00%	5.20%
Fixed Income	21.00%	1.90%
Developed International Equity	15.00%	5.50%
Emerging Markets	5.00%	6.10%
Real Estate	7.00%	3.20%
Private Equity	5.00%	8.00%
Other Additional Categories	5.00%	4.00%
Cash	2.00%	1.60%
Total	100.00%	

Discount rate

The discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 9 OPEB PLANS (Continued)

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
TRS Discount Rate	6.10%	7.10%	8.10%
District's Net OPEB Liability	\$ -	\$ -	\$ -

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued TRS financial report.

NOTE 10 CONTINGENCIES

Grant Fund Approval

The District receives funding from federal, state, and local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if the grantor's review indicates that the funds have not been used for the intended purpose, the grantors may request a refund of monies advanced or refuse to reimburse the District for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue the programs.

NOTE 11 INSURANCE AND RELATED ACTIVITIES

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas are covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated, which includes workers' compensation insurance.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 12 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. The Liability Insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving ninety (90) days' notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro rata basis.

The District is self-insured for unemployment insurance benefits. The District reimburses the state for any claims paid. The District purchases workers' compensation insurance through the Kentucky School Boards Insurance Trust. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years

NOTE 13 DEFICIT OPERATING/FUND BALANCES

The following funds have operations that resulted in a current year deficit of revenues over expenditures, resulting in a corresponding reduction of fund balance:

Food Service Fund	\$ 232,334
District Activity Fund	196,034
Building Fund	294,424
Turkeyfoot Middle School	4,272
Beechgrove Elementary School	4,792
Piner Elementary	4,296
Whites Tower Elementary	172
Taylor Mill Elementary	9

NOTE 14 COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the District at risk for a substantial loss (contingency).

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 15 TRANSFER OF FUNDS

The following transfers were made during the year.

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Academy Fund	Operating	\$ 2,296,813
General Fund	Special Revenue Fund	KETS Match	261,967
General Fund	Debt Service Fund	Debt Service	809,848
Capital Outlay Fund	General Fund	Operating	1,294,950
Special Revenue Fund	General Fund	Indirect Costs	103,440
Student Activity Fund	District Activity Fund	District Activity	212,961
Building Fund	Debt Service Fund	Debt Service	18,833,743
Building Fund	Construction Fund	Construction	1,195,716
Food Service Fund	General Fund	Indirect Costs	449,174

NOTE 16 ON BEHALF PAYMENTS

For the year ended June 30, 2024, total payments of \$40,063,113 were made for life insurance, health insurance, TRS matching and administrative fees by the Commonwealth of Kentucky on behalf of the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of activities.

General Fund	\$ 36,365,280
Debt Service Fund	2,663,904
Food Service Fund	461,259
Academy Fund	<u>572,670</u>
Total On-Behalf	<u>\$ 40,063,113</u>

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 17 SCHEDULE OF LONG-TERM OBLIGATIONS

2012 - Ref, 2013, 2013 - Ref, 2014, 2015 A - Ref, 2015 B - Ref, 2015 C, 2016 - Ref, 2016 B, 2017,
2017 -Ref, 2018, 2020, 2020 - Ref, 2021, 2022, and 2022 B, 2023

Fiscal Year	Kenton County School District			KY School Facilities Construction			Total Requirements
	Principal	Interest	Total	Principal	Interest	Total	
2024-2025	\$ 14,043,253	\$ 6,307,040	\$ 20,350,293	\$ 1,426,747	\$ 496,851	\$ 1,923,598	\$ 22,273,891
2025-2026	14,530,865	5,886,229	20,417,094	1,469,135	454,462	1,923,597	22,340,691
2026-2027	13,969,476	5,455,830	19,425,306	1,340,524	412,869	1,753,393	21,178,699
2027-2028	13,521,068	5,036,464	18,557,532	1,288,932	373,699	1,662,631	20,220,163
2028-2029	13,725,436	4,567,795	18,293,231	1,329,564	333,066	1,662,630	19,955,861
2029-2030	11,209,277	4,119,446	15,328,723	1,245,723	292,296	1,538,019	16,866,742
2030-2031	10,756,576	3,789,429	14,546,005	1,283,424	254,595	1,538,019	16,084,024
2031-2032	10,283,502	3,477,772	13,761,274	1,321,498	216,520	1,538,018	15,299,292
2032-2033	10,574,934	3,194,957	13,769,891	1,360,066	177,954	1,538,020	15,307,911
2033-2034	10,339,867	2,895,042	13,234,909	1,145,133	137,776	1,282,909	14,517,818
2034-2035	10,355,220	2,600,002	12,955,222	1,179,780	103,128	1,282,908	14,238,130
2035-2036	9,855,128	2,299,176	12,154,304	1,149,872	66,173	1,216,045	13,370,349
2036-2037	9,728,772	2,008,618	11,737,390	236,228	30,043	266,271	12,003,661
2037-2038	9,632,196	1,717,944	11,350,140	242,804	23,467	266,271	11,616,411
2038-2039	8,940,923	1,421,208	10,362,131	209,077	16,473	225,550	10,587,681
2039-2040	9,205,255	1,155,857	10,361,112	214,745	10,805	225,550	10,586,662
2040-2041	8,647,540	866,266	9,513,806	97,460	4,934	102,394	9,616,200
2041-2042	8,930,104	585,178	9,515,282	99,896	2,497	102,393	9,617,675
2042-2043	4,960,000	300,800	5,260,800	-	-	-	5,260,800
2043-2044	5,040,000	100,800	5,140,800	-	-	-	5,140,800
	<u>\$ 208,249,392</u>	<u>\$ 57,785,853</u>	<u>\$ 266,035,245</u>	<u>\$ 16,640,608</u>	<u>\$ 3,407,608</u>	<u>\$ 20,048,216</u>	<u>\$ 286,083,461</u>

A summary of the changes in the principal of the outstanding bond obligations, the finance leases and the sick leave liability for the District during the year ended June 30, 2024 is as follows:

Governmental Activities	Balance	Additions	Payments	Balance	Amounts Due
	July 1, 2023			June 30, 2024	Within One Year
Bond Obligations	\$ 205,690,000	\$ 34,950,000	\$ 15,750,000	\$ 224,890,000	\$ 15,470,000
Bond Premiums, Net	3,243,444	(620,835)	335,461	2,287,148	
Lease liabilities					
KISTA liabilities	7,532,971		1,409,665	6,123,306	1,250,781
Right-to-use assets		1,644,343	435,577	1,208,766	789,942
Subscription liabilities	648,869	1,056,619	625,946	1,079,542	500,983
Accrued sick leave	1,372,958	239,125	207,556	1,404,527	
Total	<u>\$ 218,488,242</u>	<u>\$ 37,269,252</u>	<u>\$ 18,764,205</u>	<u>\$ 236,993,289</u>	<u>\$ 18,011,706</u>

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 18 UNDIVIDED INTEREST IN THE IGNITE INSTITUTE

On July 1, 2019, the District acquired an undivided interest in the Ignite Institute ("Ignite"), which is a regional high school at the Roebling Innovation Center in Boone County, Kentucky which provides regional programs.

The District has agreed to contribute \$330,000 annually to Ignite to ensure its balance budget and contribute additional funds for any unforeseen costs needed to be incurred beyond the budget. The District is responsible for the transportation costs of the students in its district, and has contributed 26 initial staff. The District is entitled to 50% of the revenues raised for Ignite to offset its financial obligations. The District does not own any of the fixed assets of Ignite.

The agreement is in effect until either party desires to terminate its participation, a written notice is required two full school years prior to its termination process. If the other party desires termination, the District has the right to purchase the furniture, fixtures, equipment, and inventory at Ignite and to lease the premises at fair market rent for the purpose of continuing the program at Ignite.

The District has recorded its undivided interest in Ignite in its Academy Fund.

NOTE 19 INVESTMENTS AT FAIR VALUE

Current accounting and reporting standards define fair value, establish a three-level hierarchy for fair value measurements based on transparency of valuation inputs and require disclosures about fair value measurements. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

Level 1 - Inputs are unadjusted quoted prices for identical assets in active markets.

Level 2 - Inputs are observable quoted prices for similar assets in active markets.

Level 3 - Inputs are unobservable and reflect our best estimate of what market participants would use as fair value.

Investments consisted of the following at June 30, 2024:

	Level 1	Level 2	Level 3	Total
US Treasury Bonds	<u>\$ 39,847,726</u>	\$	\$	<u>\$ 39,847,726</u>
Total investments	<u>\$ 39,847,726</u>	\$ -	\$ -	<u>\$ 39,847,726</u>

The following is a description of the valuation methodologies used for investments measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification pursuant to the valuation hierarchy. There were no valuations using Level 2 or 3 inputs.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include brokered certificates of deposit. If quoted market prices are not available, then fair values are estimated by using pricing models or quoted prices of securities with similar characteristics.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2024

NOTE 20 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District has various subscription-based information technology arrangements (SBITAs) which are used for educational and administrative purposes. These arrangements grant licenses to use the underlying IT assets of the vendors for periods expiring between June 2025 and June 2028. The District recognized an intangible asset and a corresponding liability for the value of the licenses during the term of the arrangements. These assets are amortized on a straight-line basis over the subscription term. The following table shows the District's change in subscription asset and liability accounts for the year ended June 30, 2024:

<u>Governmental Activities</u>	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2024</u>
Subscription assets	<u>\$ 1,385,984</u>	<u>\$ 992,789</u>	<u>\$ -</u>	<u>\$ 2,378,773</u>
Accumulated amortization	<u>\$ 438,296</u>	<u>\$ 789,653</u>	<u>\$ -</u>	<u>\$ 1,227,949</u>
Subscription Liabilities	<u>\$ 648,869</u>	<u>\$ 1,056,619</u>	<u>\$ 625,946</u>	<u>\$ 1,079,542</u>

NOTE 21 SUBSEQUENT EVENTS

On August 22, 2024, the District issued a 15 year general obligation bond in the amount of \$24,985,000 to fund the construction of a central office building. Interest on the bond will be accrued at 4.00% semiannually and is payable each March and September, beginning March 1, 2025. The principal payments are due on an annual basis until September 1, 2039.

REQUIRED SUPPLEMENTARY INFORMATION

**KENTON COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENT FUNDS
June 30, 2024**

	Capital Outlay Fund	District Activity Fund	Student Activity Fund	Academy Fund	Building Fund	Debt Service Fund	Total Non-major Governmental Funds
Assets							
Cash and cash equivalents	\$ -	\$ 432,294	\$ 1,357,247	\$ 1,097,467	\$ 577,730	\$ -	\$ 3,464,738
Accounts and grants receivable	-	3,962	327	-	-	-	4,289
Total Assets	<u>\$ -</u>	<u>\$ 436,256</u>	<u>\$ 1,357,574</u>	<u>\$ 1,097,467</u>	<u>\$ 577,730</u>	<u>\$ -</u>	<u>\$ 3,469,027</u>
Liabilities							
Accounts Payable	\$ -	\$ 11,345	\$ 2,101	\$ 1,097,467	\$ -	\$ -	\$ 1,110,913
Total Liabilities	-	11,345	2,101	1,097,467	-	-	1,110,913
Fund Balances							
Restricted	-		1,355,473	-	577,730	-	1,933,203
Committed	-	424,911			-	-	424,911
Total Fund Balances	<u>-</u>	<u>424,911</u>	<u>1,355,473</u>	<u>-</u>	<u>577,730</u>	<u>-</u>	<u>2,358,114</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 436,256</u>	<u>\$ 1,357,574</u>	<u>\$ 1,097,467</u>	<u>\$ 577,730</u>	<u>\$ -</u>	<u>\$ 3,469,027</u>

See Accompanying Notes to Financial Statements

KENTON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Capital Outlay Fund	District Activity Fund	Student Activity Fund	Academy Fund	Building Fund	Debt Service Fund	Total Non-major Governmental Funds
Revenues							
Local sources							
Property taxes					\$ 18,480,945		\$ 18,480,945
Other local revenues		\$ 2,654	\$ 2,142,374				2,145,028
Grants from local agencies and donors		31,070	127,354				158,424
Interest Income			52,992				52,992
							-
State sources							-
SEEK program	\$ 1,294,950						1,294,950
FSPK program					1,254,090		1,254,090
KSFCC allocation						\$ 2,663,904	2,663,904
Other state revenues				\$ 572,670			572,670
							-
Total Revenues	1,294,950	33,724	2,322,720	572,670	19,735,035	2,663,904	26,623,003
Expenditures							
Instruction		375,568	2,090,610	2,487,441			4,953,619
Student support services		419					419
Instructional staff support services		11,311					11,311
School administrative support services				382,042			382,042
Plant operations and maintenance		52,061					52,061
Transportation		2,110					2,110
Debt Service:							
Principal						15,750,000	15,750,000
Interest						6,557,495	6,557,495
Total Expenditures	-	441,469	2,090,610	2,869,483	-	22,307,495	27,709,057
Excess (deficit) of revenues over expenditures	1,294,950	(407,745)	232,110	(2,296,813)	19,735,035	(19,643,591)	(1,086,054)

Continued

KENTON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Capital Outlay Fund	District Activity Fund	Student Activity Fund	Academy Fund	Building Fund	Debt Service Fund	Total Non-major Governmental Funds
Other financing sources (uses)							
Transfers in		211,711		2,296,813	-	19,643,591	22,152,115
Transfers out	(1,294,950)	-	(212,961)		(20,029,459)	-	(21,537,370)
Total other financing sources (uses)	(1,294,950)	211,711	(212,961)	2,296,813	(20,029,459)	19,643,591	614,745
Net change in fund balances	-	(196,034)	19,149	-	(294,424)	-	(471,309)
Fund balances, beginning of year	-	620,945	1,336,324	-	872,154	-	2,829,423
Fund balances, end of year	\$ -	\$ 424,911	\$ 1,355,473	\$ -	\$ 577,730	\$ -	\$ 2,358,114

Continued from Previous Page

See Accompanying Notes to Financial Statements

KENTON COUNTY SCHOOL DISTRICT

Statement of Revenue, Expenditures and Changes in Fund Balance Budget to Actual - General Fund Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$ 63,786,350	\$ 68,670,000	\$ 68,055,445	\$ (614,555)
Earnings on investments	850,034	850,034	3,002,618	2,152,584
State sources	42,439,087	38,410,911	75,117,718	36,706,807
Federal sources	450,000	450,000	616,063	166,063
Other sources	3,152,159	3,309,652	3,993,527	683,875
Total revenues	110,677,630	111,690,597	150,785,371	39,094,774
Expenditures				
Instructional	60,282,759	60,564,468	82,362,675	(21,798,207)
Student support services	7,695,889	7,695,998	10,909,613	(3,213,615)
Staff support services	3,756,542	4,167,214	4,644,410	(477,196)
District administration	2,524,374	2,477,840	2,924,314	(446,474)
School administration	7,941,048	7,945,337	10,878,778	(2,933,441)
Business support services	3,396,582	3,423,608	3,920,543	(496,935)
Plant operation and maintenance	15,687,937	16,376,009	15,561,013	814,996
Student transportation	9,670,643	9,347,819	8,207,759	1,140,060
Community service operations	2,718	2,718	50	2,668
Other	24,698,616	31,190,298	4,983,377	26,206,921
Total expenditures	135,657,108	143,191,309	144,392,532	(1,201,223)
Net change in fund balance	(24,979,478)	(31,500,712)	6,392,839	37,893,551
Fund balance, July 1, 2023	24,979,478	31,500,712	35,361,261	3,860,549
Fund balance, June 30, 2024	\$ -	\$ -	\$ 41,754,100	\$ 41,754,100

KENTON COUNTY SCHOOL DISTRICT

Statement of Revenue, Expenditures and Changes in Fund Balance Budget to Actual - Special Revenue Fund Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
State sources	\$ 4,124,631	\$ 4,137,797	\$ 4,751,245	\$ 613,448
Federal sources	6,401,674	6,587,154	13,927,712	7,340,558
Other sources	265,000	278,750	333,914	55,164
Total revenues	10,791,305	11,003,701	19,012,871	8,009,170
Expenditures				
Instructional	7,819,385	7,895,873	13,787,244	(5,891,371)
Student support services	110,814	119,647	656,495	(536,848)
Staff support services	1,110,048	1,186,658	2,381,345	(1,194,687)
District administration	71,805	71,805	43,357	28,448
School administration	-	-	-	-
Plant operation and maintenance	72,089	87,092	219,210	(132,118)
Student transportation	-	-	437,094	(437,094)
Food service operation	-	-	-	-
Community service operations	1,219,458	1,254,920	1,282,441	(27,521)
Other	387,706	387,706	205,685	182,021
Total expenditures	10,791,305	11,003,701	19,012,871	(8,009,170)
Net change in fund balance	-	-	-	-
Fund balance, July 1, 2023	-	-	-	-
Fund balance, June 30, 2024	\$ -	\$ -	\$ -	\$ -

KENTON COUNTY SCHOOL DISTRICT

Statement of Receipts, Disbursements and Fund Balances Bond and Interest Redemption Funds

Year Ended June 30, 2024

	Issue of 2012-Ref	Issue of 2013	Issue of 2013-B	Issue of 2014E	Issue of 2015A-Ref	Issue of 2015B-Ref	Issue of 2015C	Issue of 2016-Ref	Issue of 2016
Cash at July 1, 2023	-	-	-	-	-	-	-	-	-
Receipts:									
Transfers and misc deposits	4,617,625	5,211,250	759,473	289,113	525,075	2,028,675	1,157,105	1,682,400	1,116,237
Disbursements:									
Bonds paid	4,505,000	4,915,000	530,000	195,000	345,000	1,815,000	755,000	1,010,000	650,000
Interest coupons	112,625	296,250	229,473	94,113	180,075	213,675	402,105	672,400	466,237
Total disbursements	4,617,625	5,211,250	759,473	289,113	525,075	2,028,675	1,157,105	1,682,400	1,116,237
Excess of receipts over disbursements									
Cash at June 30, 2024	-	-	-	-	-	-	-	-	-
Fund Balance at June 30, 2024	-	-	-	-	-	-	-	-	-

	Issue of 2017E	Issue of 2017-Ref	Issue of 2018	Issue of 2020	Issue of 2020-Ref	Issue of 2021	Issue of 2022	Issue of 2022B	Issue of 2023	Total
Cash at July 1, 2023		-	-	-	-	-	-	-	-	-
Receipts:										
Transfers and misc deposits	283,256	266,600	497,462	419,099	264,500	939,731	1,457,562	97,215	695,117	22,307,495
Disbursements:										
Bonds paid	150,000	230,000	30,000	85,000	155,000	315,000	60,000	5,000	-	15,750,000
Interest coupons	133,256	36,600	467,462	334,099	109,500	624,731	1,397,562	92,215	695,117	6,557,495
Total disbursements	283,256	266,600	497,462	419,099	264,500	939,731	1,457,562	97,215	695,117	22,307,495
Excess of receipts over disbursements										-
Cash at June 30, 2024	-	-	-	-	-	-	-	-	-	-
Fund Balance at June 30, 2024	-	-	-	-	-	-	-	-	-	-

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net TRS Pension Liability

June 30, 2024

Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0%	0%	0%	0%	0%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	\$ 335,481,462	\$ 330,621,254	\$ 255,138,437	\$ 254,678,294	\$ 267,672,165
Total	<u>\$ 335,481,462</u>	<u>\$ 330,621,254</u>	<u>\$ 255,138,437</u>	<u>\$ 254,678,294</u>	<u>\$ 267,672,165</u>
District's covered employee payroll	\$ 70,517,215	\$ 66,737,323	\$ 64,781,464	\$ 62,415,878	\$ 63,929,795
District's proportionate share of the net pension liability as a percentage of the District's covered payroll	0%	0%	0%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	57.68%	56.41%	65.59%	59.27%	58.76%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0%	0%	0%	0%	*
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	*
State's proportionate share of the net pension liability associated with the District	\$ 275,146,804	\$ 526,022,122	\$ 574,248,216	\$ 455,140,342	*
Total	<u>\$ 275,146,804</u>	<u>\$ 526,022,122</u>	<u>\$ 574,248,216</u>	<u>\$ 455,140,342</u>	<u>*</u>
District's covered employee payroll	\$ 64,392,008	\$ 61,542,779	\$ 61,049,646	\$ 57,147,377	*
District's proportionate share of the net pension liability as a percentage of the District's covered payroll	0%	0%	0%	0%	*
Plan fiduciary net position as a percentage of the total pension liability	58.27%	39.83%	35.22%	42.49%	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District Contributions to TRS Pension

June 30, 2024

Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 72,423,574	\$ 70,517,215	\$ 66,737,323	\$ 64,781,464	\$ 64,392,008
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 63,929,795	\$ 62,415,878	\$ 61,542,779	\$ 61,049,646	\$ 57,147,377
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the CERS Net Pension Liability

June 30, 2024

Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.678902%	0.688548%	0.716027%	0.745789%	0.756928%
District's proportionate share of the net pension liability	\$ 43,561,804	\$ 49,775,228	\$ 45,652,338	\$ 57,201,399	\$ 53,235,083
Total net pension liability	\$ 6,416,509,000	\$ 7,229,013,496	\$ 6,375,784,388	\$ 7,669,917,211	\$ 7,033,044,552
District's covered employee payroll	\$ 20,024,283	\$ 19,185,505	\$ 18,537,283	\$ 19,236,792	\$ 19,064,764
District's proportionate share of the net pension liability as a percentage of employee covered payroll	217.55%	259.44%	246.27%	297.35%	279.23%
Plan fiduciary net position as a percentage of the total pension liability	57.48%	52.42%	57.33%	47.81%	50.45%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.747597%	0.730802%	0.717592%	0.713744%	*
District's proportionate share of the net pension liability	\$ 45,530,936	\$ 42,776,088	\$ 35,331,499	\$ 30,687,590	*
Total net pension liability	\$ 6,090,304,793	\$ 5,853,307,482	\$ 4,923,618,237	\$ 4,299,525,565	*
District's covered employee payroll	\$ 18,445,837	\$ 17,847,065	\$ 16,968,535	\$ 16,656,667	*
District's proportionate share of the net pension liability as a percentage of employee covered payroll	246.84%	239.68%	208.22%	184.24%	*
Plan fiduciary net position as a percentage of the total pension liability	53.54%	53.30%	55.50%	59.97%	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Schedule of District Contributions to CERS Pension

June 30, 2024

Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ 4,765,617	\$ 4,699,868	\$ 4,069,465	\$ 3,564,709	\$ 3,712,733
Contributions in relation to the contractually required contributions	<u>(4,765,617)</u>	<u>(4,699,868)</u>	<u>(4,069,465)</u>	<u>(3,564,709)</u>	<u>(3,712,733)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$20,419,862	\$20,024,283	\$19,185,505	\$18,537,283	\$19,236,792
Contributions as a percentage of covered-employee payroll	23.34%	23.47%	21.21%	19.23%	19.30%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 3,113,580	\$ 3,425,254	\$ 3,365,129	\$ 2,943,161	\$ 2,944,080
Contributions in relation to the contractually required contributions	<u>(3,113,580)</u>	<u>(3,425,254)</u>	<u>(3,365,129)</u>	<u>(2,943,161)</u>	<u>(2,944,080)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$19,064,764	\$18,445,837	\$17,847,065	\$16,968,535	\$16,656,667
Contributions as a percentage of covered-employee payroll	16.33%	18.57%	18.86%	17.34%	17.68%

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See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Notes to Required Supplementary Information - TRS Pension

Year Ended June 30, 2024

Pension:

Changes of benefit terms: A new benefit tier was added for members joining the System on and after January 1, 2022.

Changes of assumption: In 2014, the calculation of the Single Equivalent Interest Rate ("SEIR") resulted in an assumption change from 5.16% to 5.23%.

Changes of assumption: In 2015, the calculation of the Single Equivalent Interest Rate ("SEIR") resulted in an assumption change from 5.23% to 4.88%.

Changes of assumption: In the 2016 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2016 valuation, the Assumed Salary Scale, Price Inflation, and Wage Inflation were adjusted to reflect a decrease. In addition, the calculation for the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.

Changes of assumption: In 2017, the calculation of the Single Equivalent Interest Rate ("SEIR") resulted in an assumption change from 4.20% to 4.49%.

Changes of assumption: In 2018, the calculation of the Single Equivalent Interest Rate ("SEIR") resulted in an assumption change from 4.49% to 7.50%.

Changes of assumption: In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and rates of salary increases were adjusted to reflect actual experience more close. The expectation of mortality was changed to the Pub2010 Mortality Tables projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50% to 7.10% and the price inflation assumption was lowered from 3% to 2.50%. In addition, the calculation of the SEIR results in an assumption.

KENTON COUNTY SCHOOL DISTRICT

Notes to Required Supplementary Information - CERS Pension

Year Ended June 30, 2024

Pension

Changes of benefit terms: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below: 2014: As cash balance plan was introduced for member whose participation date is on or after January 1, 2014.

Changes of assumption: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2015: The assumed investment rate of return was decreased from 7.75% to 7.50%. 2015: The assumed rate of inflation was reduced from 3.50% to 3.25%.

2015: The assumed rate of wage inflation was reduced from 1.00% to 0.75%. 2015: Payroll growth assumption was reduced from 4.50% to 4.00%.

2015: The mortality table used for active members is RP-2000 Combined Mortality table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).

2015: For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

2015: The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2017: The assumed investment rate of return was decreased from 7.50% to 6.25%.

2017: The assumed rate of inflation was reduced from 3.25% to 2.30%.

2017: The assumed rate of salary growth was reduced from 4.00% to 3.05%.

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the TRS Net OPEB Liability - Life Insurance

June 30, 2024

Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the collective trust OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportion of the collective net OPEB liability (asset) associated with the District	525,000	569,000	241,000	633,000	571,000
District's covered employee payroll	\$ 70,517,215	\$ 66,737,323	\$ 64,781,464	\$ 64,392,008	\$ 63,929,795
State's proportion of the collective net OPEB liability as a percentage of the District's covered payroll	0.74%	0.85%	0.37%	0.98%	0.89%
Plan fiduciary net position as a percentage of the total OPEB liability	76.91%	73.97%	89.15%	71.57%	73.40%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the collective trust OPEB liability	0.0000%	0.0000%	*	*	*
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	*	*	*
State's proportion of the collective net OPEB liability (asset) associated with the District	513,000	274,000	*	*	*
District's covered employee payroll	\$ 62,415,878	\$ 61,542,779	*	*	*
State's proportion of the collective net OPEB liability as a percentage of the District's covered payroll	0.82%	0.45%	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	74.97%	79.99%	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District Contributions to TRS OPEB - Life Insurance

June 30, 2024

Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
District's covered employee payroll	\$ 72,423,574	\$ 70,517,215	\$ 66,737,323	\$ 64,781,464	\$ 64,392,008
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ -	\$ -	*	*	*
Contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<u>*</u>	<u>*</u>	<u>*</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>
District's covered employee payroll	\$ 63,929,795	\$ 62,415,878	*	*	*
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Notes to Required Supplementary Information - TRS OPEB Life Insurance

Year Ended June 30, 2024

OPEB:

Changes of benefit terms - None.

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2023:

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	25 years
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	7.50%

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the TRS Net OPEB Liability - Medical Insurance

June 30, 2024

Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the collective trust OPEB liability	1.032670%	1.402697%	1.040249%	1.035769%	1.040797%
District's proportionate share of the collective net OPEB liability	\$ 25,152,000	\$ 34,822,000	\$ 22,321,000	\$ 26,140,000	\$ 30,462,000
State's proportion of the collective net OPEB liability (asset) associated with the District	21,200,000	11,440,000	18,127,000	20,939,000	24,600,000
District's covered employee payroll	\$ 70,517,215	\$ 66,737,323	\$ 64,781,464	\$ 64,392,008	\$ 63,929,795
State's proportion of the collective net OPEB liability as a percentage of the District's covered payroll	35.70%	52.20%	34.50%	40.60%	47.60%
Plan fiduciary net position as a percentage of the total OPEB liability	52.97%	47.75%	51.74%	39.05%	32.58%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the collective trust OPEB liability	1.000033%	1.025238%	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 34,698,000	\$ 36,558,000	*	*	*
State's proportion of the collective net OPEB liability (asset) associated with the District	29,903,000	29,863,000	*	*	*
District's covered employee payroll	\$ 62,415,878	\$ 61,542,779	*	*	*
State's proportion of the collective net OPEB liability as a percentage of the District's covered payroll	55.60%	59.40%	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	25.54%	21.18%	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District Contributions to TRS OPEB - Medical Insurance

June 30, 2024

Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ 2,171,517	\$ 2,112,631	\$ 2,003,936	\$ 1,829,240	\$ 1,930,293
Contributions in relation to the contractually required contributions	<u>(2,171,517)</u>	<u>(2,112,631)</u>	<u>(2,003,936)</u>	<u>(1,829,240)</u>	<u>(1,930,293)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 72,423,574	\$ 70,517,215	\$ 66,737,323	\$ 64,781,464	\$ 64,392,008
Contributions as a percentage of covered-employee payroll	3.00%	3.00%	3.00%	2.82%	3.00%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,916,935	\$ 1,823,422	*	*	*
Contributions in relation to the contractually required contributions	<u>(1,916,935)</u>	<u>(1,823,422)</u>	<u>*</u>	<u>*</u>	<u>*</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 63,929,795	\$ 62,415,878	*	*	*
Contributions as a percentage of covered-employee payroll	3.00%	2.92%	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the CERS Net OPEB Liability - Medical Insurance

June 30, 2024

Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the collective trust OPEB liability	0.678877%	0.688422%	0.715859%	0.745573%	0.756739%
District's proportionate share of the collective net OPEB liability (asset)	\$ (937,302)	\$ 13,586,102	\$ 13,704,762	\$ 18,003,321	\$ 12,728,009
State's proportion of the collective net OPEB liability (asset) associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -
Total net OPEB liability (asset)	\$ (937,302)	\$ 13,586,102	\$ 13,704,762	\$ 18,003,321	\$ 12,728,009
District's covered employee payroll	\$ 20,024,283	\$ 19,185,505	\$ 18,537,283	\$ 19,236,792	\$ 19,064,764
State's proportion of the collective net OPEB liability as a percentage of the District's covered payroll	(4.68)%	70.80%	73.90%	93.60%	66.80%
Plan fiduciary net position as a percentage of the total OPEB liability	104.23%	60.95%	62.91%	51.67%	60.44%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the collective trust OPEB liability	0.747575%	0.730802%	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 13,273,046	\$ 14,691,620	*	*	*
State's proportion of the collective net OPEB liability (asset) associated with the District	\$ -	\$ -	*	*	*
Total net OPEB liability	\$ 13,273,046	\$ 14,691,620	*	*	*
District's covered employee payroll	\$ 18,445,837	\$ 17,847,065	*	*	*
State's proportion of the collective net OPEB liability as a percentage of the District's covered payroll	72.00%	82.30%	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	57.62%	52.40%	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District Contributions to CERS OPEB - Medical Insurance

June 30, 2024

Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ -	\$ 681,042	\$ 1,114,210	\$ 879,727	\$ 915,671
Contributions in relation to the contractually required contributions	<u>-</u>	<u>(681,042)</u>	<u>(1,114,210)</u>	<u>(879,727)</u>	<u>(915,671)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$20,419,862	\$20,024,283	\$19,185,505	\$18,537,283	\$19,236,792
Contributions as a percentage of covered-employee payroll	0.00%	3.40%	5.81%	4.75%	4.76%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,002,807	\$ 871,263	*	*	*
Contributions in relation to the contractually required contributions	<u>(1,002,807)</u>	<u>(871,263)</u>	<u>*</u>	<u>*</u>	<u>*</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$19,064,764	\$18,445,837	*	*	*
Contributions as a percentage of covered-employee payroll	5.26%	4.72%	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Notes to Required Supplementary Information - TRS OPEB Medical Insurance

Year Ended June 30, 2024

Changes in benefit terms - None

The Health Trust is not funded based on actuarially determined contribution, but instead is funded based on statutorily determined amounts as noted in the assumed asset allocation for MIF.

KENTON COUNTY SCHOOL DISTRICT

Notes to Required Supplementary Information - CERS OPEB Medical Insurance

Year Ended June 30, 2024

Changes in assumptions: None

2018: Updated health care trend rates were implemented.

OTHER SUPPLEMENTARY INFORMATION

Kenton County School District
Statement of Revenues, Expenditures and Changes in Fund Balance and Due To Student Groups
Dixie Heights High School
Year Ended June 30, 2024

	Fund Balance July 1, 2023	Receipts	Disbursements	Transfers, Net	Fund Balance June 30, 2024
Academic Team	\$ -	\$ 35	\$ 35	\$ -	\$ -
Archery Fund Raising	-	-	315	315	-
Art Club	292	700	256	-	736
Athletics, General	37,857	209,814	209,498	(5,265)	32,908
Band	11,133	30,914	28,840	-	13,207
BETA Club	756	-	421	-	335
Bowling Fund Raising	22	-	13	-	9
Boys Golf Fund Raising	2	-	-	-	2
Boys Soccer Fund Raising	2,749	-	1,207	(600)	942
CBI Community Based Edu	1,531	1,634	1,184	-	1,981
Cheerleading Fundraising	5,090	57,918	76,705	15,297	1,600
Choir Club	2,722	3,478	585	-	5,615
Dixie Scholars Club	383	782	710	-	455
Drama Club	3,445	14,168	11,860	-	5,753
Drug Free Club	493	35	12	-	516
Earth Wise	104	360	-	-	464
Faculty	139	155	283	-	11
Faculty Flower Fund	29	376	330	-	75
FBLA Club	-	1,903	1,882	-	21
FEA Club	6	-	-	-	6
Fees	1	15,284	15,284	(1)	-
FFA	917	1,050	640	-	1,327
Football fund Raising	10,293	22,162	27,332	(2,500)	2,623
Foreign Language NHS	4,985	380	278	-	5,087
Forensic Team	-	2,345	2,337	-	8
Fund 21 Sweep Account	-	-	-	-	-
Gaming Club	-	-	-	-	-
Girls BK Fund Raising	11,302	11,751	3,354	(1,400)	18,299
Girls Soccer Fund Raising	10,723	6,840	7,260	(600)	9,703
Girls Track Fundraising	2,592	-	-	(1,500)	1,092
Ham Radio Tech Club	530	-	207	-	323
Hope Squad	-	-	-	-	-
IMPACT Club	-	-	-	-	-
Jr Class Dance/Activities	2,012	36,170	38,857	675	-
Mock Trial Team	65	-	-	-	65
NHS Club	1,096	700	1,342	-	454
Odyssey of the Mind Team	-	180	-	-	180
Other Dist/Stu Act Income	-	2,674	2,674	-	-
Random Acts of Kindness	54	2,051	2,138	240	207
Robotics	272	1,400	1,395	-	277
S.T.L.P. Club	447	-	-	-	447
SAGA	21	-	-	-	21
Sandfoss Memorial Scholarship	-	2,000	2,000	-	-
Scott Scholarship	-	8,981	8,981	-	-
Social Norms Club	78	-	-	-	78
Softball Fundraising	604	120	48	-	676
Sr Class Dance/Activities	-	18,298	18,487	226	37
Startup Cash	-	750	750	-	-
Student Ambassadors	-	561	88	-	473
Student Council	11,704	19,113	19,025	(240)	11,552
Student Enrichment	18,764	8,958	8,933	(741)	18,048
Swim and Dive Fund Raising	-	2,984	2,984	-	-
Technology Fee	150	-	-	-	150
TSA	-	330	300	-	30
Volleyball Fund Raising	170	8,572	-	(3,746)	4,996
Yearbook Club	3,654	4,096	1,843	-	5,907
Youth Service Center	1,241	755	515	(160)	1,321
Total	\$ 148,428	\$ 500,777	\$ 501,188	\$ -	\$ 148,017

Kenton County School District
Statement of Revenues, Expenditures and Changes in Fund Balance and Due To Student Groups
Scott High School
Year Ended June 30, 2024

	Fund Balance July 1, 2023	Receipts	Disbursements	Transfers, Net	Fund Balance June 30, 2024
Academic Team	\$ 1,073	\$ 1,000	\$ 1,000	\$ -	\$ 1,073
Adventure Crew Club	534	-	-	-	534
Archery	2,214	6,587	6,297	-	2,504
Athletics	14,651	176,566	136,772	(38,240)	16,205
Background check (Sweep)	-	498	-	(20)	478
Band (Marching Band)	4,796	4,263	1,798	-	7,261
Bowling	533	592	806	-	319
Boys Golf	829	-	-	-	829
Boys Tennis	111	-	-	-	111
Boys Track	3,328	730	3,788	-	270
Buddy Club	330	-	150	-	180
CBI Trips and Activities	-	303	450	-	(147)
Choir	683	-	-	-	683
CLASS OF 2024	5,401	15	11,442	8,710	2,684
CLASS OF 2025	2,000	165	7,989	14,138	8,314
CLASS OF 2026	1,000	74	87	2,000	2,987
CLASS OF 2027	-	-	-	1,000	1,000
Community Club	73	-	-	-	73
Cross Country	1,533	450	360	-	1,623
Dance Team	533	-	-	-	533
Drama	10,471	6,231	7,357	(176)	9,169
Family Assistance	2,672	2,770	350	-	5,092
Fellowship Christian Athletes	14	-	-	-	14
Field Trips	1,279	-	-	-	1,279
FFA Chapter	-	2,940	1,740	-	1,200
Floral & Greenhouse	-	496	157	-	339
Fund 21/Athletic Admissions	23	-	3,000	3,000	23
Fund 21/Athletic Donations	-	10,000	10,000	-	-
Fund 21/Athletic Other Activities	-	-	11,169	13,169	2,000
Fund 21/Library	-	-	653	653	-
Fund 21/Other Student Activities	-	-	2,001	2,001	-
Fund 21/Student Fees	-	2,189	2,414	225	-
Girls Basketball	5,184	10,910	12,587	(1,000)	2,507
Girls Golf	17	-	-	-	17
Girls Soccer	5,037	893	1,636	(550)	3,744
Girls Tennis	579	1,725	1,674	-	630
Girls Track	5,983	730	4,698	-	2,015
JROTC	5,572	5,450	4,454	-	6,568
Junior Statesman	266	11,202	9,841	-	1,627
National Honor Society	810	90	104	-	796
SHS Scholarship Fund	31,178	8,981	6,000	-	34,159
Student Council	8,653	80	1,919	2,674	9,488
Student Fees (to Fund 21)	-	-	-	-	-
Student Support	11,384	8,859	12,226	1,463	9,480
Summer School	1,425	-	-	-	1,425
Swimming & Diving	4,863	16,134	14,536	-	6,461
Swimming Pool	-	12,986	-	(8,169)	4,817
Teacher Support	1,724	459	1,625	-	558
Tech Fees	410	3,429	2,961	(878)	-
Volleyball	1,151	-	-	-	1,151
Yearbook Club	669	-	-	-	669
Total	\$ 138,986	\$ 297,797	\$ 284,041	\$ -	\$ 152,742

Kenton County School District
Statement of Revenues, Expenditures and Changes in Fund Balance and Due To Student Groups
Simon Kenton High School
Year Ended June 30, 2024

	Fund Balance July 1, 2023	Receipts	Disbursements	Transfers, Net	Fund Balance June 30, 2024
Academic Team	\$ 1,222	\$ 479	\$ 957	\$ (272)	\$ 472
Archery Team	3,229	5	1,368	-	1,866
Art Club	245	374	396	-	223
Athletics	68,629	169,212	224,575	8,272	21,538
Background Check	-	60	70	10	-
Baseball	9,709	41,503	44,936	(2,020)	4,256
Basketball - Boys	20,709	47,310	49,087	(4,973)	13,959
Basketball - Girls	1,018	15,809	16,797	(25)	5
Bass Fishing Team	1,391	4,605	5,492	(480)	24
Bi-County FFA Scholarship	47,669	-	250	-	47,419
Bowling Team	5,154	3,319	2,255	(86)	6,132
Bridge Club	253	150	166	(25)	212
Change	-	-	-	-	-
Cheerleading	7,765	68,903	66,532	(372)	9,764
Choir Club	182	4,827	3,515	(462)	1,032
Chris Girard Memorial Scholarship	10,861	-	-	-	10,861
Community Based Class	1,770	844	1,742	-	872
Community Based Transportation	8,897	-	2,872	-	6,025
Cross Country/Track	3,116	2,028	1,670	(1,342)	2,132
Dance Team	4,080	16,721	10,531	(1,670)	8,600
District Tech Fee/Sweep	-	108	108	-	-
Drama Club	13,125	12,297	12,684	(4,896)	7,842
Faculty Fund	566	168	669	-	65
FBLA	230	3,748	2,801	(206)	971
Field Trips	1,684	3,044	4,159	-	569
Fine Arts Support Fund	35	-	-	(35)	-
Fire Fund	27,000	-	-	-	27,000
First Priority	5	-	-	-	5
Football	5,904	37,915	37,131	(4,554)	2,134
French Club	80	-	-	(25)	55
Freshman Academy	4,295	840	1,910	(100)	3,125
Freshman Class of 2026	64	767	205	-	626
Freshman Class of 2027	-	149	26	-	123
Fund 21 - Bookstore Sales	-	-	-	-	-
Fund 21 - Fees	-	5,236	5,236	-	-
Fund 21 - Other Ath Activity	-	2,117	8,043	5,926	-
Fund 21 - Other Dist Student Activity	-	9,883	19,461	9,578	-
Future Farmers of America	3,126	12,446	10,854	(433)	4,285
Golf - Boys	120	-	-	(25)	95
Golf - Girls	570	612	670	-	512
Greenhouse	11,799	8,938	-	(1,336)	19,401
Hall of Fame	15,644	-	-	-	15,644
Homecoming	24,180	25,445	9,267	(1,371)	38,987
Junior Class of 2024	-	43,161	49,079	5,918	-
Library Media Center	127	-	-	-	127
Nat'l Art Honor Society	15	120	80	-	55
NHS	491	980	1,077	(25)	369
Photo Club	63	250	268	-	45
Pioneer Pride	516	3,184	1,286	(1,002)	1,412
Pride Shop	7,865	4,654	6,396	3,153	9,276
Rising Sun	500	-	-	(500)	-
Robert Roden Scholarship	371	-	-	(371)	-
Scholarship	22,963	20,519	16,519	371	27,334
Scott Scholarship	48,037	8,981	18,000	-	39,018
Soccer - Boys	309	-	-	309	618
Soccer - Girls	514	-	-	-	514
Softball	1,799	5,634	4,912	-	2,521
Soph Class of 2025	356	-	-	-	356
Strides for Stephanie	2,221	-	-	-	2,221
Student Incentives	20,275	19,206	7,468	(5,278)	26,735
Summer School	503	-	-	-	503
Swimming	484	7,575	8,143	1,475	1,391
Tennis - Boys & Girls	3,257	12,151	10,628	275	5,055
Testing Fund	28,418	3,945	-	-	32,363
Track	2,514	1,781	838	(25)	3,432
Unified Bowling	163	1,500	636	(879)	148
Unified Track	820	-	-	(190)	630
Veteran's Day	208	-	127	-	81
Volleyball	630	3,500	1,796	(25)	2,309
Wrestling	2,000	-	-	(2,000)	-
Yearbook	2,441	-	169	(157)	2,115
Youth Service Center	1,079	1,438	1,982	(127)	408
Total	\$ 453,265	\$ 638,441	\$ 675,839	\$ -	\$ 415,867

Kenton County School District
Combined Statement of Revenues, Expenses and Changes in Due To Student Groups - Activity Funds
Year Ended June 30, 2024

	Turkey Foot Middle School	Twenhofel Middle School	Woodland Middle School	Summit View Academy	Beechgrove Elementary	J.A. Caywood Elementary	Fort Wright Elementary	
Revenues from student activities	\$ 86,466	\$ 168,680	\$ 82,977	\$ 144,425	\$ 63,930	\$ 33,719	\$ 22,762	
Non-instructional expenses	90,738	157,870	59,364	142,013	68,722	30,810	20,699	
Excess (deficit) of revenue	(4,272)	10,810	23,613	2,412	(4,792)	2,909	2,063	
Due to student groups, June 30, 2023	58,330	194,820	45,703	81,833	32,019	10,939	19,144	
Due to student groups, June 30, 2024	<u>\$ 54,058</u>	<u>\$ 205,630</u>	<u>\$ 69,316</u>	<u>\$ 84,245</u>	<u>\$ 27,227</u>	<u>\$ 13,848</u>	<u>\$ 21,207</u>	
	Kenton Elementary	Piner Elementary	R.C. Hinsdale Elementary	River Ridge Elementary	Ryland Heights Elementary	Taylor Mill Elementary	White's Tower Elementary	Totals
Revenues from student activities	\$ 55,194	\$ 20,477	\$ 63,400	\$ 56,319	\$ 23,989	\$ 33,408	\$ 29,963	\$ 885,709
Non-instructional expenses	47,076	24,773	60,758	54,751	21,381	33,417	30,135	842,507
Excess (deficit) of revenue	8,118	(4,296)	2,642	1,568	2,608	(9)	(172)	43,202
Due to student groups, June 30, 2023	25,961	35,089	8,563	21,675	17,983	19,175	24,411	595,645
Due to student groups, June 30, 2024	<u>\$ 34,079</u>	<u>\$ 30,793</u>	<u>\$ 11,205</u>	<u>\$ 23,243</u>	<u>\$ 20,591</u>	<u>\$ 19,166</u>	<u>\$ 24,239</u>	<u>\$ 638,847</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

KENTON COUNTY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Agreement Number	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through State Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	7760005	\$ 1,316,290
National School Lunch Program	10.555	7750002	4,092,481
National School Lunch Program	10.555	9980000	445,211
National School Lunch Program - Food Commodities	10.555	4002553	584,058
Summer Food Service Program	10.559	7690024	12,256
Summer Food Service Program	10.559	7740023	9,106
Total Child Nutrition Cluster			6,459,402
State Administrative Expenses for Child Nutrition	10.560	7700001	12,003
Child and Adult Care Food Program	10.558	7720012	20,843
Total U.S. Department of Agriculture			\$ 6,492,248

U.S. DEPARTMENT OF EDUCATION

Passed though Kentucky Department of Education			
Title I Cluster			
Title I Grants to Local Educational Agencies	84.010A	3100002 - 22	\$ 33,396
Title I Grants to Local Educational Agencies	84.010A	3100002 - 23	766,165
Title I Grants to Local Educational Agencies	84.010A	3100002 - 24	1,450,376
AIM (Arts in Mind)	84.351A	315K	37,457
Program Total			2,287,394
Career and Technical Education - Basic Grants to States (Perkins)	84.048	4621132 - 23	9,494
Career and Technical Education - Basic Grants to States (Perkins)	84.048	4621132 - 24	129,417
Program Total			138,911
Title I-D Neglected and Delinquent Children	84.013	313J	10,665
Title I-D Neglected and Delinquent Children	84.013	313K	42,175
Program Total			52,840

Continued

KENTON COUNTY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards - Continued

For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Agreement Number	Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION--Continued</u>			
Special Education Cluster (IDEA)			
Special Education Preschool Grants (IDEA Preschool)	84.173A	3800002 - 22	597
Special Education Preschool Grants (IDEA Preschool)	84.173A	3800002 - 23	110,535
Special Education - Grants to States (IDEA, Part B)	84.027A	3810002 - 22	74
Special Education - Grants to States (IDEA, Part B)	84.027A	3810002 - 23	842,299
Special Education - Grants to States (IDEA, Part B)	84.027A	3810002 - 24	<u>1,838,087</u>
Program Total			2,791,592
Title II Cluster			
Improving Teacher Quality State Grants	84.367A	3230002 - 22	51,377
Improving Teacher Quality State Grants	84.367A	3230002 - 23	141,930
Improving Teacher Quality State Grants	84.367A	3230002 - 24	<u>299,572</u>
Program Total			492,879
Title III Cluster			
English Language Acquisition State Grants	84.365A	3300002 - 23	1,191
English Language Acquisition State Grants	84.365A	3300002 - 24	<u>60,195</u>
Program Total			61,386
Title IV Cluster			
Student Support & Academic Enrichment Grant (Part A)	84.424A	3420002 - 22	28,483
Student Support & Academic Enrichment Grant (Part A)	84.424A	3420002 - 23	34,703
Student Support & Academic Enrichment Grant (Part A)	84.424A	3420002 - 24	<u>17,427</u>
Program Total			80,613
Office of Safe and Supportive Schools			
School Based Mental Health Grant Program	84.184H	534KW	<u>3,460</u>
Total U.S. Department of Education			<u><u>\$ 5,909,075</u></u>

Continued

KENTON COUNTY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Agreement Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>			
Passed through Kentucky Department of Education			
CECC Preschool Development Grant School Readiness	93.434	644F	\$ 986
Project AWARE - Northern KY Trauma Informed Schools	93.243	551KI	<u>62,817</u>
Total U.S. Department of Health & Human Services			<u><u>\$ 63,803</u></u>
<u>U.S. DEPARTMENT OF TREASURY</u>			
Passed through Kentucky Department of Education			
Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA)			
ESSER II Funds	84.425D	554G	\$ 841,774
GEER II - Career to Cradle - FRYSC	84.425C	564GF	12,731
Educational Cooperative ESSER II Funds New Teacher Induction	84.425D	578J	<u>7,123</u>
Program Total			861,628
American Rescue Plan Act of 2021 (ARPA)			
ESSER III Funds Digital Learning Coach Supports	84.425U	473GW	18,697
ESSER III Funds	84.425U	473G	516,417
ESSER III Funds 20% Learning Loss	84.425U	473GL	5,596,010
ARP ESSER Homeless Children and Youth II	84.425W	476IC	138,448
ARP ESSER Homeless Children and Youth II	84.425W	476KM	35,000
IDEA-B LEA-ARP	84.027X	478I	582,443
IDEA-B PRESCHOOL LEA-ARP	84.173X	488I	121,173
Educational Cooperative ARP ESSER Deeper Learning	84.425U	563J	<u>85,018</u>
Program Total			<u>7,093,206</u>
Total U.S. Department of Treasury			<u><u>\$ 7,954,834</u></u>
Total Expenditures of Federal Awards			<u><u>\$ 20,419,960</u></u>

See Notes to Schedule of Expenditures
of Federal Awards and Independent Auditors' Report

Kenton County School District
Notes to Schedule of Expenditures of Federal Awards
June 30, 2024

Note 1 BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Kenton County School District and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance").

Note 2 SUMMARY OF ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting in accordance with generally accepted accounting principles. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement

Note 3 FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair value of the commodities received and disbursed. During the fiscal year ended June 30, 2024 the District received \$584,058 in donated food commodities.

Note 4 INDIRECT COST RATE

The District has not elected to use the 10% de minimis indirect costs rate as allowed under the Uniform Guidance.

Note 5 SUBRECIPIENTS

The District did not have any subrecipients during the year ended June 30, 2024.

REPORTS REQUIRED BY THE SINGLE AUDIT ACT

**Independent Auditors' 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***



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**Independent Auditors' 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***

Members of the Board
Kenton County School District
Fort Wright, Kentucky

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 and the *Kentucky Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenton County School District (the "District") as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

In addition, the results of our tests disclosed no material instances of noncompliance with specific statutes or regulations identified in the *Kentucky Public School District's Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits.

Purpose of this Report

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

L B M C, P C

Louisville, Kentucky
November 14, 2024

**Independent Auditors' Report on Compliance For
Each Major Program and on Internal Control Over
Compliance Required by the Uniform Guidance**



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**Independent Auditors' Report on Compliance For
Each Major Program and on Internal Control Over
Compliance Required by the Uniform Guidance**

Members of the Board
Kenton County School District
Fort Wright, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Kenton County School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2024. The District's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Kenton County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 ("GAAS"), 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Management's Responsibility for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Kenson County School District as of and for the year ended June 30, 2024, and have issued our report thereon dated November 14, 2024, which contained an unmodified opinion on these financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

L B M C, P C

Louisville, Kentucky
November 14, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Schedule of Findings and Questioned Costs

Kenton County School District

Year Ended June 30, 2024

Section I – Summary of Audit Results

1. The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Kenton County School District (the "District").
2. No significant deficiencies relating to the audit of the financial statements were reported.
3. No instances of noncompliance material to the financial statements of the District were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control relating to the audit of the major federal award program are reported.
5. The auditors' report on compliance for the major federal program of the District expresses an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance.
7. The programs tested as major programs are as follows:

Federal Grantor/Pass-through Grantor/Program or Cluster Title

U.S. DEPARTMENT OF AGRICULTURE

Child Nutrition Center

School Breakfast Program	10.553
National School Lunch Program	10.555
National School Lunch Program - Food Commodities	10.555
Summer Food Service Program	10.559

8. The threshold used for distinguishing Type A programs was \$750,000.
9. The District qualified to be audited as a low-risk auditee.

Schedule of Findings and Questioned Costs--Continued

Kenton County School District

Year Ended June 30, 2024

Section II - Findings – Financial Statement Audit

There are no findings to be reported.

Section III - Findings and Questioned Costs – Major Federal Programs Audit

There are no findings to be reported.

SCHEDULE OF PRIOR AUDIT FINDINGS

Schedule of Prior Audit Findings

Kenton County School District

Year Ended June 30, 2024

Section II - Findings – Financial Statement Audit

There are no findings to be reported.

Section III - Findings and Questioned Costs – Major Federal Programs Audit

There are no findings to be reported.