



OHIO AUDITOR OF STATE  
**KEITH FABER**





**KENT CITY SCHOOL DISTRICT  
PORTAGE COUNTY  
JUNE 30, 2023**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kent City School District, Portage County, Ohio (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Kent City School District, Portage County, Ohio as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

### ***Required Supplementary Information***

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

***Supplementary information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

May 20, 2024

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**Kent City School District**  
**Portage County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*  
*(Unaudited)*

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The discussion and analysis of the Kent City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the transmittal letter, the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

***Financial Highlights***

Key financial highlights for 2023 are as follows:

- Net position increased \$6.7 million from fiscal year 2022.
- Capital assets increased \$5.3 million during fiscal year 2023.
- Outstanding debt decreased from \$31.5 million to \$30.0 million.

***Using this Annual Financial Report***

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

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

***Reporting the School District as a Whole***

*Statement of Net Position and the Statement of Activities*

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2023?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the *Statement of Net Position* and the *Statement of Activities*, governmental activities include the School District's programs and services, including instruction, support services, food services and uniform school supplies.

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

*Fund Financial Statements*

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and building fund.

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

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**Kent City School District**  
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**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Because of the discussion below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows of resources and subtracting deferred outflows of resources related to pension and the net pension liability to the reported net position. Table 1 provides a summary of the School District's net position for 2023 compared to 2022:

**Table 1**  
**Net Position**

	Governmental Activities		
	2023	2022	Change
<b>Assets</b>			
Current & Other Assets	\$ 80,351,418	\$ 85,621,690	\$ (5,270,272)
Net OPEB Asset	5,270,315	4,467,513	802,802
Capital Assets	48,973,736	43,717,193	5,256,543
<i>Total Assets</i>	<u>134,595,469</u>	<u>133,806,396</u>	<u>789,073</u>
<b>Deferred Outflows of Resources</b>			
Pension & OPEB	14,471,823	15,255,203	(783,380)
<i>Total Deferred Outflows of Resources</i>	<u>14,471,823</u>	<u>15,255,203</u>	<u>(783,380)</u>
<b>Liabilities</b>			
Current & Other Liabilities	6,249,105	9,163,964	(2,914,859)
Long-Term Liabilities:			
Due Within One Year	1,709,671	1,755,223	(45,552)
Due In More Than One Year:			
Pension & OPEB	54,585,409	35,360,829	19,224,580
Other Amounts	31,476,377	32,320,807	(844,430)
<i>Total Liabilities</i>	<u>94,020,562</u>	<u>78,600,823</u>	<u>15,419,739</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	23,210,134	25,018,220	(1,808,086)
Payments in Lieu of Taxes	257,796	259,382	(1,586)
Other	384,331	287,214	97,117
Pension & OPEB	13,878,608	34,286,609	(20,408,001)
<i>Total Deferred Inflows of Resources</i>	<u>37,730,869</u>	<u>59,851,425</u>	<u>(22,120,556)</u>
<b>Net Position</b>			
Net Investment in Capital Assets	20,255,580	17,953,110	2,302,470
Restricted	3,728,208	3,700,505	27,703
Unrestricted	(6,667,927)	(11,044,264)	4,376,337
<i>Total Net Position</i>	<u>\$ 17,315,861</u>	<u>\$ 10,609,351</u>	<u>\$ 6,706,510</u>

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The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2023, and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions— an Amendment of GASB Statement 27*. In a prior period, the School District also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. For STRS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

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

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

Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position is unrestricted.

The School District completed renovations to school buildings in fiscal year 2023, accounting for most of the decrease in cash and increase in capital assets. The decrease in current liabilities is mainly due to contracts and retainage payable for the project completed during the year in addition to fiscal year 2022 having one additional payroll period accrued.

Long term liabilities due within one year and other amounts decreased from prior year due to scheduled principal payments made during the year.

Fluctuations in net pension/OPEB liability/asset for the School District are due to changes in the actuarial liabilities/assets and related accruals that are passed through to the School District's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL/NOA and are described in more detail in their respective notes.

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In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2023 and 2022.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		
	2023	2022	Change
<b>Revenues</b>			
<i>Program Revenues</i>			
Charges for Services	\$ 5,301,489	\$ 4,923,179	\$ 378,310
Operating Grants	5,856,074	8,639,124	(2,783,050)
<i>Total Program Revenues</i>	<u>11,157,563</u>	<u>13,562,303</u>	<u>(2,404,740)</u>
<b>General Revenues</b>			
Property Taxes	34,110,235	31,038,460	3,071,775
Grants & Entitlements	19,251,992	19,068,868	183,124
Payments in Lieu of Taxes	258,608	260,063	(1,455)
Other	1,969,816	436,426	1,533,390
<i>Total General Revenues</i>	<u>55,590,651</u>	<u>50,803,817</u>	<u>4,786,834</u>
<i>Total Revenues</i>	<u>66,748,214</u>	<u>64,366,120</u>	<u>2,382,094</u>
<b>Program Expenses</b>			
Instruction:			
Regular	23,173,958	19,253,106	3,920,852
Special	9,877,372	7,812,660	2,064,712
Vocational	2,238,192	2,065,120	173,072
Adult/Continuing	1,609	1,398	211
Student Intervention Services	464,385	454,350	10,035
Other	1,380,334	1,311,289	69,045
Support Services:			
Pupils	4,231,119	3,611,516	619,603
Instructional Staff	2,270,120	1,633,662	636,458
Board of Education	110,178	78,718	31,460
Administration	3,634,276	3,240,295	393,981
Fiscal	1,053,389	1,035,492	17,897
Business	356,366	253,544	102,822
Operation and Maintenance of Plant	4,710,510	4,120,746	589,764
Pupil Transportation	1,931,579	1,709,069	222,510
Central	164,352	48,620	115,732
Operation of Non-Instructional/Shared Services:			
Food Service Operations	1,276,952	1,635,760	(358,808)
Community Services	311,839	312,721	(882)
Extracurricular Activities	2,217,502	1,558,453	659,049
Debt Service:			
Interest Expense	637,672	682,307	(44,635)
<i>Total Expenses</i>	<u>60,041,704</u>	<u>50,818,826</u>	<u>9,222,878</u>
<i>Change in Net Position</i>	6,706,510	13,547,294	(6,840,784)
<i>Net Position Beginning of Year</i>	10,609,351	(2,937,943)	13,547,294
<i>Net Position End of Year</i>	<u>\$ 17,315,861</u>	<u>\$ 10,609,351</u>	<u>\$ 6,706,510</u>

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Program revenues decreased from prior year, mainly due to a reduction in ESSER grant funds received in the current year. The increase in property taxes can be attributed to taxes available for advance at year end. Other revenue also showed an increase over prior year, mainly due to investment earnings, which fluctuate with market performance.

Fluctuations in program expenses are primarily associated to changes in the School District's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes.

Governmental activities are mainly supported through taxes and other general revenues. The community, as a whole, is by far the primary support for the School District students.

***Governmental Funds***

The School District's major funds are accounted for using the modified accrual basis of accounting. Changes in fund balance are as follows:

	Fund Balance 6/30/23	Fund Balance 6/30/22	Increase (Decrease)
General	\$ 38,535,700	\$ 34,107,067	\$ 4,428,633
Building Fund	415,336	6,121,881	(5,706,545)

General fund showed an increase in fund balance over the prior year. Property taxes available for advance and rising interest rates account for increases in property tax revenue and investment earnings, respectively, contributing to the increase in fund balance.

The fund balance of the building fund decreased from prior year due to the completion of the building renovations.

***General Fund Budgeting Highlights***

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

During the course of the fiscal year, the School District amended its general fund appropriations. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

***Original Budget Compared to Final Budget*** For the general fund, original budget basis revenue was less than final budget, with taxes and investment earnings originally estimated lower. Original expenditure appropriations were budgeted higher than final expenditure appropriations, with other instruction accounting for most of the difference.

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***Final Budget Compared to Actual Results*** There was no significant difference in final budgeted revenues and actual. Final expenditure appropriations equaled actual expenditures. There were no significant differences in other financing sources and uses.

***Capital Assets and Debt Administration***

**Capital Assets**

The increase in capital assets is the result of current year acquisitions exceeding depreciation and disposals.

The School District completed improvements and renovations on several school buildings during the year.

See Note 8 for more information about the capital assets of the School District.

**Debt**

During the fiscal year, the School District's governmental activities debt obligations decreased primarily from making scheduled principal payments.

For further information regarding the School District's debt obligations refer to Note 14 to the basic financial statements.

**Contacting the School District's Financial Management**

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



## BASIC FINANCIAL STATEMENTS

**Kent City School District**  
**Portage County, Ohio**  
*Statement of Net Position*  
*June 30, 2023*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 46,044,014
Cash and Cash Equivalents in Segregated Accounts	7,500
Accounts Receivable	66,443
Accrued Interest Receivable	43,054
Intergovernmental Receivable	1,774,008
Taxes Receivable	31,764,046
Payments in Lieu of Taxes Receivable	257,796
Leases Receivable	394,557
Net OPEB Asset	5,270,315
Non-Depreciable Capital Assets	1,672,468
Depreciable Capital Assets, net	47,301,268
<i>Total Assets</i>	134,595,469
<b>Deferred Outflows of Resources</b>	
Pension	13,603,079
OPEB	868,744
<i>Total Deferred Outflows of Resources</i>	14,471,823
<b>Liabilities</b>	
Accounts Payable	276,547
Accrued Wages and Benefits	3,137,319
Contracts Payable	608,757
Retainage Payable	3,000
Intergovernmental Payable	1,255,760
Accrued Interest Payable	73,625
Claims Payable	884,373
Undistributed Monies	9,724
Long-Term Liabilities:	
Due Within One Year	1,709,671
Due In More Than One Year:	
Net Pension Liability	52,618,543
Net OPEB Liability	1,966,866
Other Amounts Due in More Than One Year	31,476,377
<i>Total Liabilities</i>	94,020,562
<b>Deferred Inflows of Resources</b>	
Property Taxes Levied for the Next Year	23,210,134
Payments in Lieu of Taxes	257,796
Leases	384,331
Pension	6,673,562
OPEB	7,205,046
<i>Total Deferred Inflows of Resources</i>	37,730,869
<b>Net Position</b>	
Net Investment in Capital Assets	20,255,580
Restricted for:	
Capital Outlay	1,027,093
Debt Service	180,128
Permanent Fund	
Restricted - Expendable	1,728
Restricted - Nonexpendable	1,500
Other Purposes	2,517,759
Unrestricted	(6,667,927)
<i>Total Net Position</i>	\$ 17,315,861

See accompanying notes to the basic financial statements.

**Kent City School District**  
**Portage County, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$ 23,173,958	\$ 27,969	\$ 965,067	\$ (22,180,922)
Special	9,877,372	2,193,019	1,062,907	(6,621,446)
Vocational	2,238,192	1,915,242	34,006	(288,944)
Adult/Continuing	1,609	816	-	(793)
Student Intervention Services	464,385	-	-	(464,385)
Other	1,380,334	-	-	(1,380,334)
Support Services:				
Pupils	4,231,119	1,133	1,267,304	(2,962,682)
Instructional Staff	2,270,120	39	1,011,408	(1,258,673)
Board of Education	110,178	269	6,496	(103,413)
Administration	3,634,276	-	-	(3,634,276)
Fiscal	1,053,389	-	25,422	(1,027,967)
Business	356,366	-	-	(356,366)
Operation and Maintenance of Plant	4,710,510	17,585	71,115	(4,621,810)
Pupil Transportation	1,931,579	-	147,246	(1,784,333)
Central	164,352	-	13,169	(151,183)
Operation of Non-Instructional/Shared Services:				
Food Service Operations	1,276,952	422,609	1,018,678	164,335
Community Services	311,839	43,700	233,256	(34,883)
Extracurricular Activities	2,217,502	679,108	-	(1,538,394)
Debt Service:				
Interest Expense	637,672	-	-	(637,672)
<i>Total</i>	<u>\$ 60,041,704</u>	<u>\$ 5,301,489</u>	<u>\$ 5,856,074</u>	<u>(48,884,141)</u>

**General Revenues**

Property Taxes Levied for:	
General Purposes	31,768,012
Debt Service	2,342,223
Grants and Entitlements not Restricted to Specific Programs	19,251,992
Payments in Lieu of Taxes	258,608
Leases	188,270
Investment Earnings	1,732,702
Miscellaneous	48,844
<i>Total General Revenues</i>	<u>55,590,651</u>
<i>Change in Net Position</i>	6,706,510
<i>Net Position Beginning of Year</i>	<u>10,609,351</u>
<i>Net Position End of Year</i>	<u>\$ 17,315,861</u>

See accompanying notes to the basic financial statements.

**Kent City School District**  
**Portage County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2023*

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 35,440,263	\$ 659,561	\$ 3,629,231	\$ 39,729,055
Cash and Cash Equivalents in Segregated Accounts	-	-	7,500	7,500
Accounts Receivable	54,753	-	11,690	66,443
Accrued Interest Receivable	42,989	-	65	43,054
Interfund Receivable	66,689	-	-	66,689
Intergovernmental Receivable	1,264,560	-	509,448	1,774,008
Taxes Receivable	29,611,129	-	2,152,917	31,764,046
Payments in Lieu of Taxes Receivable	257,796	-	-	257,796
Leases Receivable	394,557	-	-	394,557
<i>Total Assets</i>	<u>\$ 67,132,736</u>	<u>\$ 659,561</u>	<u>\$ 6,310,851</u>	<u>\$ 74,103,148</u>
<b>Liabilities</b>				
Accounts Payable	\$ 166,835	\$ 42,483	\$ 66,797	\$ 276,115
Accrued Wages and Benefits	2,862,851	-	274,468	3,137,319
Contracts Payable	-	198,742	410,015	608,757
Retainage Payable	-	3,000	-	3,000
Intergovernmental Payable	1,178,584	-	77,176	1,255,760
Interfund Payable	-	-	66,689	66,689
Undistributed Monies	9,724	-	-	9,724
<i>Total Liabilities</i>	<u>4,217,994</u>	<u>244,225</u>	<u>895,145</u>	<u>5,357,364</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes Levied for the Next Year	21,689,646	-	1,520,488	23,210,134
Payments in Lieu of Taxes	257,796	-	-	257,796
Unavailable Revenue - Delinquent Property Taxes	1,188,229	-	82,360	1,270,589
Unavailable Revenue - Other	859,040	-	393,802	1,252,842
Unavailable - Leases	384,331	-	-	384,331
<i>Total Deferred Inflows of Resources</i>	<u>24,379,042</u>	<u>-</u>	<u>1,996,650</u>	<u>26,375,692</u>
<b>Fund Balances</b>				
Nonspendable	-	-	1,500	1,500
Restricted	-	415,336	3,344,538	3,759,874
Assigned	2,865,919	-	321,478	3,187,397
Unassigned	35,669,781	-	(248,460)	35,421,321
<i>Total Fund Balance</i>	<u>38,535,700</u>	<u>415,336</u>	<u>3,419,056</u>	<u>42,370,092</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 67,132,736</u>	<u>\$ 659,561</u>	<u>\$ 6,310,851</u>	<u>\$ 74,103,148</u>

See accompanying notes to the basic financial statements.

**Kent City School District**  
**Portage County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*June 30, 2023*

<b>Total Governmental Fund Balances</b>		\$ 42,370,092
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		48,973,736
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Grants	\$ 393,802	
Delinquent Property Taxes	1,270,589	
Other	859,040	2,523,431
<hr style="width: 100%;"/>		
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		5,430,154
Accrued interest payable is not due and payable in the current period and therefore not reported in the funds.		(73,625)
The net pension liability and net OPEB asset/liability are not due and payable in the current period, therefore, the assets/liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	5,270,315	
Deferred Outflows - Pension	13,603,079	
Deferred Outflows - OPEB	868,744	
Net Pension Liability	(52,618,543)	
Net OPEB Liability	(1,966,866)	
Deferred Inflows - Pension	(6,673,562)	
Deferred Inflows - OPEB	(7,205,046)	(48,721,879)
<hr style="width: 100%;"/>		
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(27,970,000)	
Unamortized Bond Premium	(2,184,204)	
Unamortized Bond Discount	164,185	
Compensated Absences	(3,196,029)	(33,186,048)
<hr style="width: 100%;"/>		
<i>Net Position of Governmental Activities</i>		<u>\$ 17,315,861</u>

See accompanying notes to the basic financial statements.

**Kent City School District**  
**Portage County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balance*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2023*

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property and Other Local Taxes	\$ 31,305,508	\$ -	\$ 2,312,076	\$ 33,617,584
Intergovernmental	18,843,285	-	5,747,007	24,590,292
Investment Income	1,671,928	60,672	1,894	1,734,494
Tuition and Fees	4,531,547	-	-	4,531,547
Extracurricular Activities	86,453	-	642,683	729,136
Charges for Services	47,374	-	440,459	487,833
Rent	22,848	-	1,431	24,279
Contributions and Donations	15,828	-	101,899	117,727
Payments in Lieu of Taxes	258,608	-	-	258,608
Lease Revenue	188,270	-	-	188,270
Miscellaneous	35,737	-	13,106	48,843
<i>Total Revenues</i>	<u>57,007,386</u>	<u>60,672</u>	<u>9,260,555</u>	<u>66,328,613</u>
<b>Expenditures</b>				
Instruction:				
Regular	21,465,141	-	909,644	22,374,785
Special	8,707,538	-	1,078,742	9,786,280
Vocational	2,490,203	-	12,623	2,502,826
Student Intervention Services	474,821	-	-	474,821
Other	1,368,809	-	-	1,368,809
Support Services:				
Pupils	3,012,736	-	1,267,601	4,280,337
Instructional Staff	1,346,335	-	949,450	2,295,785
Board of Education	102,720	-	7,458	110,178
Administration	3,757,395	9,938	-	3,767,333
Fiscal	1,071,444	-	58,177	1,129,621
Business	412,181	-	-	412,181
Operation and Maintenance of Plant	4,357,670	201,742	386,734	4,946,146
Pupil Transportation	1,987,446	-	147,218	2,134,664
Central	151,277	-	13,074	164,351
Operation of Non-Instructional/Shared Services:				
Food Service Operations	-	-	1,274,294	1,274,294
Community Services	92,300	-	228,525	320,825
Extracurricular Activities	1,028,199	-	734,474	1,762,673
Capital Outlay	112,502	5,555,537	654,684	6,322,723
Debt Service				
Principal Retirement	-	-	1,240,000	1,240,000
Interest and Fiscal Charges	-	-	904,275	904,275
<i>Total Expenditures</i>	<u>51,938,717</u>	<u>5,767,217</u>	<u>9,866,973</u>	<u>67,572,907</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,068,669</u>	<u>(5,706,545)</u>	<u>(606,418)</u>	<u>(1,244,294)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Assets	194	-	-	194
Transfers In	-	-	640,230	640,230
Transfers Out	(640,230)	-	-	(640,230)
<i>Total Other Financing Sources (Uses)</i>	<u>(640,036)</u>	<u>-</u>	<u>640,230</u>	<u>194</u>
<i>Net Change in Fund Balances</i>	4,428,633	(5,706,545)	33,812	(1,244,100)
<i>Fund Balances Beginning of Year</i>	<u>34,107,067</u>	<u>6,121,881</u>	<u>3,385,244</u>	<u>43,614,192</u>
<i>Fund Balances End of Year</i>	<u>\$ 38,535,700</u>	<u>\$ 415,336</u>	<u>\$ 3,419,056</u>	<u>\$ 42,370,092</u>

See accompanying notes to the basic financial statements.

**Kent City School District**  
**Portage County, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2023*

<b>Net Change in Fund Balances - Total Governmental Funds</b>		\$ (1,244,100)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 7,624,709	
Current Year Depreciation	<u>(2,285,190)</u>	5,339,519
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(82,976)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	102,993	
Delinquent Property Taxes	492,651	
Other	<u>(176,043)</u>	419,601
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds		1,240,000
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	3,463	
Amortization of Premium on Bonds	270,535	
Amortization of Discount on Bonds	<u>(7,395)</u>	266,603
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	4,833,293	
OPEB	<u>73,500</u>	4,906,793
Except for amount reported as deferred inflows/outflows, changes in the net pension liability and OPEB asset/liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(4,949,543)	
OPEB	<u>1,245,593</u>	(3,703,950)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		178,178
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		<u>(613,158)</u>
<i>Change in Net Position of Governmental Activities</i>		<u>\$ 6,706,510</u>

See accompanying notes to the basic financial statements.

**Kent City School District**  
**Portage County, Ohio**  
*Statement of Revenues, Expenditures and Changes in*  
*Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2023*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues and Other Financing Sources	\$ 50,266,275	\$ 53,715,473	\$ 53,826,505	\$ 111,032
Expenditures and Other Financing Uses	<u>54,484,274</u>	<u>53,784,414</u>	<u>53,784,414</u>	<u>-</u>
Net Change in Fund Balance	(4,217,999)	(68,941)	42,091	111,032
<i>Fund Balance Beginning of Year</i>	34,090,612	34,090,612	34,090,612	-
Prior Year Encumbrances Appropriated	<u>736,984</u>	<u>736,984</u>	<u>736,984</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 30,609,597</u>	<u>\$ 34,758,655</u>	<u>\$ 34,869,687</u>	<u>\$ 111,032</u>

See accompanying notes to the basic financial statements.



**Kent City School District**  
**Portage County, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Fund*  
*June 30, 2023*

	Governmental Activities
	Internal Service Fund
<b>Assets</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 6,314,959
<i>Total Current Assets</i>	<i>6,314,959</i>
 <i>Current Liabilities:</i>	
Accounts Payable	432
Claims Payable	884,373
<i>Total Current Liabilities</i>	<i>884,805</i>
 <b>Net Position</b>	
Unrestricted	5,430,154
<i>Total Net Position</i>	<i>\$ 5,430,154</i>

See accompanying notes to the basic financial statements.

**Kent City School District**  
**Portage County, Ohio**  
*Statement of Revenues, Expenses and Changes in Fund Net Position*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2023*

	Governmental Activities
	Internal Service Fund
<b>Operating Revenues</b>	
Charges for Services	\$ 5,893,264
Other	77,889
<i>Total Operating Revenues</i>	<i>5,971,153</i>
<b>Operating Expenses</b>	
Purchased Services	1,089,696
Claims	4,697,487
Other	5,792
<i>Total Operating Expenses</i>	<i>5,792,975</i>
<i>Operating Income (Loss)</i>	<i>178,178</i>
<i>Net Position Beginning of Year</i>	<i>5,251,976</i>
<i>Net Position End of Year</i>	<i>\$ 5,430,154</i>

See accompanying notes to the basic financial statements.

**Kent City School District**  
**Portage County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Fund*  
For the Fiscal Year Ended June 30, 2023

	Governmental Activities
	Internal Service Fund
<b>Cash Flows from Operating Activities</b>	
Cash Received from Interfund Services Provided	\$ 5,893,264
Cash Received from Other Operating Receipts	77,889
Cash Payments to Suppliers for Goods and Services	(1,091,396)
Cash Payments for Claims	(4,778,134)
Other Cash Payments	(6,224)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>95,399</u>
 <i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	 95,399
 <i>Cash and Cash Equivalents Beginning of Year</i>	 <u>6,219,560</u>
 <i>Cash and Cash Equivalents End of Year</i>	 \$ <u><u>6,314,959</u></u>
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>	
Operating Income (Loss)	\$ 178,178
Adjustments:	
Increase (Decrease) in Liabilities:	
Accounts Payable	(2,132)
Claims Payable	(80,647)
 <i>Net Cash Provided by (Used For) Operating Activities</i>	<u>\$ 95,399</u>

See accompanying notes to the basic financial statements.

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***Kent City School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

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

The Kent City School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under an elected Board of Education consisting of five members and is responsible for providing public education to residents of the School District.

***Reporting Entity***

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

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

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

***Jointly Governed Organizations***

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

***The Six District Educational Compact*** - The Six District Educational Compact is a jointly governed organization consisting of six participating school districts, to provide for the vocational and special education needs of their students. The six-member board consists of the superintendent from each of the participating school districts. Students may attend vocational classes offered by any of the six school

***Kent City School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

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districts. If a student is accepted to attend a vocational class offered by a school district other than the school district in which the student resides, the school district of residence pays an instructional fee to the school district which offers the class. The Hudson City School District serves as the fiscal agent for this agreement, collecting and distributing payments. All revenues are generated from charges for services. All financial inquiries should be addressed to the Treasurer of the Hudson City School District, 76 N. Hayden Parkway, Hudson, Ohio 44236.

***The Ohio Schools Council*** - The Ohio Schools Council is a jointly governed organization among more than 280 school districts, Career Centers, Educational Service Centers and Developmental Disability boards. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council, at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

***Related Organization***

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

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

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

The most significant of the School District's accounting policies are described below.

***Basis of Presentation***

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

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

**Kent City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

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

**Fund Financial Statements** During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

**Fund Accounting**

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

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

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

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

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

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

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

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

**Measurement Focus and Basis of Accounting**

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

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

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

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

**Revenue - Exchange and Nonexchange Transactions** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means that the resources will be collected



**Kent City School District**  
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within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, “available” means expected to be received within sixty days of year-end.

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

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

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and other postemployment benefits (OPEB). The deferred outflows of resources related to pension and OPEB are explained in Notes 11 and 12.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, leases, payment in lieu of taxes and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance year 2024 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, leases and other items. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. See Notes 11 and 12.

***Expenditures/Expenses*** On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the statement of activities as an expense with a like amount reported within the “Operating Grants, Contributions and Interest” program revenue account.

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

***Budgets and Budgetary Accounting***

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

The Certificate of Estimated Resources and the Appropriation Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The amounts reported as the original budgeted revenue in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2023. The amounts reported as the original budgeted expenditures reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditures represent the final appropriation amounts passed by the Board during the year.

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

***Cash and Investments***

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

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

For the fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

***Kent City School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

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Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as “equity in pooled cash and cash equivalents.” Investments with an original maturity of more than three months that are not made from the pool are reported as “investments.”

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest in the general fund amounted to \$1,671,928, which includes \$350,254 assigned from other School District funds.

***Prepays***

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

***Interfund Balances***

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

***Inventory***

On the governmental-wide financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used. There were no inventories at the end of the fiscal year.

***Capital Assets***

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

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

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

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

***Pensions and Other Postemployment Benefits (OPEB)***

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

***Compensated Absences***

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

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

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

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

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

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

***Kent City School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

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***Fund Balance***

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

*Nonspendable* – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned in the General Fund.

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

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

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The School District Board of Education has, by resolution, authorized the Treasurer to assign fund balance. The School District Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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

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

***Kent City School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

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***Net Position***

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2023, there was no net position restricted by enabling legislation.

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

***Operating Revenues and Expenses***

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

***Bond Premium and Discount***

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

***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 after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

***Estimates***

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

***Kent City School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

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***Implementation of New Accounting Principles***

For the fiscal year ended June 30, 2023, the School District has implemented GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 93, paragraphs 13 and 14, *Replacement of Interbank Offered Rates*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and certain provisions of GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the School District.

GASB Statement No. 93, paragraphs 13 and 14, provide an exception to the lease modifications guidance in GASB Statement No. 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The implementation of GASB Statement No. 93 paragraphs 13 and 14, did not have an effect on the financial statements of the School District.

GASB Statement No. 94 improves financial reporting by establishing the definitions of public-private and public-public partnership arrangements and availability payment arrangements as well as provides uniform guidance on accounting and financial reporting for transactions that meet the definitions. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the School District.

GASB Statement No. 96 improves financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement also enhances the relevance and reliability of the financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and discloses essential information about the arrangement. The note disclosures also allow the users to understand the scale and important aspects of the SBITA activities and evaluate the obligations and assets resulting from the SBITAs. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the School District.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to extension of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and pledges of future revenues by pledging governments, did not have an effect on the financial statements of the School District.

**NOTE 3 – FUND BALANCES**

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

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Notes to the Basic Financial Statements  
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	General	Building Fund	Other Governmental Funds	Total
Nonspendable for:				
Endowments	\$ -	\$ -	\$ 1,500	\$ 1,500
Total Nonspendable	-	-	1,500	1,500
Restricted for:				
Capital Projects	-	415,336	-	415,336
Debt Service	-	-	2,055,013	2,055,013
Food Service	-	-	759,703	759,703
Student Activities	-	-	164,196	164,196
Athletics	-	-	103,690	103,690
Auxiliary Services	-	-	7,620	7,620
Local Grants	-	-	165,162	165,162
Endowments	-	-	1,728	1,728
State Funded Programs	-	-	26,058	26,058
Federally Funded Programs	-	-	1,342	1,342
Other Purposes	-	-	60,026	60,026
Total Restricted	-	415,336	3,344,538	3,759,874
Assigned for:				
Instruction	165,617	-	-	165,617
Support Services	228,941	-	-	228,941
Subsequent Year Appropriations	2,398,675	-	-	2,398,675
Public School Support	68,861	-	-	68,861
Capital Projects	-	-	321,478	321,478
Uniform School Supplies	3,825	-	-	3,825
Total Assigned	2,865,919	-	321,478	3,187,397
Unassigned	35,669,781	-	(248,460)	35,421,321
Total Fund Balance	\$ 38,535,700	\$ 415,336	\$ 3,419,056	\$ 42,370,092

Unassigned fund balance included the following individual fund deficits:

	Deficit
<b><i>Non-Major Governmental Funds</i></b>	
ESSER	\$ 120,986
Title VI-B	56,717
Title I	48,845
IDEA Preschool	101
Improving Teacher Quality	3,787
Miscellaneous Federal Grants	18,024
Total	<u>\$ 248,460</u>



**Kent City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

<b>Net Change in Fund Balance</b>	
	General Fund
GAAP Basis	\$ 4,428,633
Net Adjustment for Revenue Accruals	(2,792,101)
Net Adjustment for Expenditure Accruals	(1,128,286)
Funds Budgeted Elsewhere **	(4,951)
Encumbrances	(461,204)
Budget Basis	\$ 42,091

\*\* As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support, uniform school supplies, adult education, rotary special services, rotary and unclaimed monies funds.

***Kent City School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

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**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

***Kent City School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

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5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.
8. Certain banker's acceptance for a period not to exceed 180 days and commercial paper notes for a period not to exceed 270 days from the purchase date and in an amount not to exceed 40 percent of the interim monies available for investment at any one time.

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

***Cash on Hand*** - At fiscal year-end, the School District had \$500 in undeposited cash on hand in various Board-approved change and petty cash accounts which is included as part of “equity in pooled cash and cash equivalents.”

***Deposits*** – At fiscal year-end, \$2,617,385 of the School District’s bank balance of \$17,867,385 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions’ trust department in the School District’s name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

***Custodial Credit Risk*** Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

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**Investments:** As of June 30, 2023, the School District had the following investments:

Rating	Investment	Measurement Amount	Investment Maturities in Months 0 - 12	% Total
	Net Asset Value:			
AAAm	STAR Ohio	\$28,457,256	\$28,457,256	100.0%

**Interest Rate Risk:** The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District’s policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District.

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2023, is 39 days.

**Credit Risk:** The School District’s investments at June 30, 2023 are rated as shown above by S&P Global Ratings. The School District’s policy on Credit Risk allows only for those investments as stated within the Ohio Revised Code.

**Concentration of Credit Risk:** The School District places no limit on the amount the district may invest in any one issuer.

**NOTE 6 - PROPERTY TAX**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien December 31, 2021, were levied after April 1, 2022 and are collected in 2023 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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Notes to the Basic Financial Statements  
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The School District receives property taxes from Portage County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2023 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2023, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

The assessed values upon which the fiscal year 2023 taxes were collected are:

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 631,358,880	96.32%	\$ 648,954,920	96.15%
Public Utility	24,143,530	3.68%	26,016,100	3.85%
	\$ 655,502,410	100.00%	\$ 674,971,020	100.00%

**NOTE 7 - RECEIVABLES**

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

***Lease Receivable***

The School District leases building and parking space to Harbor Education. The lease commenced in 2021 through July, 2025. The School District also leases classroom and office space to the Portage Private Industry Council with the lease commencing in 2022 through June, 2025. The School District is reporting the lease receivable in the governmental funds at June 30, 2025. This amount represents the discounted future monthly lease payments. This discount is being amortized using the straight-line method. For 2023, the School District reported lease revenue of \$188,270 and interest revenue of \$13,511 in the governmental Funds.

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A summary of future payments to be received is as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 190,256	\$ 9,317	\$ 199,573
2025	196,043	3,530	199,573
2025	8,258	20	8,278
	<u>\$ 394,557</u>	<u>\$ 12,867</u>	<u>\$ 407,424</u>

**NOTE 8 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	Balance 7/1/2022	Additions	Reductions	Adjustments *	Balance 6/30/2023
<b>Governmental Activities</b>					
<i>Capital Assets, not being depreciated:</i>					
Land	\$ 1,665,218	\$ -	\$ -	\$ 7,250	\$ 1,672,468
Construction in progress	205,242	5,589,599	(5,794,841)	-	-
	<u>1,870,460</u>	<u>5,589,599</u>	<u>(5,794,841)</u>	<u>7,250</u>	<u>1,672,468</u>
<i>Capital Assets, being depreciated:</i>					
Land Improvements	5,033,322	82,690	(41,500)	-	5,074,512
Buildings and Improvements	59,273,964	6,923,875	(102,002)	-	66,095,837
Furniture and Equipment	4,499,407	483,101	(13,940)	(7,250)	4,961,318
Vehicles	3,746,917	340,285	(258,052)	-	3,829,150
Total Capital Assets, being depreciated	<u>72,553,610</u>	<u>7,829,951</u>	<u>(415,494)</u>	<u>(7,250)</u>	<u>79,960,817</u>
Less Accumulated Depreciation:					
Land Improvements	(675,820)	(234,145)	14,525	-	(895,440)
Buildings and Improvements	(24,304,636)	(1,437,750)	46,001	-	(25,696,385)
Furniture and Equipment	(3,223,475)	(292,561)	13,940	-	(3,502,096)
Vehicles	(2,502,946)	(320,734)	258,052	-	(2,565,628)
Total Accumulated Depreciation	<u>(30,706,877)</u>	<u>(2,285,190)</u>	<u>332,518</u>	<u>-</u>	<u>(32,659,549)</u>
Total Capital Assets being depreciated, net	<u>41,846,733</u>	<u>5,544,761</u>	<u>(82,976)</u>	<u>(7,250)</u>	<u>47,301,268</u>
Governmental Activities Capital Assets, Net	<u>\$ 43,717,193</u>	<u>\$ 11,134,360</u>	<u>\$ (5,877,817)</u>	<u>\$ -</u>	<u>\$ 48,973,736</u>

\* Adjustment to properly classify land parcel.

***Kent City School District***  
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Depreciation expense was charged to governmental functions as follows:

<i>Governmental Activities:</i>	
Instruction:	
Regular	\$ 619,339
Special	1,115
Vocational	139,420
Adult/Continuing	1,398
Support Services:	
Instructional Staff	7,832
Administration	10,917
Fiscal	828
Operation and Maintenance of Plant	751,503
Pupil Transportation	317,252
Central	12,822
Food Service Operations	2,310
Extracurricular Activities	420,454
	<hr/>
Total Depreciation	<u><u>\$ 2,285,190</u></u>

**NOTE 9 – INTERFUND ACTIVITY**

***Interfund Loans***

Interfund loans receivable/payable consisted of \$66,689 from the general fund to other nonmajor governmental funds to cover expenditures until expected revenues were received. All interfund loans will be repaid in fiscal year 2024 with monies to be received from reimbursable expenditures incurred during fiscal year 2023. Interfund balances between governmental funds are eliminated on the government-wide statement of net position.

***Transfers***

During the year, the general fund transferred \$575,000 to the permanent improvement fund and \$65,230 to the athletics fund to cover deficits in the funds.

**NOTE 10 - RISK MANAGEMENT**

***Property and Liability Insurance***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

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***Employee Medical Benefits***

The School District uses an internal service fund to record and report its self-funded health care insurance program. The claims liability of \$884,373 reported in the fund at year end was estimated by the third-party administrator and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported.

Changes in the fund’s claims liability during 2023 and 2022 were:

	Balance July 1	Current Year Claims	Claim Payments	Balance June 30
2023	\$ 965,020	\$ 4,697,487	\$ 4,778,134	\$ 884,373
2022	\$ 698,555	\$ 4,868,981	\$ 4,602,516	\$ 965,020

***Worker’s Compensation***

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

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Net OPEB Liability (Asset)***

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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



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

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

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

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

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$790,612 for fiscal year 2023. Of this amount, \$36,889 is reported as an intergovernmental payable.

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

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in until July, 2028, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit and at any age.

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

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The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2023, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$4,042,681 for fiscal year 2023. Of this amount, \$648,260 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School district's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.1362870%	0.20353948%	
Prior Measurement Date	<u>0.1466507%</u>	<u>0.21188933%</u>	
Change in Proportionate Share	<u>-0.0103637%</u>	<u>-0.00834985%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 7,371,461	\$ 45,247,082	\$ 52,618,543
Pension Expense	\$ (13,046)	\$ 4,962,589	\$ 4,949,543

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period.

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between Expected and			
Actual Experience	\$ 298,550	\$ 579,220	\$ 877,770
Net Difference between Projected and			
Actual Earnings on Pension Plan Investments	-	1,574,500	1,574,500
Changes of Assumptions	72,735	5,414,717	5,487,452
Changes in Proportion and Differences between			
School District Contributions and Proportionate			
Share of Contributions	-	830,064	830,064
School District Contributions Subsequent to the			
Measurement Date	<u>790,612</u>	<u>4,042,681</u>	<u>4,833,293</u>
<b>Total Deferred Outflows of Resources</b>	<u>\$ 1,161,897</u>	<u>\$ 12,441,182</u>	<u>\$ 13,603,079</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and			
Actual Experience	\$ 48,392	\$ 173,085	\$ 221,477
Net Difference between Projected and			
Actual Earnings on Pension Plan Investments	257,232	-	257,232
Changes of Assumptions	-	4,075,725	4,075,725
Changes in Proportion and Differences between			
School District Contributions and Proportionate			
Share of Contributions	<u>451,111</u>	<u>1,668,017</u>	<u>2,119,128</u>
<b>Total Deferred Inflows of Resources</b>	<u>\$ 756,735</u>	<u>\$ 5,916,827</u>	<u>\$ 6,673,562</u>

\$4,833,293 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Fiscal Year Ending June 30:	SERS	STRS	Total
2024	\$ (238,512)	\$ (288,224)	\$ (526,736)
2025	(206,954)	(307,348)	(514,302)
2026	(367,458)	(1,511,543)	(1,879,001)
2027	427,474	4,588,789	5,016,263
Total	<u>\$ (385,450)</u>	<u>\$ 2,481,674</u>	<u>\$ 2,096,224</u>

**Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022 and June 30, 2021, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent, net of investment expense, including inflation
COLA or Ad Hoc COLA	2.00 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategies	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

**Discount Rate** The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 10,850,439	\$ 7,371,461	\$ 4,440,470

**Kent City School District**  
Notes to the Basic Financial Statements  
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**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation, are presented below:

Inflation	2.50 percent
Salary Increases	
Current Measurement Period	Varies by service from 2.50 percent to 8.50 percent
Prior Measurement Period	Varies by age from 2.50 percent to 12.50 percent
Payroll Increases	3.00 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent effective July 1, 2017

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

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

Actuarial assumptions used in the June 30, 2022 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Rate of Return**</u>
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

\*Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

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

**Discount Rate.** The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 68,351,870	\$ 45,247,082	\$ 25,707,586

**Changes between the Measurement Date and the Reporting Date** The discount rate was adjusted to 7.00 percent for the June 30, 2022 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

**SOCIAL SECURITY SYSTEM**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2023, no members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

**NOTE 12 - DEFINED BENEFIT OPEB PLANS**

See Note 11 for a description of the net OPEB liability (asset).

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

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit



***Kent City School District***  
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purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was \$73,500, which is reported as an intergovernmental payable. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was equal to its surcharge obligation for fiscal year 2023.

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

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

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**OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB**

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.1400891%	0.20353948%	
Prior Measurement Date	<u>0.1510047%</u>	<u>0.21188933%</u>	
Change in Proportionate Share	<u>-0.0109156%</u>	<u>-0.00834985%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 1,966,866	\$ (5,270,315)	
OPEB Expense	\$ (231,571)	\$ (1,014,022)	\$ (1,245,593)

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in OPEB expense beginning in the current period, using a straight-line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five-year period.

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 16,532	\$ 76,404	\$ 92,936
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	10,223	91,745	101,968
Changes of Assumptions	312,853	224,497	537,350
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	20,178	42,812	62,990
School District Contributions Subsequent to the Measurement Date	<u>73,500</u>	<u>-</u>	<u>73,500</u>
<b>Total Deferred Outflows of Resources</b>	<u>\$ 433,286</u>	<u>\$ 435,458</u>	<u>\$ 868,744</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 1,258,151	\$ 791,506	\$ 2,049,657
Changes of Assumptions	807,410	3,737,167	4,544,577
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	<u>518,332</u>	<u>92,480</u>	<u>610,812</u>
<b>Total Deferred Inflows of Resources</b>	<u>\$ 2,583,893</u>	<u>\$ 4,621,153</u>	<u>\$ 7,205,046</u>

**Kent City School District**  
Notes to the Basic Financial Statements  
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\$73,500 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction/addition to the net OPEB liability/asset in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	\$ (492,793)	\$ (1,273,082)	\$ (1,765,875)
2025	(477,722)	(1,180,923)	(1,658,645)
2026	(427,029)	(569,682)	(996,711)
2027	(302,143)	(233,363)	(535,506)
2028	(206,962)	(306,687)	(513,649)
Thereafter	<u>(317,458)</u>	<u>(621,958)</u>	<u>(939,416)</u>
Total	<u>\$ (2,224,107)</u>	<u>\$ (4,185,695)</u>	<u>\$ (6,409,802)</u>

***Actuarial Assumptions - SERS***

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022, are presented below:

***Kent City School District***  
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Inflation	2.40 percent
Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position Depletion	Projected to be 2044
Municipal Bond Index Rate	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate	
Measurement Date	4.08 percent, net of plan investment expense, including price inflation
Prior Measurement Date	2.27 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Medicare	5.125 percent - 4.40 percent
Pre-Medicare	6.750 percent - 4.40 percent
Medical Trend Assumption	7.00 percent - 4.40 percent

In 2022, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategies	4.00	3.39
Private Debt/Private Credit	3.00	5.38
<b>Total</b>	<b>100.00 %</b>	

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2022 was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69 percent at June 30, 2022 and 1.92 percent at June 30, 2021.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08 percent) and higher (5.08 percent) than the current discount rate (4.08 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate (7.00 percent decreasing to 4.40 percent).

	1% Decrease	Current Discount Rate	1% Increase
School District 's Proportionate Share of the Net OPEB Liability	\$ 2,442,877	\$ 1,966,866	\$ 1,582,595
	1% Decrease	Current Trend Rate	1% Increase
School District 's Proportionate Share of the Net OPEB Liability	\$ 1,516,806	\$ 1,966,866	\$ 2,554,716

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**Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected Salary Increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate

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

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

**Kent City School District**  
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Asset Class	Target Allocation*	Long-Term Expected Rate of Return**
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
<b>Total</b>	<b>100.00 %</b>	

\*Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

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

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
School District 's Proportionate Share of the Net OPEB (Asset)	\$ (4,872,267)	\$ (5,270,315)	\$ (5,611,276)
		Current Trend Rate	
	1% Decrease	1% Increase	
School District 's Proportionate Share of the Net OPEB (Asset)	\$ (5,466,598)	\$ (5,270,315)	\$ (5,022,554)

**NOTE 13 - STATUTORY RESERVES**

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

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

	Capital Improvement Reserve
Set Aside Reserve Balance June 30, 2022	\$ -
Current Year Set-Aside Requirement	655,428
Current Year Offsets	<u>(2,315,541)</u>
Total	<u>\$ (1,660,113)</u>
Balance Carried Forward to Fiscal Year 2024	<u>\$ -</u>
Set Aside Reserve Balance June 30, 2023	<u>\$ -</u>

**NOTE 14 – LONG-TERM OBLIGATIONS**

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

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due in</u> <u>One year</u>
<i>Governmental Activities:</i>					
<i>General Obligation Bonds</i>					
2020 School Improvement	\$ 24,210,000	\$ -	\$ (570,000)	\$ 23,640,000	\$ 580,000
Premium	2,263,181	-	(215,376)	2,047,805	-
Discount	(171,580)	-	7,395	(164,185)	-
2013 Library Refunding	5,000,000	-	(670,000)	4,330,000	700,000
Premium	191,558	-	(55,159)	136,399	-
Total General Obligation Bonds	<u>31,493,159</u>	<u>-</u>	<u>(1,503,140)</u>	<u>29,990,019</u>	<u>1,280,000</u>
<i>Other Long Term Liabilities</i>					
Compensated Absences	2,582,871	1,122,146	(508,988)	3,196,029	429,671
Net Pension Liability	32,502,941	20,115,602	-	52,618,543	-
Net OPEB Liability	2,857,888	-	(891,022)	1,966,866	-
Total Other Long Term Liabilities	<u>37,943,700</u>	<u>21,237,748</u>	<u>(1,400,010)</u>	<u>57,781,438</u>	<u>429,671</u>
Governmental Activities Long-Term Liabilities	<u>\$ 69,436,859</u>	<u>\$ 21,237,748</u>	<u>\$ (2,903,150)</u>	<u>\$ 87,771,457</u>	<u>\$ 1,709,671</u>



***Kent City School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

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<u>General Obligation Bonds</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
2020 School Improvement	\$24,210,000	2% - 4%	12/1/2048
2013 Library refunding	\$ 8,600,000	2% - 4.5%	12/1/2028

***General Obligation Bonds***

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

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

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

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

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

**Kent City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

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Principal and interest requirements to amortize all bonds outstanding at June 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 1,280,000	\$ 873,000	\$2,153,000
2025	1,315,000	834,300	2,149,300
2026	1,365,000	788,525	2,153,525
2027	1,410,000	741,075	2,151,075
2028	1,460,000	691,950	2,151,950
2029 - 2033	4,385,000	2,894,150	7,279,150
2034 - 2038	4,590,000	2,076,150	6,666,150
2039 - 2043	5,375,000	1,291,025	6,666,025
2044 - 2048	6,110,000	550,750	6,660,750
2049	680,000	17,000	697,000
	<u>\$27,970,000</u>	<u>\$10,757,925</u>	<u>38,727,925</u>

***Other Obligations***

Compensated absences are typically paid from the fund from which the employee is paid when possible. However, compensated absence obligations have primarily been paid from the general fund in prior years.

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

**NOTE 15 - CONTINGENCIES**

***Grants***

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2023, if applicable, cannot be determined at this time. In the opinion of management, any such disallowed claim will not have a material effect on the financial position of the School District.

***Litigation***

The School District is susceptible to claims and lawsuits, however it is the opinion of the School District and its council that there are no significant liabilities anticipated in excess of insurance coverage.

***Kent City School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

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***School Foundation***

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, all ODE adjustments have been made and will not have a material effect on the financial position of the School District.

**NOTE 16 – ENCUMBRANCES/CONTRACTUAL COMMITMENTS**

***Encumbrance Commitments***

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at fiscal year end may be reported as part of restricted, committed or assigned classifications of fund balance. At fiscal year end, the School District's commitments for encumbrances in the governmental funds consisted of \$397,499 in the general fund, \$308,040 in the building fund and \$415,783 in the nonmajor governmental funds.

***Contractual Commitments***

The School District had outstanding contractual commitments for roofing improvements in the amount of \$171,676.

Based on timing of when contracts are encumbered, the contractual commitment identified above may or may not be included in the outstanding encumbrance commitments previously disclosed in this note.

**Kent City School District**  
**Portage County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*Last Ten Fiscal Years*

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b><i>School Employees Retirement System (SERS)</i></b>				
School District's Proportion of the Net Pension Liability	0.13628700%	0.14665070%	0.15724201%	0.15730620%
School District's Proportionate Share of the Net Pension Liability	\$ 7,371,461	\$ 5,410,986	\$ 10,081,387	\$ 9,411,906
School District's Covered Payroll	\$ 5,274,379	\$ 4,542,921	\$ 4,683,379	\$ 4,852,563
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	139.76%	119.11%	215.26%	193.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%
<b><i>State Teachers Retirement System (STRS)</i></b>				
School District's Proportion of the Net Pension Liability	0.20353948%	0.21188933%	0.20448870%	0.21044887%
School District's Proportionate Share of the Net Pension Liability	\$ 45,247,082	\$ 27,091,955	\$ 50,166,572	\$ 45,221,438
School District's Covered Payroll	\$ 26,461,100	\$ 25,907,579	\$ 24,912,079	\$ 24,677,864
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	170.99%	104.57%	201.37%	183.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.50%	75.50%	77.40%

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
0.15684990%	0.16147690%	0.17051390%	0.17765170%	0.20330300%	0.20330300%
\$ 8,983,084	\$ 9,647,888	\$ 12,480,044	\$ 10,136,978	\$ 10,289,049	\$ 12,089,777
\$ 4,715,948	\$ 4,626,100	\$ 4,755,214	\$ 4,685,137	\$ 5,287,193	\$ 5,417,146
190.48%	208.55%	262.45%	216.36%	194.60%	223.18%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%
0.21098571%	0.20831620%	0.21797128%	0.21421991%	0.22758481%	0.22758481%
\$ 46,391,020	\$ 49,485,960	\$ 72,961,558	\$ 59,204,117	\$ 55,356,502	\$ 65,940,303
\$ 23,975,364	\$ 23,052,871	\$ 22,377,879	\$ 22,349,664	\$ 23,465,085	\$ 23,526,692
193.49%	214.66%	326.04%	264.90%	235.91%	280.28%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

See accompanying notes to the required supplementary information.

**Kent City School District**  
**Portage County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions - Pension*  
*Last Ten Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b><i>School Employees Retirement System (SERS)</i></b>				
Contractually Required Contribution	\$ 790,612	\$ 738,413	\$ 636,009	\$ 655,673
Contributions in Relation to the Contractually Required Contribution	<u>(790,612)</u>	<u>(738,413)</u>	<u>(636,009)</u>	<u>(655,673)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 5,647,229	\$ 5,274,379	\$ 4,542,921	\$ 4,683,379
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
<b><i>State Teachers Retirement System (STRS)</i></b>				
Contractually Required Contribution	\$ 4,042,681	\$ 3,704,554	\$ 3,627,061	\$ 3,487,691
Contributions in Relation to the Contractually Required Contribution	<u>(4,042,681)</u>	<u>(3,704,554)</u>	<u>(3,627,061)</u>	<u>(3,487,691)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 28,876,293	\$ 26,461,100	\$ 25,907,579	\$ 24,912,079
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 655,096	\$ 636,653	\$ 647,654	\$ 665,730	\$ 617,501	\$ 732,805
<u>(655,096)</u>	<u>(636,653)</u>	<u>(647,654)</u>	<u>(665,730)</u>	<u>(617,501)</u>	<u>(732,805)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,852,563	\$ 4,715,948	\$ 4,626,100	\$ 4,755,214	\$ 4,685,137	\$ 5,287,193
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
\$ 3,454,901	\$ 3,356,551	\$ 3,227,402	\$ 3,132,903	\$ 3,128,953	\$ 3,050,461
<u>(3,454,901)</u>	<u>(3,356,551)</u>	<u>(3,227,402)</u>	<u>(3,132,903)</u>	<u>(3,128,953)</u>	<u>(3,050,461)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 24,677,864	\$ 23,975,364	\$ 23,052,871	\$ 22,377,879	\$ 22,349,664	\$ 23,465,085
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

See accompanying notes to the required supplementary information.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b><i>School Employees Retirement System (SERS)</i></b>				
School District's Proportion of the Net OPEB Liability	0.14008910%	0.15100470%	0.15815840%	0.16134400%
School District's Proportionate Share of the Net OPEB Liability	\$ 1,966,866	\$ 2,857,888	\$ 3,437,300	\$ 4,057,462
School District's Covered Payroll	\$ 5,274,379	\$ 4,542,921	\$ 4,683,379	\$ 4,852,563
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	37.29%	62.91%	73.39%	83.61%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%	15.57%
<b><i>State Teachers Retirement System (STRS)</i></b>				
School District's Proportion of the Net OPEB Liability (Asset)	0.20353948%	0.21188933%	0.20733037%	0.20448870%
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (5,270,315)	\$ (4,467,513)	\$ (3,643,827)	\$ (3,386,823)
School District's Covered Payroll	\$ 26,461,100	\$ 25,907,579	\$ 24,912,079	\$ 24,677,864
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-19.92%	17.24%	14.63%	13.72%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.73%	174.70%	182.40%	174.70%

(1) Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.



	<b>2019</b>	<b>2018</b>	<b>2017</b>
	0.15957640%	0.16392060%	0.17267330%
\$	4,427,080	\$ 4,399,198	\$ 4,921,828
\$	4,715,948	\$ 4,626,100	\$ 4,755,214
	93.87%	95.10%	103.50%
	13.57%	12.46%	11.49%
	0.21098571%	0.20831620%	0.21797128%
\$	(3,390,325)	\$ 8,127,729	\$ 11,657,161
\$	23,975,364	\$ 23,052,871	\$ 22,377,879
	14.14%	35.26%	52.09%
	176.00%	47.10%	37.30%

See accompanying notes to the required supplementary information.

**Kent City School District**  
**Portage County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions - OPEB*  
*Last Ten Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b><i>School Employees Retirement System (SERS)</i></b>				
Contractually Required Contribution (1)	\$ 73,500	\$ 95,242	\$ 97,473	\$ 101,568
Contributions in Relation to the Contractually Required Contribution	<u>(73,500)</u>	<u>(95,242)</u>	<u>(97,473)</u>	<u>(101,568)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 5,647,229	\$ 5,274,379	\$ 4,542,921	\$ 4,683,379
OPEB Contributions as a Percentage of Covered Payroll (1)	1.30%	1.85%	2.15%	2.17%
<b><i>State Teachers Retirement System (STRS)</i></b>				
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 28,876,293	\$ 26,461,100	\$ 25,907,579	\$ 24,912,079
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information.

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 123,380	\$ 111,798	\$ 89,613	\$ 86,842	\$ 132,534	\$ 110,627
<u>(123,380)</u>	<u>(111,798)</u>	<u>(89,613)</u>	<u>(86,842)</u>	<u>(132,534)</u>	<u>(110,627)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,852,563	\$ 4,715,948	\$ 4,626,100	\$ 4,755,214	\$ 4,685,137	\$ 5,287,193
2.54%	2.37%	1.94%	1.83%	2.83%	2.09%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 234,651
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(234,651)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 24,677,864	\$ 23,975,364	\$ 23,052,871	\$ 22,377,879	\$ 22,349,664	\$ 23,465,085
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

See accompanying notes to the required supplementary information.

**Kent City School District**  
**Portage County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*

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**NOTE 1 - NET PENSION LIABILITY**

There were no changes in assumptions or benefit terms for the fiscal years reported unless otherwise stated below:

***Changes in Assumptions - SERS***

For fiscal year 2022, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.00 percent to 2.40 percent
- Payroll growth assumption was reduced from 3.50 percent to 1.75 percent
- Assumed real wage growth was increased from 0.50 percent to 0.85 percent
- Discount rate was reduced from 7.50 percent to 7.00 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

***Changes in Benefit Terms - SERS***

For fiscal year 2022, cost-of-living adjustments were increased from 2.00 percent to 2.50 percent.

For fiscal year 2021, cost-of-living adjustments were reduced from 2.50 percent to 2.00 percent.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

**Kent City School District**  
**Portage County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*

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***Changes in Assumptions – STRS***

For fiscal year 2022, the Retirement Board approved several changes to the actuarial assumptions. The salary increases were where changed from 12.50 percent at age 20 to 2.50 percent at age 65 to varying by service from 2.50 percent to 8.50 percent. The healthy and disabled mortality assumptions were updated to the Pub-2010 mortality tables with generational improvement scale MP-2020.

For fiscal year 2021, the long term expected rate of return was reduced from 7.45 percent to 7.00 percent.

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

***Changes in Benefit Terms - STRS***

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

**NOTE 2 - NET OPEB LIABILITY (ASSET)**

***Changes in Assumptions – SERS***

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

**Municipal Bond Index Rate:**

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

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

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

**Kent City School District**  
**Portage County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*

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Pre-Medicare Trend Assumption

Fiscal year 2023	6.75 percent initially, decreasing to 4.40 percent
Fiscal year 2022	6.75 percent initially, decreasing to 4.40 percent
Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare Trend Assumption

Fiscal year 2023	7.00 percent initially, decreasing to 4.40 percent
Fiscal year 2022	5.125 percent initially, decreasing to 4.40 percent
Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

***Changes in Benefit Terms - SERS***

There have been no changes to the benefit provisions.

***Changes in Assumptions – STRS***

For fiscal year 2022, the healthy and disabled mortality assumptions were updated to the RPub-2010 mortality tables with generational improvement scale MP-2020. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For fiscal year 2022, the following changes were made to the actuarial assumptions:

- Projected salary increases from 3.25 to 10.75 percent, including wage inflation to varying by service from 2.50 to 8.50 percent
- Medicare medical health care cost trends from -16.18 percent initial to -68.78 percent initial and 4.00 percent ultimate to 3.94 percent ultimate
- Medicare prescription drug health care cost trends from 29.98 percent initial to -5.47 percent initial and 4.00 percent ultimate to 3.94 percent ultimate

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 percent ultimate rate.

**Kent City School District**  
**Portage County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*

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For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

***Changes in Benefit Terms – STRS***

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

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

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass through Grantor Program Title	Pass Through Entity Number	Assistance Listing Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education and Workforce:</i>			
Child Nutrition Cluster:			
Cash Assistance:			
School Breakfast Program	044164-3L70-23	10.553	\$ 195,888
National School Lunch Program	044164-3L60-23	10.555	515,966
Supply Chain Assistance	044164-3L60-23	10.555	88,105
Summer Foods Program	044164-3GE0-23	10.559	40,340
Cash Assistance Subtotal			<u>840,299</u>
Non-Cash Assistance (Food Distribution):			
School Breakfast Program	N/A	10.553	20,971
National School Lunch Program	N/A	10.555	64,670
Non-Cash Assistance Subtotal			<u>85,641</u>
Total Child Nutrition Cluster			<u>925,940</u>
COVID-19 Pandemic EBT Administrative Costs	044164-3HF0-23	10.649	3,135
<b>Total U.S. Department of Agriculture</b>			<b><u>929,075</u></b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education and Workforce:</i>			
LSTA COBAA Grant 2023	N/A	45.310	1,945
Title I, Grants to Local Educational Agencies	044164-3M00-21	84.010A	3,274
Title I, Grants to Local Educational Agencies	044164-3M00-22	84.010A	108,349
Title I, Grants to Local Educational Agencies	044164-3M00-23	84.010A	644,671
Title I, Expanding Opportunities for Each Child	044164-3M00-23	84.010A	13,391
Total Title I, Grants to Local Educational Agencies			<u>769,685</u>
Special Education Cluster:			
Special Education-Grants to States, Parent Mentor 2021	044164-3M20-21	84.027A	24,803
Special Education-Grants to States, Parent Mentor 2022	044164-3M20-22	84.027A	10
Special Education-Grants to States, Parent Mentor 2023	044164-3M20-23	84.027A	25,000
Special Education-Grants to States, IDEA-B 2022	044164-3M20-22	84.027A	678,750
Special Education-Grants to States, IDEA-B 2023	044164-3M20-23	84.027A	106,905
COVID-19 ARP Special Education-Grants to States	044164-3IA0-23	84.027X	102,674
Preschool Program 2022	044164-3C50-22	84.173A	26,217
Preschool Program 2023	044164-3C50-23	84.173A	636
COVID-19 ARP Preschool Program	044164-3IA0-23	84.173X	1,427
Total Special Education Cluster			<u>966,422</u>
Title III, Immigrant 2021	N/A	84.365	275
Title III, Immigrant 2022	N/A	84.365	342
Title III, Limited English Proficiency	N/A	84.365	36,602
Title III, Immigrant 2023	N/A	84.365	1,193
Total Title III, Limited English Proficiency			<u>38,412</u>
Title II-A, Improving Teacher Quality State Grants	044164-3Y60-22	84.367A	17,484
Title II-A, Improving Teacher Quality State Grants	044164-3Y60-23	84.367A	59,112
Total Improving Teacher Quality			<u>76,596</u>
Comprehensive Literacy Development Program	044164-3HL0-22	84.371C	10,901
Comprehensive Literacy Development Program	044164-3HL0-23	84.371C	642,344
Total Comprehensive Literacy Development Program			<u>653,245</u>
Title IV-A, Student Support and Academic Enrichment Program	044164-3H10-22	84.424A	88
Title IV-A, Student Support and Academic Enrichment Program	044164-3H10-23	84.424A	44,631
Total Title IV-A, Student Support and Academic Enrichment Program			<u>44,719</u>
COVID-19 Elementary and Secondary School Emergency Relief Fund	044164-3HS0-22	84.425D	21,025
COVID-19 American Rescue Plan Homeless	044164-3HZ0-22	84.425W	8,822
COVID-19 ARP Elementary and Secondary School Emergency Relief Fund	044164-3HS0-23	84.425U	1,748,417
Total Elementary and Secondary School Emergency Relief Fund			<u>1,778,264</u>
<i>Passed Through Six District Educational Compact:</i>			
Career and Technical Education - Admin Reimbursement	N/A	84.048	14,600
Career and Technical Education - Student Learner Success	N/A	84.048	39,568
Career and Technical Education - Travel Student Learning	N/A	84.048	14,200
Total Career and Technical Education			<u>68,368</u>
<b>Total U.S. Department of Education</b>			<b><u>4,397,656</u></b>
<b>Total Federal Financial Assistance</b>			<b><u>\$ 5,326,731</u></b>

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

**KENT CITY SCHOOL DISTRICT  
PORTAGE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Kent City School District (the District) under programs of the federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

**NOTE F - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2023 to 2024 programs:

<u>Program Title</u>	<u>AL Number</u>		<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$	32,027
Special Education - Grants to States	84.027	\$	19,948
Title II-A Improving Teacher Quality State Grants	84.367	\$	74,564
Special Education - IDEA B	84.027	\$	26,963
IDEA Early Childhood Special Education	84.173	\$	16,140
ARP ESSER	84.425	\$	2,216,246

# OHIO AUDITOR OF STATE KEITH FABER



65 East State Street  
Columbus, Ohio 43215  
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800-282-0370

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

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

To the Board of Education:

We have audited, in accordance with 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kent City School District, Portage County, (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 20, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 were not 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*.

***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.



Keith Faber  
Auditor of State  
Columbus, Ohio

May 20, 2024

# OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

We have audited Kent City School District's, Portage County, (District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Kent City School District's major federal programs for the year ended June 30, 2023. Kent City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Kent City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

#### *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 (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

### ***Responsibilities of Management for Compliance***

The District's 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.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

May 20, 2024

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**KENT CITY SCHOOL DISTRICT  
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2023**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	AL# 84.425 – Elementary and Secondary School Emergency Relief (ESSER) AL# 84.010 – Title I, Grants to Local Education Agencies
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# OHIO AUDITOR OF STATE KEITH FABER



**KENT CITY SCHOOL DISTRICT**

**PORTAGE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 6/11/2024**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)