

**BOYLE COUNTY
SCHOOL DISTRICT
AUDIT REPORT
JUNE 30, 2023**

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December 29, 2023

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Boyle County School District
Danville, Kentucky

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Boyle County School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Boyle County School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, *Appendix I to the Independent Auditor's Contract – Audit Extension Request*, *Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract, Audit Acceptance Statement, AFR and Balance Sheet, Statement of Certification, and Audit Report*. 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 Boyle County School District and to meet our 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.

Change in Accounting Principle

As described in Note A to the financial statements, in 2023, the District adopted new guidance, GASB statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Boyle County School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statement

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 Boyle County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Boyle County School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal-control 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, budgetary comparison information, schedules of the district's proportionate share of net pension liabilities, and the schedules of the district's proportionate share of net other post-employment benefits on pages 4 through 11, 57 through 58, and 61 through 63 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 Boyle County School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the statement of receipts, disbursements and fund balance – High School Activity Fund, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2023 on our consideration of Boyle County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Boyle County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Boyle County School District's internal control over financial reporting and compliance.

Sincerely,

White and Company, P.S.C.

Certified Public Accountants

BOYLE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

As management of the Boyle County School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the financial statements.

FINANCIAL HIGHLIGHTS

The General Fund's beginning fund balance was \$7,188,667. The ending fund balance was \$2,321,133. General fund revenues showed an increase of \$3,937,853 and expenditures showed an increase of \$4,635,616 as compared with the prior year. The General Fund transferred \$51,300 to the Special Revenue Fund for the technology grant and \$20,964 to Special Revenue for expense reimbursements. The General Fund also transferred \$3,058,089 to the Construction Fund for the Softball Field project and \$190,855 for the Turf Project. The General Fund received \$77,112 from the Capital Outlay Fund and \$55,825 from the Building Fund for Operating costs.

The District had \$44.9 million in revenue and \$44.8 million in expenses.

The District, through routine debt service, reduced bond debt through the Debt Service Fund. Bond payments for fiscal year 2023 totaled \$2.195 million in principal payments and \$1.349 million in interest payments.

The District's total net position increased \$100,171 to \$5,825,214. Current assets decreased by \$4,235,407, non-current assets increased by \$3,145,726. Total liabilities increased \$1,787,405 as compared to the prior year.

OVERVIEW OF FINANCIAL STATEMENTS

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

District-wide financial statements - The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

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

The district-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt are also supported by taxes and intergovernmental revenues.

The district-wide financial statements can be found on pages 11 - 12 of this report.

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

The basic fund financial statements can be found on pages 13 - 21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 22 - 54 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceed liabilities and deferred inflows by \$5,825,214 as of June 30, 2023.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net Position for the period ending June 30, 2022 and June 30, 2023

A comparison of June 30, 2022 and June 30, 2023 government wide net position is as follows:

	Governmental Activities		Business - Type Activities		Total Primary Government	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Current and Other Assets	11,004,015	6,333,778	1,155,145	1,589,975	12,159,160	7,923,753
Capital Assets	56,505,603	59,591,734	208,203	267,798	56,713,806	59,859,532
Deferred Outflows	3,545,334	6,695,810	344,798	430,255	3,890,132	7,126,065
Total Assets and Def Outflows	71,054,952	72,621,322	1,708,146	2,288,028	72,763,098	74,909,350
Current Liabilities	3,403,141	3,565,736	639	0	3,403,780	3,565,736
Non-Current Liabilities	57,576,444	59,091,811	1,368,923	1,479,005	58,945,367	60,570,816
Deferred Inflows	4,282,102	4,595,864	406,806	351,720	4,688,908	4,947,584
Total Liabilities and Def Inflows	65,261,687	67,253,411	1,776,368	1,830,725	67,038,055	69,084,136
Net Position						
Net Investment in Capital Assets	10,391,004	15,682,924	208,203	267,798	10,599,207	15,950,722
Restricted	2,420,116	3,407,440	(276,425)	89,505	2,143,691	3,496,945
Unrestricted	(7,017,855)	(13,722,453)	0	100,000	(7,017,855)	(13,622,453)
Total Net Position	\$5,793,265	\$5,367,911	(\$68,222)	457,303	\$5,725,043	5,825,214

The following table presents a comparison of revenues, expenses and changes in net position for the fiscal years ended June 30, 2022 and June 30, 2023.

	Governmental		Business – Type		Total	
	Activities		Activities		Primary Government	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
REVENUES						
Program revenues						
Charges for services	308,047	125,693	59,870	437,287	367,917	562,980
Operating grants and contributions	4,101,941	4,647,207	2,400,391	2,177,331	6,502,332	6,824,538
Capital grants	547,879	976,066	0	0	547,879	976,066
General revenues						
Property taxes	8,299,948	8,874,658	0	0	8,299,948	8,874,658
Motor vehicle taxes	961,935	1,003,982	0	0	961,935	1,003,982
Utility Taxes	1,221,330	1,290,966	0	0	1,221,330	1,290,966
Other taxes	16,547	21,556	0	0	16,547	21,556
Investment earnings	69,441	74,248	4,481	1,981	69,441	76,229
State and formula grants	20,362,341	23,907,893	0	0	20,362,341	23,907,893
Miscellaneous	751,310	1,348,405	0	1,376	751,310	1,349,781
Fund Transfer	12,421	0	(12,421)	0	0	0
Gain (Loss) on Sale of Assets	7,376	0	0	0	7,376	0
Total revenues	<u>36,660,516</u>	<u>42,270,674</u>	<u>2,452,321</u>	<u>2,617,975</u>	<u>39,112,837</u>	<u>44,888,649</u>
EXPENSES						
Program Activities						
Instructional	21,352,662	26,039,421	0	0	21,352,662	26,039,421
Student support	2,390,455	2,850,846	0	0	2,390,455	2,850,846
Instructional staff Support	1,722,427	1,917,604	0	0	1,722,427	1,917,604
District administrative support	947,127	1,245,144	0	0	947,127	1,245,144
School administrative support	2,036,428	2,370,638	0	0	2,036,428	2,370,638
Business support	1,572,545	1,850,738	0	0	1,572,545	1,850,738
Plant operations and maintenance	2,386,272	2,654,186	0	0	2,386,272	2,654,186
Student transportation	1,734,378	1,977,281	0	0	1,734,378	1,977,281
Community service activities	237,684	272,314	0	0	237,684	272,314
Other	86,912	123,424	0	0	86,912	123,424
Interest costs	1,469,841	1,394,432	0	0	1,469,841	1,394,432
Business-type Activities						
Food service	0	0	1,932,556	2,092,450	1,932,556	2,092,450
Total expenses	<u>35,936,731</u>	<u>42,696,028</u>	<u>1,932,556</u>	<u>2,092,450</u>	<u>37,869,287</u>	<u>44,788,478</u>
Change in net position	<u>723,785</u>	<u>(425,354)</u>	<u>519,765</u>	<u>525,525</u>	<u>1,243,550</u>	<u>100,171</u>

On-behalf amounts are included in the above figures. On-behalf payments are payments the state makes on behalf of employees to the various agencies for health and life insurance, benefits, administration fees, technology and debt service. The total on-behalf payments for 2023 and 2022 were \$11,933,928 and \$9,469,845 respectively.

Governmental Activities

For the governmental program expenses, instructional expenses comprise 61% of total expenses, support services equate to 35%, and interest and other expenses make up the remaining 4% of the total.

The cost of program services and the charges for services and grants offsetting those services are shown on the Statement of Activities. The Statement of activities identifies the net cost of services supported by tax revenue and unrestricted intergovernmental revenues (state entitlements).

	Governmental Activities Total		Governmental Activities Net	
	Cost of Services		Cost of Services	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Instructional	21,352,662	26,039,421	18,464,885	22,388,060
Support Services	12,876,544	14,989,861	11,593,652	13,683,430
Other	237,684	272,314	(1,635)	16,182
Interest Costs	1,469,841	1,394,432	921,962	859,390
Total Expenses	35,936,731	42,696,028	30,978,864	36,947,062

Business-Type Activities

The business type activities consist of the food service program and newly beginning daycare program. These programs had total revenues of \$2,177,331 and expenses of \$2,092,450 for fiscal year 2023. These revenues were made up of \$438,663 in lunchroom sales, \$2,177,331 federal and state operating grants and donated commodities, and \$41,981 earnings on investments. These business-type activities receive no support from tax revenues, and, as such, the District will continue to monitor these activities and make the necessary adjustments to the operations of these activities.

The School District's Funds

The information relative to the School District's Funds starts on page 13. These funds use the modified accrual basis of accounting to account for each fund's revenues and expenses. The combined revenue for all governmental funds for 2023 was \$42,270,674 and expenditures were \$47,009,592.

General Fund Budgetary Highlights

The District's budget is based on accounting for certain transactions on the cash basis for receipts and expenditures and encumbrances and is prepared according to Kentucky law. The Kentucky Department of Education requires a zero-based budget with any remaining fund balance to be shown as a contingency expense in the budgeting process.

The most significant budgeted fund is the General Fund. The general fund had budgeted revenues of \$28,722,801 with actual revenue being \$31,776,981. Budgeted expenditures were \$36,214,801 compared to actual expenditures of \$36,644,515. The budgeted expenditures include the District's budgeted contingency, which was not expended in FY 2023. .

Future Budgetary Implications

In Kentucky, the public schools fiscal year is July 1 – June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for 2022-2023 with a contingency above 2%. The District has also adopted a budget for 2023-2024 with a contingency above 2%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2023 fiscal year, the District had invested \$59,859,532 in a broad range of capital assets, including equipment, buses, buildings, and land net of accumulated depreciation and amortization. This amount represents a net increase of \$3,145,726. Depreciation and amortization expense for the year was \$2,435,155 and capital additions were \$5,493,436.

The table on the following page shows capital assets net of depreciation and amortization for the governmental activities, business-type activities and total primary government for fiscal years ended June 30, 2022 and 2023.

	Governmental Activities (Net of Depreciation & Amortization)		Business - Type Activities (Net of Depreciation & Amortization)		Total Primary Government (Net of Depreciation & Amortization)	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Land	1,009,950	1,009,950	0	0	1,009,950	1,009,950
Construction In Progress	392,895	3,283,393	0	0	392,895	3,283,393
Buildings and Improvements	52,872,163	52,475,955	0	0	52,872,163	52,475,955
Technology	5,343	3,275	0	0	5,343	3,275
Vehicles	1,245,435	1,447,028	0	0	1,245,435	1,447,028
General Equipment	878,407	1,220,786	208,203	267,798	1,086,610	1,488,584
Intangible Right of Use Assets	101,410	151,347	0	0	101,410	151,347
Total	56,505,603	59,591,734	208,203	267,798	56,713,806	59,859,532

The table below shows the changes in capital assets for fiscal years ended June 30, 2022 and 2023.

	Governmental Activities		Business - Type Activities		Total Primary Government	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Beginning Balance	57,401,799	56,505,603	205,543	208,203	57,607,342	56,713,806
Additions	1,213,324	5,493,436	29,058	87,445	1,242,382	5,580,881
Retirements, Net	0	0	0	0	0	0
Depreciation and Amortization	(2,109,520)	(2,407,305)	(26,398)	(27,850)	(2,135,918)	(2,435,155)
Ending Balance	56,505,603	59,591,734	208,203	267,798	56,713,806	59,859,532

Long-Term Debt

At year-end, the District had \$43,843,000 in bonds outstanding and \$151,347 in operating lease obligations. Bonded debt principal paid for the year ended June 30, 2023 was \$2,195,000. There were no new bonds issued during fiscal year 2022. A total of \$2,255,000 is due within one year for principal payment on bonds and financing leases.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers and other interested readers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the District's Superintendent or Finance Director.

BOYLE COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash & Cash Equivalents - Note C	1,758,461	1,342,157	3,100,618
Restricted Cash - Note C	1,164,753	0	1,164,753
Total Cash	2,923,214	1,342,157	4,265,371
Prepaid Expenses	651,464		651,464
Accounts Receivable:			
Taxes - Current	314,288		314,288
Taxes - Delinquent	12,102		12,102
Accounts	187		187
Intergovernmental - State	7,437		7,437
Intergovernmental - Federal	2,425,086	148,435	2,573,521
Inventories for Consumption	0	99,383	99,383
Total Current Assets	6,333,778	1,589,975	7,923,753
Noncurrent Assets - Notes F & R			
Right of Use Assets - Net of Amortization	151,347		151,347
Land	1,009,950		1,009,950
Construction in Progress	3,283,393		3,283,393
Buildings & Improvements	83,272,112		83,272,112
Furniture & Equipment	6,464,227	1,105,939	7,570,166
Less: Accumulated Depreciation	(34,589,295)	(838,141)	(35,427,436)
Total Noncurrent Assets	59,591,734	267,798	59,859,532
TOTAL ASSETS	65,925,512	1,857,773	67,783,285
Deferred Outflows Related to Pensions	1,533,395	262,352	1,795,747
Deferred Outflows Related to Other Post Employment Benefits	5,068,963	167,903	5,236,866
Deferred Outflows Related to Advanced Bond Refundings	93,452	0	93,452
TOTAL DEFERRED OUTFLOWS	6,695,810	430,255	7,126,065
TOTAL ASSETS AND DEFERRED OUTFLOWS	72,621,322	2,288,028	74,909,350
LIABILITIES:			
Current Liabilities:			
Accounts Payable	84,046	0	84,046
Accrued Salaries & Sick Leave - Note A	149,549	0	149,549
Advances from Grantors	521,159	0	521,159
Lease Obligation	63,165	0	63,165
Bond Obligations - Note D	2,255,000	0	2,255,000
Accrued Interest Payable	492,817	0	492,817
Total Current Liabilities	3,565,736	0	3,565,736
Noncurrent Liabilities:			
Lease Obligation	93,155	0	93,155
Bond Obligations - Note D	41,653,810	0	41,653,810
Net Pension Liability	6,608,933	1,158,787	7,767,720
Net Other Post Employment Benefits Liability	9,875,303	320,218	10,195,521
Accrued Sick Leave - Note A	860,610	0	860,610
Total Noncurrent Liabilities	59,091,811	1,479,005	60,570,816
TOTAL LIABILITIES	62,657,547	1,479,005	64,136,552
Deferred Inflows Related to Pensions	974,776	174,077	1,148,853
Deferred Inflows Related to Other Post Employment Benefits	3,621,088	177,643	3,798,731
TOTAL DEFERRED INFLOWS	4,595,864	351,720	4,947,584
TOTAL LIABILITIES AND DEFERRED INFLOWS	67,253,411	1,830,725	69,084,136
NET POSITION:			
Net Investment in Capital Assets	15,682,924	267,798	15,950,722
Restricted for:			
Capital Projects	(55,857)	0	(55,857)
SFCC Escrow	1,840,126	0	1,840,126
Debt Service	1,170,424	0	1,170,424
Student Activities	350,442	0	350,442
School Activities	102,305	0	102,305
Food Service	0	89,505	89,505
Unrestricted	(13,722,453)	100,000	(13,622,453)
TOTAL NET POSITION	5,367,911	457,303	5,825,214
TOTAL LIABILITIES AND NET POSITION	72,621,322	2,288,028	74,909,350

See independent auditor's report and accompanying notes to financial statements.

BOYLE COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

FUNCTION/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
Instructional	26,039,421	125,505	3,525,856		(22,388,060)		(22,388,060)
Support Services:							
Student Support Services	2,850,846		416,648		(2,434,198)		(2,434,198)
Staff Support Services	1,917,604		207,151		(1,710,453)		(1,710,453)
District Administration	1,245,144				(1,245,144)		(1,245,144)
School Administration	2,370,638				(2,370,638)		(2,370,638)
Business Support Services	1,850,738				(1,850,738)		(1,850,738)
Plant Operation & Maintenance	2,654,186	188	99,860	441,024	(2,113,114)		(2,113,114)
Student Transportation	1,977,281		58,005		(1,919,276)		(1,919,276)
Day Care Operations	88,834		83,555		(5,279)		(5,279)
Other Instructional	34,590				(34,590)		(34,590)
Community Service Operations	272,314		256,132		(16,182)		(16,182)
Interest on Long-Term Debt	1,394,432			535,042	(859,390)		(859,390)
TOTAL GOVERNMENTAL ACTIVITIES	42,696,028	125,693	4,647,207	976,066	(36,947,062)		(36,947,062)
BUSINESS-TYPE ACTIVITIES:							
Food Service	2,092,450	437,287	2,077,331			422,168	422,168
Daycare	0		100,000			100,000	100,000
TOTAL BUSINESS-TYPE ACTIVITIES	2,092,450	437,287	2,177,331	0	0	522,168	522,168
TOTAL SCHOOL DISTRICT	44,788,478	562,980	6,824,538	976,066	(36,947,062)	522,168	(36,424,894)
GENERAL REVENUES:							
Taxes:							
Property					8,874,658		8,874,658
Motor Vehicle					1,003,982		1,003,982
Utility					1,290,966		1,290,966
Other					21,556		21,556
State Aid - Formula Grants					23,907,893		23,907,893
Investment Earnings					74,248	1,981	76,229
Miscellaneous					1,348,405	1,376	1,349,781
Gain(Loss) Sale of Assets					0	0	0
TOTAL GENERAL REVENUES & TRANSFERS					36,521,708	3,357	36,525,065
CHANGE IN NET POSITION					(425,354)	525,525	100,171
NET POSITION - BEGINNING					5,793,265	(68,222)	5,725,043
NET POSITION - ENDING					5,367,911	457,303	5,825,214

See independent auditor's report and accompanying notes to financial statements.

BOYLE COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE FUND	BUILDING FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:						
Cash & Cash Equivalents	109,493	0	0	763,747	885,221	1,758,461
Cash & Cash Equivalents - Restricted			1,164,753			1,164,753
Prepaid Expenses			651,464			651,464
Accounts Receivable:						
Taxes - Current	314,288					314,288
Taxes - Delinquent	12,102					12,102
Accounts		187				187
Interfund Receivables	1,911,551			645,793		2,557,344
Intergovernmental - State		7,437				7,437
Intergovernmental - Federal		2,425,086				2,425,086
TOTAL ASSETS	<u>2,347,434</u>	<u>2,432,710</u>	<u>1,816,217</u>	<u>1,409,540</u>	<u>885,221</u>	<u>8,891,122</u>
LIABILITIES AND FUND BALANCE:						
Liabilities:						
Accounts Payable	26,301				57,745	84,046
Accrued Salaries & Sick Leave						0
Interfund Payables		1,911,551	645,793			2,557,344
Advances from Grantors		521,159				521,159
Total Liabilities	<u>26,301</u>	<u>2,432,710</u>	<u>645,793</u>	<u>0</u>	<u>57,745</u>	<u>3,162,549</u>
Fund Balance:						
Restricted for:						
Capital Projects					(55,857)	(55,857)
SFCC Escrow				1,409,540	430,586	1,840,126
Debt Service			1,170,424			1,170,424
School Activities					102,305	102,305
Student Activities					350,442	350,442
Committed For:						
Site Based Carryforward	83,932					83,932
Accrued Sick Leave	149,550					149,550
Other	18,732					18,732
Unassigned	2,068,919					2,068,919
Total Fund Balance	<u>2,321,133</u>	<u>0</u>	<u>1,170,424</u>	<u>1,409,540</u>	<u>827,476</u>	<u>5,728,573</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>2,347,434</u>	<u>2,432,710</u>	<u>1,816,217</u>	<u>1,409,540</u>	<u>885,221</u>	<u>8,891,122</u>

See independent auditor's report and accompanying notes to financial statements.

BOYLE COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:

TOTAL GOVERNMENTAL FUND BALANCE		5,728,573
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of Intangible Right of Use Assets	214,392	
Accumulated Amortization	(63,045)	
Cost of Capital Assets	94,029,682	
Accumulated Depreciation	<u>(34,589,295)</u>	59,591,734
Deferred Outflows Related to Bond Refundings are not current assets and therefore are not reported as assets in governmental funds.		93,452
Deferred Outflows Related to Pensions are not current assets and therefore are not reported as assets in governmental funds.		1,533,395
Deferred Outflows Related to Other Post Employment Benefits are not current assets and therefore are not reported as assets in governmental funds.		5,068,963
Long-term liabilities (including bonds payable) are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
Bonds Payable	(43,843,000)	
Unamortized Bond Premium	(113,128)	
Unamortized Bond Discount	47,318	
Accrued Interest on Bonds	(492,817)	
Lease Obligation	(156,320)	
Net Pension Liability	(6,608,933)	
Net Other Post Employment Benefits Liability	(9,875,303)	
Accrued Sick Leave	<u>(1,010,159)</u>	(62,052,342)
Deferred Inflows Related to Other Post Employment Benefits are not current liabilities and therefore are not reported as liabilities in governmental funds.		(974,776)
Deferred Inflows Related to Pensions are not current liabilities and therefore are not reported as liabilities in governmental funds.		<u>(3,621,088)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u><u>5,367,911</u></u>

See independent auditor's report and accompanying notes to financial statements.

BOYLE COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	GENERAL	SPECIAL REVENUE	DEBT SERVICE FUND	BUILDING FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Taxes:						
Property	7,360,318			1,514,340		8,874,658
Motor Vehicle	1,003,982					1,003,982
Utility	1,290,966					1,290,966
Other	21,556					21,556
Earnings on Investments	52,128	567	13,755		7,798	74,248
Intergovernmental - State	21,612,103	1,433,241	1,405,472	1,161,946	263,414	25,876,176
Intergovernmental - Federal		3,654,990	106,484			3,761,474
Other Sources	302,992	248,631			815,991	1,367,614
TOTAL REVENUES	31,644,045	5,337,429	1,525,711	2,676,286	1,087,203	42,270,674
EXPENDITURES:						
Instructional	19,665,017	3,748,611			702,321	24,115,949
Support Services:						
Student Support Services	1,990,782	442,971			32,729	2,466,482
Staff Support Services	1,635,119	220,238			10,251	1,865,608
District Administration	1,187,950				34,410	1,222,360
School Administration	2,288,385					2,288,385
Business Support Services	1,816,581					1,816,581
Plant Operation & Maintenance	2,680,451	575,056				3,255,507
Student Transportation	2,059,022	61,670				2,120,692
Day Care Operation		88,834				88,834
Other Instructional					34,590	34,590
Community Service Operations		272,314				272,314
Facilities Acquisition & Construction					3,918,052	3,918,052
Debt Service:						
Principal			2,195,000			2,195,000
Interest			1,349,238			1,349,238
TOTAL EXPENDITURES	33,323,307	5,409,694	3,544,238	0	4,732,353	47,009,592
EXCESS(DEFICIT) REVENUES OVER EXPENDITURES	(1,679,262)	(72,265)	(2,018,527)	2,676,286	(3,645,150)	(4,738,918)
OTHER FINANCING SOURCES(USES):						
Operating Transfers In - Note N	132,936	72,265	2,185,860		3,248,944	5,640,005
Operating Transfers Out - Note N	(3,321,208)			(2,241,685)	(77,112)	(5,640,005)
TOTAL OTHER FINANCING SOURCES	(3,188,272)	72,265	2,185,860	(2,241,685)	3,171,832	0
NET CHANGE IN FUND BALANCES	(4,867,534)	0	167,333	434,601	(473,318)	(4,738,918)
FUND BALANCES - BEGINNING	7,188,667	0	1,003,091	974,939	1,300,794	10,467,491
FUND BALANCES - ENDING	2,321,133	0	1,170,424	1,409,540	827,476	5,728,573

BOYLE COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:

NET CHANGES - GOVERNMENTAL FUNDS		(4,738,918)
<p>Governmental funds report capital outlays as expenditures because they use current financial resources. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital exceeds depreciation expense for the year.</p>		
Depreciation Expense	(2,344,260)	
Amortization Expense - Right of Use Assets	(63,045)	
Capital Outlays	5,380,455	2,973,150
<p>Bond proceeds and capital leases are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.</p>		
Principal Paid	2,195,000	
Lease Obligation Paid	60,125	2,255,125
<p>Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.</p>		
Amortization -Deferred Outflows from Advanced Bond Refundings	(57,032)	
Amortization - Bond Premiums	14,091	
Amortization - Bond Discounts	(3,302)	
District Pension Contributions	621,645	
Cost of Benefits Earned Net of Employee Contributions	(316,852)	
Accrued Interest Payable	10,602	
District Other Post Employment Benefits Contributions	801,027	
Cost of Benefits Earned Net of Employee Contributions - OPEB	(1,931,799)	
Accrued Sick Leave	(53,091)	(914,711)
<p>In the statement of activities the net gain on the sale/disposal of assets is reported in whereas in the governmental funds the proceeds from the sale increases financial resources. Thus the change in net position differs from change in fund balances by the cost of the asset sold.</p>		
Loss - Sale of Assets		0
CHANGES - NET POSITION GOVERNMENTAL FUNDS		(425,354)

See independent auditor's report and accompanying notes to financial statements.

BOYLE COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	ENTERPRISE FUNDS		
	FOOD SERVICE	DAYCARE	TOTAL
ASSETS:			
Current Assets:			
Cash & Cash Equivalents	1,242,157	100,000	1,342,157
Accounts Receivables	148,435		148,435
Inventories for Consumption	99,383		99,383
Total Current Assets	1,489,975	100,000	1,589,975
Noncurrent Assets:			
Furniture & Equipment	1,105,939	0	1,105,939
Less: Accumulated Depreciation	(838,141)	0	(838,141)
Total Noncurrent Assets	267,798	0	267,798
TOTAL ASSETS	1,757,773	100,000	1,857,773
Deferred Outflows Related to Pensions	262,352	0	262,352
Deferred Outflows Related to Other Post Employment Benefits	167,903	0	167,903
TOTAL ASSETS AND DEFERRED OUTFLOWS	2,188,028	100,000	2,288,028
LIABILITIES:			
Current Liabilities:			
Account Payable	0	0	0
Total Current Liabilities	0	0	0
Noncurrent Liabilities:			
Net Pension Liability	1,158,787	0	1,158,787
Net Other Post Employment Benefits Liability	320,218	0	320,218
Total Noncurrent Liabilities	1,479,005	0	1,479,005
TOTAL LIABILITIES	1,479,005	0	1,479,005
Deferred Inflows Related to Pensions	174,077	0	174,077
Deferred Inflows Related to Other Post Employment Benefits	177,643	0	177,643
TOTAL LIABILITIES AND DEFERRED INFLOWS	1,830,725	0	1,830,725
Net Position:			
Net Investment in Capital Assets	267,798	0	267,798
Restricted	89,505	0	89,505
Unrestricted	0	100,000	100,000
Total Net Position	357,303	100,000	457,303
TOTAL LIABILITIES AND NET POSITION	2,188,028	100,000	2,288,028

See independent auditor's report and accompanying notes to financial statements.

BOYLE COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	ENTERPRISE FUNDS		
	FOOD SERVICE	DAYCARE	TOTAL
OPERATING REVENUES:			
Lunchroom Sales	437,287	0	437,287
Other Operating Revenues	1,376	0	1,376
TOTAL OPERATING REVENUES	438,663	0	438,663
OPERATING EXPENSES:			
Salaries & Benefits	768,349	0	768,349
Contract Services	66,700	0	66,700
Materials & Supplies	1,229,272	0	1,229,272
Depreciation - Note F	27,850	0	27,850
Other Operating Expenses	279	0	279
TOTAL OPERATING EXPENSES	2,092,450	0	2,092,450
OPERATING INCOME(LOSS)	(1,653,787)	0	(1,653,787)
NONOPERATING REVENUES(EXPENSES):			
Federal Grants	1,825,460	0	1,825,460
State Grants	121,661	100,000	221,661
Donated Commodities	130,210	0	130,210
Interest Income	1,981	0	1,981
TOTAL NONOPERATING REVENUE	2,079,312	100,000	2,179,312
INCOME(LOSS) BEFORE CAPITAL CONTRIBUTIONS	425,525	100,000	525,525
CAPITAL CONTRIBUTIONS	0	0	0
CHANGE IN NET POSITION	425,525	100,000	525,525
NET POSITION - BEGINNING	(68,222)	0	(68,222)
TOTAL NET POSITION - ENDING	357,303	100,000	457,303

See independent auditor's report and accompanying notes to financial statements.

BOYLE COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	ENTERPRISE FUNDS		
	FOOD SERVICE	DAYCARE	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Lunchroom Sales	437,287	0	437,287
Other Activities	1,376	0	1,376
Cash Paid to/for:			
Employees	(695,778)	0	(695,778)
Supplies	(1,138,515)	0	-1138515
Other Activities	(66,978)	0	-66978
Net Cash Used by Operating Activities	<u>(1,462,608)</u>	<u>0</u>	<u>(1,462,608)</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:			
Federal Grants	1,781,447	0	1781447
State Grants	18,628	100,000	118,628
Net Cash Provided by Non-Capital and Related Financing Activities	<u>1,800,075</u>	<u>100,000</u>	<u>1,900,075</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(87,445)	0	(87,445)
Receipt of Interest Income	1,981	0	1981
Net Cash Used by Investing Activities	<u>(85,464)</u>	<u>0</u>	<u>(85,464)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	252,003	100,000	352,003
Balances, Beginning of Year	<u>990,154</u>	<u>0</u>	<u>990,154</u>
Balances, End of Year	<u><u>1,242,157</u></u>	<u><u>100,000</u></u>	<u><u>1,342,157</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:			
Operating Income (Loss)	(1,653,787)	0	(1,653,787)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities			
Depreciation	27,850	0	27,850
State On-Behalf Payments	103,033	0	103,033
Donated Commodities	130,210	0	130,210
Change in Assets, Deferred Outflows, Liabilities and Deferred Inflows:			
Deferred Outflows	(85,457)	0	(85,457)
Deferred Inflows	(55,086)	0	(55,086)
Net Pension Liability	108,884	0	108,884
Net Other Post Employment Benefits	1,198	0	1,198
Inventory	(38,814)	0	(38,814)
Accounts Payable	(639)	0	(639)
Net Cash Used by Operating Activities	<u><u>(1,462,608)</u></u>	<u><u>0</u></u>	<u><u>(1,462,608)</u></u>
Schedule of Non-Cash Transactions:			
Donated Commodities	130,210	0	130,210
State On-Behalf Payments	103,033	0	103,033

See independent auditor's report and accompanying notes to financial statements.

BOYLE COUNTY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2023

	PRIVATE PURPOSE TRUST FUND
ASSETS:	
Cash and Cash Equivalents	81,683
Accounts Receivable	0
TOTAL ASSETS	81,683
LIABILITIES:	
Accounts Payable	0
TOTAL LIABILITIES	0
NET POSITION HELD IN TRUST	81,683

See independent auditor's report and accompanying notes to financial statements.

BOYLE COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	<u>PRIVATE PURPOSE TRUST FUNDS</u>
ADDITIONS:	
Contributions	29,146
DEDUCTIONS:	
Benefits Paid	<u>26,335</u>
Changes in Net Position	2,811
NET POSITION HELD IN TRUST - BEGINNING OF YEAR	<u>78,872</u>
NET POSITION HELD IN TRUST - END OF YEAR	<u><u>81,683</u></u>

BOYLE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

Boyle County Board of Education Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Boyle County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the “Corporation”) as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation’s Board of Directors.

Basis of Presentation

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

The District has the following funds:

I. Governmental Fund Types

- A. The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.
- B. The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards and related notes. This is a major fund of the District.
- C. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Fund).
 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay funds and is restricted for use in financing projects identified in the District's facility plan.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.
- D. Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and for the payment of interest on generally obligation notes payable, as required by Kentucky law. This is a major fund of the District.

II. Proprietary Fund Types (Enterprise Fund)

The Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. The Food Service Fund is a major fund.

In 2023, the District also opened a daycare operations proprietary fund to account for afterschool care activities.

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

III. Fiduciary Fund Type (Agency and Private Purpose Trust Funds)

- A. The Private Purpose Trust funds are used to report trust arrangements under which principal and income benefit individuals, private organization, or other governments.

Basis of Accounting

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

Revenues – Exchange and Nonexchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of the fiscal year-end.

Proprietary Fund operating revenues are defined as revenues received from the direct purchases of products and services (i.e. food service). Non-operating revenues are not related to direct purchases of products; for the District, these revenues are typically investment income and state and federal grant revenues.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2023, to finance the General Fund operations were \$0.649 per \$100 valuation for real property, \$0.649 per \$100 valuation for business personal property, and \$0.539 per \$100 valuation for motor vehicles.

The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the county, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial, and mixed gases.

Capital Assets

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Description	Governmental Activities Estimated Lives
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other	10 years

Interfund Balances

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

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will have received from the District an amount equal to 30% of the value of accumulated sick leave.

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

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

For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the amount “accumulated sick leave payable” in the general fund. The noncurrent portion of the liability is reported as a reserve of fund balance.

Budgetary Process

Budgetary Basis of Accounting: The District’s budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

Cash and Cash Equivalents

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

Inventories

On government-wide financial statements, inventories are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

The food service fund uses the specific identification method.

Investments

The private purpose trust funds record investments at their quoted market prices. All realized gains and losses and changes in fair value are recorded in the Statement of Changes in Fiduciary Net Position.

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Formal School Board action must be taken during an open meeting to establish, modify, or rescind a fund balance commitment.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Superintendent.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The District committed the following fund balance type by taking the following action:

<u>Fund Balance Type</u>	<u>Amount</u>	<u>Action</u>
General Fund	\$ 149,550	Sick Leave Commitment
General Fund	\$ 18,732	Other
General Fund	\$ 83,932	Site Based Carryforward

The District uses *restricted/committed* amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as grant agreements requiring dollar for dollar spending. Additionally, the District would first use *committed*, then *assigned*, and lastly *unassigned* amounts for unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy.

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Special Revenue	State, Local and Federal Grants

Net Position

Net position represents the difference between assets and liabilities. 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. 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.

Operating Revenues and Expenses

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

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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.

Pensions

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

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

Since certain expense items are amortized over the closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense the amounts are labeled deferred inflows. If amounts will increase pension expense the amounts are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average expected remaining service life of the active and inactive plan members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period.

Postemployment Benefits Other Than Pensions

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

County Employees Retirement System - For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System of the State of Kentucky (CERS) and

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Since certain expense items are amortized over the closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense the amounts are labeled deferred inflows. If amounts will increase pension expense the amounts are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average expected remaining service life of the active and inactive plan members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period.

Changes in Accounting Principle

Effective July 1, 2022, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements*. GASB 96 establishes accounting and financial reporting guidance for subscription-based information technology contracts and vendor-provided technology.

The adoption did not require a change to beginning net position for Boyle County School District. It is noted that the District's contracts are reviewed annually to ensure the District has the right to change, renegotiate or not renew for both educational and financial reasons.

NOTE B – ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's management to make estimates and assumptions that affect reported amounts of assets, liabilities, fund balances, and disclosure of contingent assets and liabilities at the date of the general-purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE C – CASH AND CASH EQUIVALENTS

Custodial Credit Risk - Deposits. Custodial Credit is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities.

At year-end, the carrying amount of the District's total cash and cash equivalents was \$4,347,054. Of the total cash balance, \$500,000 was covered by Federal Depository Insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with maturity of 90 days or less.

Restricted Cash

Certain debt service cash is classified as restricted assets on the balance sheet because its use is limited by applicable bond covenants and is maintained in separate bank accounts.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Cash and cash equivalents at June 30, 2023, consisted of the following:

	Bank Balance	Book Balance
Farmers National Bank	3,521,385	3,182,301
U.S. Bank – Restricted	<u>1,164,749</u>	<u>1,164,753</u>
Total	<u>4,686,134</u>	<u>4,347,054</u>
Breakdown per financial statements:		
Governmental Funds		2,923,214
Proprietary Funds		<u>1,342,157</u>
Cash per Statement of Net Position		4,265,371
Fiduciary Fund		<u>81,683</u>
Total Cash		<u>4,347,054</u>

NOTE D – LONG TERM OBLIGATIONS

The amount shown in the accompanying financial statements as bond obligations represents the District’s future obligations to make payments relating to the bonds issued by the Boyle County School District Finance Corporation in the original amount aggregating \$52,583,000.

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

2004	555,000	3.00% - 5.00%
2012	1,320,000	2.10% - 3.00%
2012 QZAB	2,823,000	4.08%
2013R	4,315,000	1.91% - 2.00%
2015R	855,000	2.35%
2015	1,895,000	2.00% - 3.25%
2018	32,555,000	3.00% - 3.75%
2020R	2,335,000	2.00% - 4.00%
2020	4,510,000	2.00% - 4.00%
2021R	1,420,000	1.05%

The District, through the General Fund (including utility taxes and the SEEK Capital Outlay Fund) is obligated to make bond payments in amounts sufficient to satisfy debt service requirements on bonds issued by Boyle County School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

In 1995 the Board entered into “participation agreements” with the Kentucky School Facility Construction Commission. The Commission was created by the Kentucky Legislature for the purpose of assisting local schools districts in meeting school construction needs. The table sets forth the amount to be paid by the Board and the Commission for each year until maturity of all bonds issued. The Kentucky School Construction Commission’s participation is limited to the biennial budget period of the Commonwealth of Kentucky with the right reserved by the Kentucky School Construction Commission to terminate the commitment to pay the agreed participation every two years. The obligation of the Kentucky School Construction Commission to make the agreed payments automatically renews each two years for a period of two years unless the Kentucky School Construction Commission gives notice of its intention not to participate not less than sixty days prior to the end of its biennium.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the maturity, the minimum obligations of the District, including amounts to be paid by the Commission at June 30, 2023, for debt service (principal and interest) are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Participation</u>	<u>District's Portion</u>
2023-24	2,255,000	1,270,493	1,335,353	2,190,140
2024-25	2,275,000	1,244,873	1,294,545	2,225,328
2025-26	2,320,000	1,186,081	1,279,763	2,226,318
2026-27	2,325,000	1,125,654	1,232,696	2,217,958
2027-28	2,315,000	1,049,073	1,153,631	2,210,442
2028-29	2,380,000	985,853	1,153,630	2,212,223
2029-30	2,445,000	921,883	1,153,630	2,213,253
2030-31	2,450,000	856,508	1,097,619	2,208,889
2031-32	2,430,000	783,393	985,568	2,227,825
2032-33	2,505,000	707,901	985,567	2,227,334
2033-34	2,510,000	632,314	985,567	2,156,747
2034-35	2,595,000	551,051	985,568	2,160,483
2035-36	5,448,000	410,516	931,275	4,927,242
2036-37	2,800,000	269,169	931,275	2,137,894
2037-38	2,895,000	175,013	931,274	2,138,739
2038-39	1,275,000	65,150	20,934	1,319,216
2039-40	1,300,000	39,400	20,934	1,318,466
2040-41	1,320,000	13,200	16,855	1,316,345
	<u>43,843,000</u>	<u>12,287,525</u>	<u>16,495,684</u>	<u>39,634,842</u>

Long-term liability activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government					
Governmental Activities:					
Revenue Bonds Payable	46,038,000	-	(2,195,000)	43,843,000	2,255,000
Add: Bond Premium	127,219	-	(14,091)	113,128	
Less: Bond Discount	(50,620)	-	3,302	(47,318)	
Net Revenue Bonds Payable	46,114,599	-	(2,205,789)	43,908,810	2,255,000
Lease Obligation	103,463	112,982	(60,125)	156,320	63,165
Net Pension Liability	5,987,050	621,883		6,608,933	-
Net OPEB Liability	6,777,461	3,097,842		9,875,303	-
Accrued Sick Leave	957,069	129,565	(76,475)	1,010,159	149,549
Total Governmental Activities:	59,939,642	3,962,272	(2,342,389)	61,559,525	2,467,714
Proprietary Activities:					
Net Pension Liability	1,049,903	108,884	-	1,158,787	-
Net OPEB Liability	319,020	1,198	-	320,218	-
Total Proprietary Activities:	1,368,923	110,082	-	1,479,005	-
Total Long-Term Liabilities	<u>61,308,565</u>	<u>4,072,354</u>	<u>(2,342,389)</u>	<u>63,038,530</u>	<u>2,467,714</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE F - CAPITAL ASSETS

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

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
Non-Depreciable Assets:				
Land	1,009,950	-	-	1,009,950
Construction	392,895	2,890,498	-	3,283,393
Depreciable Assets:				
Buildings & Building Improvements	81,651,928	1,620,184	-	83,272,112
Technology Equipment	242,223	-	-	242,223
Vehicles	4,004,308	441,754	-	4,446,062
General Equipment	1,347,924	428,018	-	1,775,942
Intangible Right of Use Assets - Leases	214,617	112,982	(83,058)	244,541
TOTAL AT HISTORICAL COST	88,863,845	5,493,436	(83,058)	94,274,223
LESS ACCUMULATED DEPRECIATION & AMORTIZATION FOR:				
Buildings & Building Improvements	28,779,765	2,016,392	-	30,796,157
Technology Equipment	236,880	2,068	-	238,948
Vehicles	2,758,873	240,161	-	2,999,034
General Equipment	469,517	85,639	-	555,156
Intangible Right of Use Assets - Leases	113,207	63,045	(83,058)	93,194
TOTAL ACCUMULATED DEPRECIATION & AMORTIZATION	32,358,242	2,407,305	(83,058)	34,682,489
GOVERNMENTAL ACTIVITIES CAPITAL NET	56,505,603	3,086,131	-	59,591,734
PROPRIETARY ACTIVITIES:				
Depreciable Assets:				
Technology Equipment	14,753	-	-	14,753
General Equipment	1,003,741	87,445	-	1,091,186
TOTALS AT HISTORICAL COST	1,018,494	87,445	-	1,105,939
LESS ACCUMULATED DEPRECIATION FOR:				
Technology Equipment	14,753	-	-	14,753
General Equipment	795,538	27,850	-	823,388
TOTAL ACCUMULATED DEPRECIATION	810,291	27,850	-	838,141
PROPRIETARY ACTIVITIES CAPITAL NET	208,203	59,595	-	267,798
DEPRECIATION & AMORTIZATION EXPENSE CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:				
Instructional				1,760,707
Student Support				321,653
District Administration				2,404
School Administration				11,424
Business Support				40,530
Plant Operation & Maintenance				5,480
Student Transportation				265,107
TOTAL				2,407,305

NOTE G – RETIREMENT PLANS

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

General information about the County Employees Retirement System Non-Hazardous (“CERS”)

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

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

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

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years’ service and hire date multiplied by the average of the highest five years’ earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years’ service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent’s beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent’s monthly final rate of pay and any dependent child will receive 10% of the decedent’s monthly final rate of pay up to 40% for all dependent children. Five years’ service is required for nonservice-related disability benefits.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Contributions—Required contributions by the employee are based on the tier:

	<u>Required Contributions</u>
Tier 1	5%
Tier 2	5% +1% for insurance
Tier 3	5% +1% for insurance

General information about the Teachers' Retirement System of the State of Kentucky ("TRS")

Plan description—Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers' Retirement System of the State of Kentucky (TRS)—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at http://www.TRS.ky.gov/05_publications/index.htm.

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

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

Employees that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years.

In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). University members contribute 10.4% of salary to the retirement system. Non-university employees are required to contribute 12.855% or 14.75% of their salaries to the System, with the rate dependent upon the employee's entry date. Member contributions are picked up by the employer.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes range from 16.105% to 17.105% of salaries, depending on the employee's entry date. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

Medical Insurance Plan

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

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

Funding policy—In order to fund the post-retirement healthcare benefit, six percent (6%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three percent (3%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and two and one quarter percent (2.25%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

District's proportionate share of the CERS net pension liability	\$ 7,767,720
Commonwealth's proportional share of the TRS net pension liability associated with the District	<u>76,704,010</u>
	<u>\$ 84,471,730</u>

The net pension liability for each plan 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 District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2023, the District's proportion was 0.107452 percent and at June 30, 2022, the District's portion was 0.110370 percent.

For the year ended June 30, 2023, the District recognized pension expense of \$372,330 related to CERS and \$6,998,561 related to TRS. The District also recognized revenue of \$6,998,561 for TRS support provided by the Commonwealth. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,305	\$ 69,175
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,056,954	857,818
Changes in proportion and differences between District contributions and proportionate share of contributions	-	221,860
District contributions subsequent to the measurement date	<u>730,488</u>	<u>-</u>
Total	<u>\$ 1,795,747</u>	<u>\$ 1,148,853</u>

\$730,488 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2024	(174,939)
2025	(64,042)
2026	(65,275)
2027	220,662
2028	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Actuarial assumptions—The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Teachers' Retirement System (TRS)

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2021
Inflation	2.50 percent
Salary increases	3.00 – 7.50 percent
Long-Term Investment Rate of Return, net of pension plan investment expense, including inflation	7.10 percent
Municipal Bond Index Rate	
Prior Measurement Date	2.13 percent
Measurement Date	3.37 percent
Year FNP is projected to depleted	N/A
Single Equivalent Interest Rate, net of pension plan investment expense, including inflation	
Prior Measurement Date	7.10 percent
Measurement Date	7.10 percent
Post-retirement Benefit Increases	1.50% annually

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Asset Class	Target Allocation	Long-Term Expected Real Rates of Return
Large Cap U.S. Equity	37.40%	4.20%
Small Cap U.S. Equity	2.60%	4.70%
Developed International Equity	16.50%	5.30%
Emerging Markets Equity	5.50%	5.40%
Fixed Income	15.00%	-0.1%
High Yield Bonds	2.00%	1.70%
Other Additional Categories	5.00%	2.20%
Real Estate	7.00%	4.0%
Private Equity	7.00%	6.9%
Cash	2.0%	-0.3%
Total	100.0%	

Discount rate - For TRS, The discount rate used to measure the TPL as of the Measurement Date was 7.10 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. We assumed that Plan member contributions will be made at the current contribution rates and that Employer contributions will be made at the Actuarially Determined Contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

County Employees' Retirement System (CERS)

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years, closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Payroll Growth Rate	2.0%
Investment rate of return	6.25%
Projected salary increases	3.30 to 10.30%, varies by service
Inflation rate	2.30%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvements scale using a base year of 2019

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Phase-In provision

Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

For CERS, the long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the table below. The current long-term inflation assumption is 2.30% per annum.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00%	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	20.00%	
Core Bonds	10.00%	0.28%
Specialty Credit / High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Inflation Protected	20.00%	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Total	100.0%	4.28%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

Discount rate—For CERS, projection of cash flows used to determine the discount rate of 6.25% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as amended by House Bill 362 (passed in 2018) over the remaining 30 years (closed) amortization period of the unfunded actuarial accrued liability.

Sensitivity of CERS and TRS proportionate share of net pension liability to changes in the discount rate—The following table presents the net pension liability of the District, calculated using the discount rates selected by each pension system, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	9,708,686	7,767,720	6,162,380
TRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability	0	0	0

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

NOTE H – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Teachers' Retirement System of Kentucky

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

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

Medical Insurance Plan

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

At June 30, 2022, the Boyle County District reported a liability of \$8,075,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the District's proportion was .3252 percent, compared to .2323 percent at June 30, 2022.

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

District's proportionate share of the net OPEB liability	\$ 8,075,000
State's proportionate share of the net OPEB liability associated with the District	<u>2,653,000</u>
Total	<u>\$10,728,000</u>

For the year ended June 30, 2023, the District recognized OPEB expense of \$1,512,954 and revenue of \$141,792 for support provided by the state. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,555,417
Changes of assumptions	1,234,428	-
Net difference between projected and actual earnings on pension plan investments	322,908	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,018,741	36,882
District contributions subsequent to the measurement date	<u>512,986</u>	<u>-</u>
Total	<u><u>4,089,063</u></u>	<u><u>2,592,299</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Of the total amount reported as deferred outflows of resources related to OPEB, \$512,986 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2024	\$ (753)
2025	20,323
2026	46,667
2027	420,007
2028	355,274
Thereafter	142,260

Actuarial assumptions – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 20, 2021
Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.00%-7.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including Inflation	
Health Trust	7.10%
Life Trust	7.10%
Municipal Bond Index Rate	3.37%
Year FNP is projected to be depleted	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Health Trust	7.10%
Life Trust	7.10%
Health Trust Health Care Cost Trends	
Under Age 65	7.00% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2032
Ages 65 and Older	5.125% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2025
Medicare Part B Premiums	6.97% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2024

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2021 valuation of the Health Trust were based on a review of recent plan experience done concurrently with June 30, 2021 valuation. The health care cost trend assumption was updated for the June 30, 2021 valuation and was shown as an assumption change in the TOL roll-forward while the change initial per capita claims costs were included with experience in the TOL roll-forward.

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Global Equity	58.00%	5.10%
Fixed Income	9.00%	-0.10%
Real Estate	6.50%	4.00%
Private Equity	8.50%	6.90%
Additional Category: High Yield	8.00%	1.70%
Other Additional Categories	9.00%	2.20%
Cash (LIBOR)	1.00%	-0.30%
	100.00%	

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

	1% Decrease	Current Discount Rate	1% Increase
TRS	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	10,132,000	8,075,000	6,373,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of net OPEB liability	6,054,000	8,075,000	10,132,000

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

Life Insurance Plan

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

Benefits provided – TRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. TRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

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

At June 30, 2022, the Kentucky School District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	-0-
State's proportionate share of the net OPEB liability associated with the District	<u>132,000</u>
Total	<u>\$ 132,000</u>

Actuarial assumptions – The actuarial assumptions are listed above with the TRS OPEB assumptions information.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Global Equity	40.00%	4.40%
International Equity	23.00%	5.60%
Fixed Income	18.00%	-0.10%
Real Estate	6.00%	4.00%
Private Equity	5.00%	6.90%
Additional Categories	6.00%	2.10%
Cash (LIBOR)	2.00%	-0.30%
	100.00%	

Discount rate (SEIR) - The discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection’s basis was an actuarial valuation performed as of June 30, 2021.

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

County Employees’ Retirement System of Kentucky

Plan description – Classified (non-certified) employees of the Kentucky School District are provided OPEBs through the County Employees Retirement System of the State of Kentucky (CERS)—a cost-sharing multiple-employer defined benefit OPEB plan retirement annuity plan coverage for local school districts and other public agencies in the state. CERS was established July 1, 1958 by the state legislature. CERS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth’s financial statements. CERS issues a publicly available financial report that can be obtained at <https://kyret.ky.gov/About/Board-of-Trustees/Pages/CAFR-and-SAFR.aspx>.

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

Medical Insurance Plan

Plan description –The Kentucky Retirement Systems’ Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for eligible members receiving benefits from KERS, CERS, and SPRS, the state retirement options. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. It is noted that while this insurance fund covers employees eligible through KERS, CERS, and SPRS, only the portion related to CERS is applicable to Boyle County School District since the District does not have or qualify to have employees participate in KERS or SPRS.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Benefits provided – Medical Insurance coverage is provided based on the member’s initial participation date and length of service. Members received either a percentage or dollar amount for insurance coverage. The amount of contribution paid by the Insurance Fund is based on years of service. For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<u>Years of Service</u>	<u>Paid By Insurance Fund (%)</u>
20+	100%
15-19	75%
10-14	50%
4-9	25%
Less than 4	0%

Medical insurance benefits are calculated differently for members who began participating on or after July 1, 2003. Once members reach a vesting period of 10 years, non-hazardous employees whose participation began on or after July 1, 2003 earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands. Only benefit descriptions applicable to CERS Non-Hazardous have been included with this information since only that portion is applicable to the District.

Contributions – In order to fund the post-retirement healthcare benefit, 3.39% of the gross annual payroll of members is contributed for the year ended June 30, 2023 for CERS Non-Hazardous, which is the portion of the plan applicable to the District, and this portion is paid 100% paid by employer contributions. An additional 1.00% is contributed by employees hired on or after September 1, 2008.

At June 30, 2023, the Boyle County District reported a liability of \$ 2,120,521 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the District’s proportion was .107449 percent, compared to .110344 percent at June 30, 2022.

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

District’s proportionate share of the net OPEB liability	\$ 2,120,521
State’s proportionate share of the net OPEB liability associated with the District	-0-
Total	<u>\$ 2,120,521</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023, the District recognized OPEB expense of \$259,535. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 213,448	\$ 486,285
Changes of assumptions	335,375	276,347
Net difference between projected and actual earnings on pension plan investments	394,863	308,796
Changes in proportion and differences between District contributions and proportionate share of contributions	21,837	135,004
District contributions subsequent to the measurement date	<u>182,280</u>	<u>-</u>
Total	<u><u>1,147,803</u></u>	<u><u>1,206,432</u></u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$105,827 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year and implicit subsidy of \$76,453 totaling \$182,280 will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2024	\$ (38,140)
2025	(46,902)
2026	(154,805)
2027	(1,062)
2028	-
Thereafter	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Actuarial assumptions – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2021
Inflation	2.30%
Payroll Growth Rate	2.00%
Investment rate of return	6.25%
Salary Increases	3.30% to 10.30%, varies by service
Healthcare cost trend rates	
Pre - 65	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Post - 65	Initial trend starting at 9.00% at January 1, 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

The single discount rate of 5.70% for CERS Nonhazardous was used to measure the total OPEB liability as of June 30, 2022. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25%, and a municipal bond rate of 3.69%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2022. Based on the assumptions and the projection of cash flows of each fiscal year ending, the plan’s fiduciary net position and future contributions were projected and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit paid from the plan. However, the cost associated with the implicit subsidy was not included in the calculation of the plans actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The long-term (10-year) expected rates of return were determined using a building block method in which best estimate ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighting the expected future real rate of return by the target asset allocation percentage.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The target allocation and best estimates of arithmetic real rate of return for each major asset are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	68.50%	
U.S. Equity	21.75%	5.70%
Non-U.S. Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Liquidity	11.50%	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies	20.00%	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	10.00%	4.55%
Total	100.0%	

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.70%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.70%) or 1-percentage-point higher (6.70%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
CERS	4.70%	5.70%	6.70%
District's proportionate share of net OPEB liability	2,834,798	2,120,521	1,530,051

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

	1% Decrease	Current Trend Rate	1% Increase
Systems' net pension liability	1,576,560	2,120,521	2,773,715

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE I – CONTINGENCIES

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

NOTE J – INSURANCE AND RELATED ACTIVITIES

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

NOTE K – RISK MANAGEMENT

The District is exposed to various risks of loss related to injuries to employees. To obtain insurance of workers’ compensation, errors and omissions, and general liability coverage, the District obtains quotes from commercial insurance companies. Currently, the District maintains insurance coverage through Liberty Mutual Insurance Company.

The District purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE L – DEFICIT OPERATING BALANCES

The following funds have operations that resulted in a current year deficit of expenditures and other financing uses over revenues and other financing sources (net change in fund balances) resulting in a corresponding reduction of fund balance:

Construction Fund	662,502
District Activity Fund	56,489
General Fund	4,867,534

NOTE M – COBRA

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE N – TRANSFER OF FUNDS

The following transfers were made during the year:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Matching	General	Special Revenue	Technology Match	51,300
Operating	General	Special Revenue	Operations	20,964
Operating	Capital Outlay	General Fund	Operations	77,112
Operating	Building Fund	General Fund	Operations	55,825
Construction	General	Construction Fund	Construction - Softball Field	3,058,089
Construction	General	Construction Fund	Construction - Turf Project	190,855
Debt Service	Building Fund	Debt Service	Debt Service	2,185,860
			Total Transferred Funds	<u>5,640,005</u>

NOTE O – SUBSEQUENT EVENTS

Management has reviewed subsequent events through December 29, 2023. There are no material subsequent events to disclose.

NOTE P – ON-BEHALF PAYMENT

For the year ended June 30, 2023, \$11,933,928 in on-behalf payments were made by the Commonwealth of Kentucky for the benefit of the District. Payments for life insurance, health insurance, Kentucky teacher retirement matching pension contributions, administrative fees, technology and debt service were paid by the State for the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts. These payments were as follows:

Teachers Retirement System (GASB 68 Schedule A)	\$6,998,561
Teachers Retirement System (GASB 75)	151,863
Health Insurance	3,321,944
Life Insurance	4,515
Administrative Fee	36,040
HRA/Dental/Vision	143,938
Federal Reimbursement	(230,658)
Technology	102,253
SFCC Debt Service Payments	<u>1,405,472</u>
Total	<u>\$11,933,928</u>

NOTE Q – COMMITMENTS

Boyle County School District is in the process of renovating its high school softball field. Construction is ongoing as of the date of the audit. It is anticipated that the completion of this project will cost an additional \$580,299.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE R – LEASES

Copiers

The District is committed under a noncancellable operating lease for copiers with Toshiba Financial. The lease began July 2022 for 48 months with a monthly payment amount of \$2,107. The total lease liability measured at present value is \$ 90,061. The ending balance at June 30, 2023 is \$ 69,458. The District has recognized an intangible right of use asset for the terms of the lease but the District will not acquire the equipment at the end of the lease. Annual requirements to amortize long-term obligations and related interest are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	21,828	4,675
2025	23,127	3,450
2026	<u>24,503</u>	<u>776</u>
Total	<u>69,458</u>	<u>8,901</u>

The following assets and amortization have been recognized.

Intangible Right of Use Asset – Copiers	\$ 90,061
Accumulated Amortization	<u>(22,515)</u>
Net Ending Balance	<u>\$67,546</u>

Office Space -1

The District is committed under a noncancellable operating lease with Central Ky Property Management, LLC for real estate utilized for District offices. The lease renewed July 2021 for 48 months with a monthly payment amount of \$3,000. The total lease liability measured at present value is \$ 131,559. The ending balance at June 30, 2023 is \$ 71,464. The District has recognized an intangible right of use asset for the terms of the lease but the District will not acquire the real estate at the end of the lease. Annual requirements to amortize long-term obligations and related interest are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	33,469	2,531
2025	35,006	994
2026	<u>2,989</u>	<u>11</u>
Total	<u>71,464</u>	<u>3,536</u>

The following assets and amortization have been recognized.

Intangible Right of Use Asset – Office Space	\$131,559
Accumulated Amortization	<u>(65,780)</u>
Net Ending Balance	<u>65,779</u>

Office Space -2

The District added a lease to its office space with the same company as above. The lease began July 2022 for 36 months with a monthly payment amount of \$700. The total lease liability measured at present value is \$ 22,921. The ending balance at June 30, 2023 is \$ 15,398. The District has recognized an intangible right of use asset for the terms of the lease but the District will not acquire the real estate at the end of the lease. Annual requirements to amortize long-term obligations and related interest are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	7,868	532
2025	<u>7,530</u>	<u>1,579</u>
Total	<u>15,398</u>	<u>2,111</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The following assets and amortization have been recognized.

Intangible Right of Use Asset – Office Space	\$ 22,921
Accumulated Amortization	<u>(7,640)</u>
Net Ending Balance	<u>15,281</u>

NOTE S – INTERFUND RECEIVABLES AND PAYABLES

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Building Fund	Debt Service	645,793
General	Special Revenue	1,911,551

The interfund payables/receivables represent temporary financing that will be repaid within one year.

REQUIRED SUPPLEMENTARY
INFORMATION

BOYLE COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes	10,010,833	10,010,833	9,676,822	(334,011)
Other Local Sources	393,979	393,979	355,120	(38,859)
State Sources	18,103,832	18,103,832	21,612,103	3,508,271
Other Sources	214,157	214,157	132,936	(81,221)
TOTAL REVENUES	28,722,801	28,722,801	31,776,981	3,054,180
EXPENDITURES:				
Instructional	18,388,561	18,388,561	19,665,017	(1,276,456)
Student Support Services	1,294,167	1,294,167	1,990,782	(696,615)
Staff Support Services	1,156,711	1,156,711	1,635,119	(478,408)
District Administration	1,530,509	1,530,509	1,187,950	342,559
School Administration	1,507,693	1,507,693	2,288,385	(780,692)
Business Support Services	1,174,180	1,174,180	1,816,581	(642,401)
Plant Operation & Maintenance	6,381,671	6,381,671	2,680,451	3,701,220
Student Transportation	1,828,771	1,828,771	2,059,022	(230,251)
Other	2,952,538	2,952,538	3,321,208	(368,670)
TOTAL EXPENDITURES	36,214,801	36,214,801	36,644,515	(429,714)
NET CHANGE IN FUND BALANCE	(7,492,000)	(7,492,000)	(4,867,534)	2,624,466
FUND BALANCES - BEGINNING	7,492,000	7,492,000	7,188,667	(303,333)
FUND BALANCES - ENDING	0	0	2,321,133	2,321,133

See independent auditor's report and accompanying notes to financial statements.

BOYLE COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Other Local Sources	19,825	19,825	249,198	229,373
State Sources	1,602,147	1,602,147	1,433,241	(168,906)
Federal Sources	1,417,134	1,417,134	3,654,990	2,237,856
Other Sources	51,488	51,488	72,265	20,777
TOTAL REVENUES	3,090,594	3,090,594	5,409,694	2,319,100
EXPENDITURES:				
Instructional	2,365,983	2,365,983	3,748,611	(1,382,628)
Student Support Services	44,095	44,095	442,971	(398,876)
Staff Support Services	231,149	231,149	220,238	10,911
District Administration	0	0	0	0
Buseiness Support Services	0	0	0	0
Plant Operation & Maintenance	80,054	80,054	575,056	(495,002)
Student Transportation	60,473	60,473	61,670	(1,197)
Day Care Operations	0	0	88,834	(88,834)
Community Service Operations	271,314	271,314	272,314	(1,000)
Other	37,526	37,526	0	37,526
TOTAL EXPENDITURES	3,090,594	3,090,594	5,409,694	(2,319,100)
NET CHANGE IN FUND BALANCE	0	0	0	0
FUND BALANCES - BEGINNING	0	0	0	0
FUND BALANCES - ENDING	0	0	0	0

See accompanying auditor's report and accompanying notes to financial statements.

BOYLE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
District's proportion of net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability \$	-	-	-	-	-	-	-	-	-
State of Kentucky's share of the net pension liability associated with the district	<u>76,313,459</u>	<u>96,513,321</u>	<u>121,213,583</u>	<u>113,203,135</u>	<u>56,145,219</u>	<u>58,827,791</u>	<u>60,245,143</u>	<u>56,967,996</u>	<u>76,704,010</u>
TOTAL	<u>\$ 76,313,459</u>	<u>\$ 96,513,321</u>	<u>\$ 172,202,160</u>	<u>113,203,135</u>	<u>56,145,219</u>	<u>58,827,791</u>	<u>60,245,143</u>	<u>56,967,996</u>	<u>76,704,010</u>
District's covered-employee payroll	\$ 11,628,199	12,221,235	12,472,513	\$ 13,289,965	\$ 13,805,807	\$ 14,076,736	\$ 14,412,907	\$ 15,636,008	\$ 17,099,522
District's proportionate share of the net pension liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	45.59%	44.70%	57.04%	39.80%	59.30%	58.80%	58.27%	65.59%	56.14%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

BOYLE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of net pension liability	0.119503%	0.115350%	0.115350%	0.112821%	0.115708%	0.118375%	0.114470%	0.110370%	0.107452%
District's proportionate share of the net pension liability	\$ 3,877,000	4,918,130	5,679,180	6,603,760	7,046,970	8,325,366	8,779,754	7,036,953	7,767,720
State of Kentucky's share of the net pension liability associated with the district	\$ -	-	-	-	-	-	-	-	-
TOTAL	<u>3,877,000</u>	<u>4,918,130</u>	<u>5,679,180</u>	<u>6,603,760</u>	<u>7,046,970</u>	<u>8,325,366</u>	<u>8,779,754</u>	<u>7,036,953</u>	<u>7,767,720</u>
District's covered-employee payroll	\$ 2,860,163	2,771,746	2,732,188	2,747,289	2,840,547	2,870,352	2,820,153	2,960,345	3,101,524
District's proportionate share of the net pension liability as a percentage of its covered-payroll	135.55%	177.44%	207.86%	240.37%	248.08%	290.05%	311.32%	237.71%	250.45%
Plan fiduciary net position as a percentage of the total pension liability	66.801%	63.46%	55.50%	53.30%	53.54%	50.45%	47.81%	57.33%	52.42%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

BOYLE COUNTY SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS TO THE
 TEACHERS RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contributions (actuarially determined)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 11,628,199	\$ 12,221,235	\$ 12,472,513	\$ 13,289,965	\$ 13,805,807	\$ 14,076,736	\$ 14,412,907	\$ 15,636,008	\$ 17,099,522
Contributions as a percentage of Covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

BOYLE COUNTY SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS TO THE
 COUNTY EMPLOYEES RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contributions (actuarially determined)	\$ 519,429	\$ 341,522	\$ 327,703	\$ 383,196	\$ 415,258	\$ 566,985	\$ 544,315	\$ 628,563	\$ 730,488
Contributions in relation to the actuarially determined contributions	<u>186,481</u>	<u>173,629</u>	<u>327,703</u>	<u>383,196</u>	<u>415,258</u>	<u>566,985</u>	<u>544,315</u>	<u>628,563</u>	<u>730,488</u>
Contribution deficiency (excess)	<u>\$ 332,948</u>	<u>\$ 167,893</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,860,163	\$ 2,771,746	\$ 2,732,188	\$ 2,747,289	\$ 2,840,547	\$ 2,935,534	\$ 2,820,153	\$ 2,960,345	\$ 3,101,524
Contributions as a percentage of Covered employee payroll	6.52%	6.26%	11.99%	13.95%	14.62%	19.31%	19.30%	21.17%	23.40%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

BOYLE COUNTY SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
 OF THE NET OPEB LIABILITY - MEDICAL INSURANCE
 COUNTY EMPLOYEES RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
District's proportion of net OPEB liability	0.112821%	0.115708%	0.118348%	0.114440%	0.110344%	0.107499%
District's proportionate share of the net OPEB liability	2,268,088	2,054,284	1,990,560	2,763,378	2,112,481	2,120,521
State of Kentucky's share of the net OPEB liability associated with the district	-	-	-	-	-	-
TOTAL	<u><u>2,268,088</u></u>	<u><u>2,054,284</u></u>	<u><u>1,990,560</u></u>	<u><u>2,763,378</u></u>	<u><u>2,112,481</u></u>	<u><u>2,120,521</u></u>
District's covered-employee payroll	2,747,289	2,840,547	2,870,352	2,820,153	2,960,345	3,101,524
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	82.56%	72.32%	69.35%	97.99%	71.36%	68.37%
Plan fiduciary net position as a percentage of the total OPEB liability	52.40%	57.62%	60.44%	51.67%	62.91%	60.95%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

BOYLE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
TEACHERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
District's proportion of net OPEB liability	0.2209%	0.2206%	0.2290%	0.2290%	0.2323%	0.2323%
District's proportionate share of the net OPEB liability	7,878,000	7,655,000	6,703,000	5,721,000	4,984,000	8,075,000
State of Kentucky's share of the net OPEB liability associated with the district	<u>6,435,000</u>	<u>6,597,000</u>	<u>5,413,000</u>	<u>4,582,000</u>	<u>4,048,000</u>	<u>2,653,000</u>
TOTAL	<u>14,313,000</u>	<u>14,252,000</u>	<u>12,116,000</u>	<u>10,303,000</u>	<u>9,032,000</u>	<u>10,728,000</u>
District's covered-employee payroll	\$ 13,289,965	\$ 13,805,807	\$ 14,076,736	\$ 14,412,907	\$ 15,636,008	\$ 17,099,522
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	59.28%	55.45%	47.62%	39.69%	31.88%	47.22%
Plan fiduciary net position as a percentage of the total OPEB liability	21.18%	25.50%	32.60%	39.05%	51.74%	47.75%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

BOYLE COUNTY SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
 OF THE NET OPEB LIABILITY - LIFE INSURANCE PLAN
 TEACHERS' RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
District's proportion of net OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net OPEB liability	-	-	-	-	-	-
State of Kentucky's share of the net OPEB liability associated with the district	<u>86,000</u>	<u>113,000</u>	<u>126,000</u>	<u>139,000</u>	<u>54,000</u>	<u>132,000</u>
TOTAL	<u><u>86,000</u></u>	<u><u>113,000</u></u>	<u><u>126,000</u></u>	<u><u>139,000</u></u>	<u><u>54,000</u></u>	<u><u>132,000</u></u>
District's covered-employee payroll	\$ 13,353,738	\$ 13,805,807	\$ 14,076,736	\$ 14,412,907	\$ 15,636,008	\$ 17,099,522
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	79.99%	75.00%	73.40%	71.57%	89.15%	73.97%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

BOYLE COUNTY SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS TO THE MEDICAL INSURANCE PLAN
 COUNTY EMPLOYEES RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contributions (actuarially determined)	\$ 144,161	\$ 159,304	\$ 139,837	\$ 134,239	\$ 171,615	\$ 105,827
Contributions in relation to the actuarially determined contributions	<u>144,161</u>	<u>159,304</u>	<u>139,837</u>	<u>134,239</u>	<u>171,615</u>	<u>105,827</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,747,289	\$ 2,840,547	\$ 2,935,534	\$ 2,820,153	\$ 2,960,345	\$ 3,101,524
Contributions as a percentage of Covered employee payroll	5.25%	5.26%	4.76%	4.76%	5.78%	3.39%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

BOYLE COUNTY SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS TO THE MEDICAL INSURANCE PLAN
 TEACHERS RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contributions (actuarially determined)	\$ 378,528	\$ 393,001	\$ 400,319	\$ 432,369	\$ 469,080	\$ 512,986
Contributions in relation to the actuarially determined contributions	<u>378,528</u>	<u>393,001</u>	<u>400,319</u>	<u>432,369</u>	<u>469,080</u>	<u>512,986</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 13,289,965	\$ 13,805,807	\$ 14,076,736	\$ 14,412,907	\$ 15,636,008	\$ 17,099,522
Contributions as a percentage of Covered employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

BOYLE COUNTY SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS TO THE LIFE INSURANCE PLAN
 TEACHERS RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contributions (actuarially determined)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 13,289,965	\$ 13,805,807	\$ 14,076,736	\$ 14,412,907	\$ 15,636,008	\$ 17,099,522
Contributions as a percentage of Covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

BOYLE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

TEACHERS' RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

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

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

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

In 2017, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%. • In 2018, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%.

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.00 percent to 2.50 percent. In addition, the calculation of the SEIR results in an assumption change from 7.50% to 7.10%.

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of the schedule:

Actuarial Cost Method	Entry age
Amortization Period	Level percentage of payroll, closed
Remaining amortization period	21.9 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary Increase	3.00% to 7.50%, includes wage inflation at 2.75%
Investment rate of return	7.10 %, includes price inflation at 2.50%
Cost-of-living adjustments	1.50% annually

NOTE C – CHANGES OF BENEFITS

2022: A new benefit tier was added for members joining the System on and after January 1, 2022. A complete listing of benefits can be found within the report at <https://trs.ky.gov/wp-content/uploads/2023/06/TRS-GASB-68-Report-2022-Actuary.pdf>.

BOYLE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

COUNTY EMPLOYEES RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

2015

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015:

The assumed investment rate of return was decreased from 7.75% to 7.50%.

The assumed inflation rate was reduced from 3.5% to 3.255%.

The assumed rate of wage inflation was reduced from 1.00% to .75%.

Payroll growth assumption was reduced from 4.5% to 4%.

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

For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

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

2016

There were no changes of assumptions for the year ended June 30, 2016.

2017

The following changes were made by the KRS Board of Trustees and reflected in the valuation performed as of June 30, 2017:

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

The assumed salary increases were reduced to 3.05%, average, from 4.00%, average including inflation

The assumed investment rate of return was reduced to 6.25% from 7.50%

2018

There were no changes in assumptions.

2019

The following changes were made by the KRS Board of Trustees and reflected in the valuation performed as of June 30, 2019:

The projected salary increase was changed to 3.3-11.5% from 3.05%

BOYLE COUNTY SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 FOR THE YEAR ENDED JUNE 30, 2023
COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

The asset valuation method was changed to 20% of the difference between the market value assets and the expected actuarial value of assets if recognized from 5-year smoothed market.

The payroll growth rate was changed to 2.0% from 4.0%.

The investment rate of return was change to 6.25% from 7.5%.

The inflation rate was changed to 2.3% from 3.25%.

2020

There were no changes of assumptions for the year ended June 30, 2020.

2021

There were no changes of assumptions for the year ended June 30, 2021.

2022

There were no changes of assumptions for the year ended June 30, 2022.

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The following actuarial methods and assumptions were used to determine the rates reported in that schedule:

Valuation Date	June 30, 2020
Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	30 years, Closed
	<i>Gains/losses incurring after 2019 will be amortized over separate 20-year amortization basis</i>
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30 percent
Salary Increase	3.30-10.30 percent, varies by service
Investment Rate of Return	6.25 percent
Phase-In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018 for CERS

The retiree mortality is a System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

NOTE C – CHANGES OF BENEFITS

There were no changes in benefits for CERS non-hazardous pensions.

BOYLE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

TEACHERS' RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

2017

There were no changes in assumptions.

2018

There were no changes in assumptions.

2019

There were no changes in assumptions.

2020

Health Care Cost Trend Rates were updated for the June 30, 2019 valuation.

2021

Health Trust and Life Trust

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives.

The assumed long-term investment rate of return was changed from 8.00% for the Health Trust and 7.50% for the Life Trust to 7.10%. The price inflation assumption was lowered from 3.00% to 2.50%.

The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

2022

The health care trend rates were updated to reflect future anticipated experience.

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The Health Trust is not funded based on an actuarially determined contribution, but instead is funded based on statutorily determined amounts.

NOTE C – CHANGES OF BENEFITS

There were no changes of benefits.

BOYLE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

COUNTY EMPLOYEES RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

2017

The assumed investment return was changed from 7.5% to 6.2%

The price inflation assumption was changed from 3.25% to 2.30% which resulted in a .95% decrease in the salary increase assumption at all years of service

The payroll growth assumption (*applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.0% to 2.0%

For the non-hazardous plan, the single discount rate changed from 6.89% to 5.84%. For the hazardous plan the single discount rate changed from 7.37% to 5.96%

2018

There were no changes in assumptions.

2019

The investment rate of return was changed to 6.25% from 7.0%.

The projected salary increases changed to 3.05-11.55% from 4.0%.

The inflation rate changed to 2.3% from 3.25%.

The payroll growth rate changed to 2.0% from 4.0%.

2020

There were no changes in assumptions.

2021

The single discount rates used to calculate the total OPEB liability changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2020 valuation process and was updated to better reflect the plan's long-term healthcare costs.

2022

There were no changes in assumptions.

BOYLE COUNTY SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
 OF THE NET OPEB LIABILITY
 FOR THE YEAR ENDED JUNE 30, 2023

COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

Methods and assumptions used in the actuarially determined contributions – The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2021:

Valuation Date	June 30, 2020
Experience Study	July 1, 2013 – June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	30 years, closed
	<i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30%-10.30%, varies by service
Investment Rate of Return	6.25 %
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Healthcare cost trend rates	
Pre - 65	Initial trend starting at 6.40% at January 1, 2022 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2021 premiums were known at the time of valuation and were incorporated into the liability measurement.
Post - 65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2021 premiums were known at the time of valuation and were incorporated into the liability measurement.

NOTE C – CHANGES OF BENEFITS

There were no changes in benefits for CERS, non-hazardous OPEB.

OTHER SUPPLEMENTARY
INFORMATION

BOYLE COUNTY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	CAPITAL OUTLAY FUND	CONSTRUCTION FUND	DISTRICT ACTIVITY FUND	SCHOOL ACTIVITY FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS:					
Cash & Cash Equivalents	430,586	0	102,305	352,330	885,221
TOTAL ASSETS	<u>430,586</u>	<u>0</u>	<u>102,305</u>	<u>352,330</u>	<u>885,221</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable		55,857		1,888	57,745
Total Liabilities	0	55,857	0	1,888	57,745
Fund Balances:					
Restricted for:					
Other			102,305		102,305
Capital Projects		(55,857)			(55,857)
SFCC Escrow	430,586				430,586
Student Activities				350,442	350,442
Total Fund Balances	<u>430,586</u>	<u>(55,857)</u>	<u>102,305</u>	<u>350,442</u>	<u>827,476</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>430,586</u>	<u>0</u>	<u>102,305</u>	<u>352,330</u>	<u>885,221</u>

See independent auditor's report and accompanying notes to financial statements.

BOYLE COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES AND EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	CAPITAL OUTLAY FUND	CONSTRUCTION FUND	DISTRICT ACTIVITY FUND	SCHOOL ACTIVITY FUND	TOTAL NON-MAJOR GOVERNMENT FUNDS
REVENUES:					
Taxes:					
Property					0
Earnings on Investments		6,606	1,192		7,798
Intergovernmental - State	263,414				263,414
Other Sources			139,385	676,606	815,991
TOTAL REVENUES	<u>263,414</u>	<u>6,606</u>	<u>140,577</u>	<u>676,606</u>	<u>1,087,203</u>
Instructional			170,481	531,840	702,321
Support Services:					
Student Support			26,585	6,144	32,729
Staff Support Services				10,251	10,251
Student Transportation				34,410	34,410
Facilities Acquisition, Construction & Improvements		3,918,052			3,918,052
Other Instructional				34,590	34,590
TOTAL EXPENDITURES	<u>0</u>	<u>3,918,052</u>	<u>197,066</u>	<u>617,235</u>	<u>4,732,353</u>
EXCESS(DEFICIT) REVENUES OVER EXPENDITURES	263,414	(3,911,446)	(56,489)	59,371	(3,645,150)
OTHER FINANCING SOURCES(USES):					
Operating Transfers In		3,248,944			3,248,944
Operating Transfers Out	(77,112)				(77,112)
TOTAL OTHER FINANCING SOURCES(USES)	<u>(77,112)</u>	<u>3,248,944</u>	<u>0</u>	<u>0</u>	<u>3,171,832</u>
NET CHANGE IN FUND BALANCES	<u>186,302</u>	<u>(662,502)</u>	<u>(56,489)</u>	<u>59,371</u>	<u>(473,318)</u>
FUND BALANCES - BEGINNING	<u>244,284</u>	<u>606,645</u>	<u>158,794</u>	<u>291,071</u>	<u>1,300,794</u>
FUND BALANCES - ENDING	<u><u>430,586</u></u>	<u><u>(55,857)</u></u>	<u><u>102,305</u></u>	<u><u>350,442</u></u>	<u><u>827,476</u></u>

See independent auditor's report and accompanying notes to financial statements.

BOYLE COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
 STUDENT ACTIVITY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	FUND BALANCE JULY 1, 2022	REVENUES	EXPENDITURES	FUND BALANCE JUNE 30, 2023
Boyle County High School	189,981	460,092	407,293	242,780
Boyle County Middle School	56,006	151,104	142,131	64,979
Junction City Elementary	15,007	18,534	18,114	15,427
Perryville Elementary	17,796	350	5,707	12,439
Woodlawn Elementary	12,281	46,526	43,990	14,817
Total School Activity Funds	<u>291,071</u>	<u>676,606</u>	<u>617,235</u>	<u>350,442</u>

See independent accountant's report and accompanying notes to financial statements.

BOYLE COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
HIGH SCHOOL ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	CASH BALANCE JULY 1, 2022	RECEIPTS	DISBURSEMENTS	CASH BALANCE JUNE 30, 2023	ACCOUNTS RECEIVABLE JUNE 30, 2023	ACCOUNTS PAYABLE JUNE 30, 2023	FUND BALANCE JUNE 30, 2023
Administrative	2,596	0	0	2,596	0	0	2,596
General	15,457	4,409	3,174	16,692	0	0	16,692
Vending	0	0	0	0	0	0	0
Guidance Office	1,271	4,684	5,750	205	0	0	205
Bass Fishing	12,269	10,605	14,953	7,921	0	0	7,921
Chromebook - DAF	0	230	230	0	0	0	0
Youth Service Center	1,480	0	816	664	0	0	664
AP Government	0	14,882	14,882	0	0	0	0
Project Graduation	3,558	25,095	23,468	5,185	0	0	5,185
Bowling	482	0	0	482	0	0	482
Mock Trial	908	1,793	2,588	113	0	0	113
eSports	0	1,400	308	1,092	0	0	1,092
Athletics	9,075	160,499	98,192	71,382	0	0	71,382
Entry Fees	0	3,450	2,032	1,418	0	0	1,418
Athletic Trainer	370	0	271	99	0	0	99
Boys Basketball	6,307	4,870	5,701	5,476	0	0	5,476
Girls Basketball	1,902	0	0	1,902	0	0	1,902
Cheerleaders	0	100	0	100	0	0	100
Cross Country	7,437	0	806	6,631	0	0	6,631
Volleyball	469	0	0	469	0	0	469
Boys Golf	534	0	325	209	0	0	209
Girls Golf	994	0	0	994	0	0	994
Softball	60	0	0	60	0	0	60
Swim Team	0	4,196	3,322	874	0	0	874
Tennis	2,034	6,493	5,987	2,540	0	0	2,540
A.D. Discretionary	40,000	0	0	40,000	0	0	40,000
Art Club	198	945	665	478	0	0	478
Fantasy Football RPG	145	229	0	374	0	0	374
National Honor Society	0	20,452	19,494	958	0	0	958
Dance	0	4,764	1,417	3,347	0	0	3,347
DECA	1,789	7,379	7,280	1,888	0	0	1,888
STLP	114	0	0	114	0	0	114
FCA	33	0	0	33	0	0	33
TSA	231	3,825	3,876	180	0	0	180
FCCLA	3,110	2,285	3,813	1,582	0	0	1,582
HOSA	262	5,141	4,235	1,168	0	0	1,168
Allied Health	45	2,451	1,971	525	0	0	525
Drama Club	969	0	294	675	0	0	675
Speech & Debate	91	0	0	91	0	0	91
Key Club	629	1,766	2,341	54	0	0	54
Pep Club	189	581	293	477	0	0	477
Book Club	135	0	0	135	0	0	135
Spanish Club	64	129	172	21	0	0	21
Outdoor Club	1,475	0	0	1,475	0	0	1,475
Change of Heart	31	0	0	31	0	0	31
Y Club	560	6,703	6,560	703	0	0	703
Rebel Zone	3,283	18,569	20,822	1,030	0	0	1,030
FMD Class Project	0	0	0	0	0	0	0
AG Merch	132	0	0	132	0	0	132

Academic Team	47	260	303	4	0	0	4
Greenhouse	32,842	25,034	34,957	22,919	0	0	22,919
Language Arts	76	1,722	1,787	11	0	0	11
Foreign Language	54	0	54	0	0	0	0
Library	6,720	2,051	4,667	4,104	0	0	4,104
Math	121	0	0	121	0	0	121
Band	18	0	10	8	0	0	8
Science	168	0	115	53	0	0	53
Environmental Club	100	0	0	100	0	0	100
Class of 2026	0	0	0	0	0	0	0
Class of 2024	47	5,380	4,616	811	0	0	811
Class of 2023	3,883	12,598	16,481	0	0	0	0
Calss of 2025	232	498	0	730	0	0	730
BCSN Club	0	43	39	4	0	0	4
Mass Media	4,221	1,695	2,867	3,049	0	0	3,049
Chess Club	644	100	0	744	0	0	744
Gibsons Classroom	30	0	29	1	0	0	1
Ultimate Frisbee	330	425	0	755	0	0	755
Wrestling	31	0	0	31	0	0	31
Choir	0	1,500	0	1,500	0	0	1,500
Floral	242	2,783	2,675	350	0	0	350
School Play	14,102	8,897	4,999	18,000	0	0	18,000
Rebel Textiles	475	1,008	1,104	379	0	0	379
PND Bank	6	0	0	6	0	0	6
Web Journalism	1,311	0	0	1,311	0	0	1,311
Teacher Fund	870	6,214	5,555	1,529	0	0	1,529
Yoga	0	0	0	0	0	0	0
Magic Club	137	0	0	137	0	0	137
Boyled to Perfection	1,378	1,331	1,488	1,221	0	0	1,221
Rebel Zone	4	0	0	4	0	0	4
FFA	1,204	39,962	38,843	2,323	0	0	2,323
Fees-DAF	0	65,385	65,385	0	0	0	0
	<u>189,981</u>	<u>494,811</u>	<u>442,012</u>	<u>242,780</u>	<u>0</u>	<u>0</u>	<u>242,780</u>
Interfund Transfers		(34,719)	(34,719)				0
Total	<u><u>189,981</u></u>	<u><u>460,092</u></u>	<u><u>407,293</u></u>	<u><u>242,780</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>242,780</u></u>

BOYLE COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

<u>FEDERAL GRANTOR/ PASS-THROUGH</u>		PASS	MUNIS	
<u>GRANTOR/ PROGRAM TITLE</u>	<u>CFDA</u>	<u>THROUGH</u>	<u>PROJECT</u>	<u>EXPENDITURES</u>
	<u>NUMBER</u>	<u>NUMBER</u>	<u>NUMBER</u>	
		(if applicable)		
<u>U.S. Department of Education</u>				
Passed-Through Department of Education				
Title I - Parent Involvement	84.010	3100002	310IM	1,278
Title I - Grants to Local Educational Agencies	84.010	3100002	310J	400,828
Title I Total				<u>402,106</u> *
Title I Part D - Neglected & Delinquent	84.013	3100102	313J	26,200
Supporting Effective Instruction State Grants	84.367	3230002	401GP	761
Supporting Effective Instruction State Grants	84.367	3230002	401I	20,100
Supporting Effective Instruction State Grants	84.367	3230002	401J	42,634
Supporting Effective Instruction State Grants Total				<u>63,495</u>
Perkins Voc.	84.048	3710006	348J	21,715
Title IV, Part A-Student Support and Academic Enrichment	84.424	3420003	552J	27,365
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300002	473G	1,454,483
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300003	473GD	3,205
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4200003	473GG	82,685
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300005	473GL	464,825
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	4200003	554GS	61,154
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	4200003	563J	20,119
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425W	4980002	476IC	2,415
COVID - 19 Education Stabilizatin Fund Total				<u>2,088,886</u> *
IDEA - Special Education - Preschool Grants	84.173	3800002	343I	713
IDEA - Special Education - Preschool Grants	84.173	3800002	343J	65,928
IDEA - Special Education - Grants to State	84.027	3810002	337I	19,156
IDEA - Special Education - Grants to State	84.027	3810002	337J	702,057
COVID-19 - IDEA Special Education - Grants to State	84.027X	4910002	478I	83,088
COVID-19 - IDEA BSpecial Education - Preschool Grants	84.173X	4910002	488I	10,942
Special Education Cluster				<u>881,884</u> *
School Health Profiles	93.079	493E	493E	255
School Health Profiles	93.079	493J	493J	395
School Health Profiles Total				<u>650</u>
Total U.S. Department of Education				<u>3,512,301</u>
<u>U.S. Department of Agriculture</u>				
Passed-Through State Department of Education				
Summer Food Service Program	10.559	7690024-22	7690024-22	1,687
Summer Food Service Program	10.559	7690024-23	7690024-23	110
Summer Food Service Program	10.559	7740023-22	7740023-22	16,331
Summer Food Service Program	10.559	7740023-23	7740023-23	149,515
National School Lunchroom	10.555	7750002-22	7750002-22	381,807
National School Lunchroom	10.555	7750002-23	7750002-23	812,418
National School Lunchroom	10.555	9980000-22	9980000-22	70,140
National School Lunchroom	10.555	9980000-23	9980000-23	33,345
School Breakfast Program	10.553	7760005-22	7760005-22	110,306
School Breakfast Program	10.553	7760005-23	7760005-23	238,036
State P-EBT Administrative Costs Grant	10.649	9990000-21	9990000-21	3,699
Child Nutrition Cluster				<u>1,817,394</u>
Child & Adult Care Food Program	10.558	7790021-23	7790021-23	8,215
State Amination for Child Expenses	10.560	7700001-22	7700001-22	2,184
Total U.S. Department of Agriculture				<u>1,827,793</u>
Total Federal Financial Assistance				<u>5,340,094</u>

* Tested as major program

BOYLE COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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 the Boyle County School District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Boyle County School District, it is not intended to and does not present the financial position, changes in net asset, or cash flows of Boyle County School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are present where available.

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed.

NOTE D – DE MINIMIS COST RATE

The District did not elect to use the 10 percent de minimis cost rate as allowed under the Uniform Guidance.

NOTE E – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

BOYLE COUNTY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of audit issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs?

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None Reported

Type of auditor’s report issued on compliance for major programs (unmodified):

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.425D/84.425U/84.425W	COVID-19 Education Stabilization Fund
84.173/84.027/84.173X/84.027X	Special Education Cluster*
84.010	Title 1

**-Includes COVID-19 ARP IDEA and COVID-19 ARP IDEA Preschool*

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II – Financial Statement of Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

BOYLE COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2023

There were no prior year audit findings.

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December 29, 2023

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Members of the Board of Education
Boyle County School District
Lebanon, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Appendix I to the Independent Auditor's Contract – Audit Extension Request*, *Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract*, *Audit Acceptance Statement*, *AFR and Balance Sheet*, *Statement of Certification*, and *Audit Report*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Boyle County School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Boyle County School District's basic financial statements, and have issued our report thereon dated December 29, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boyle County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of our tests disclosed no material instances of noncompliance of specific state statutes or regulation identified in *Appendix II of the Independent Auditor's Contract – State Audit Requirements*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

White and Company, P.S.C.

Certified Public Accountants

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December 29, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Members of the Board of Education
Boyle County School District
Lebanon, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Boyle County School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Boyle County School District's major federal programs for the year ended June 30, 2023. Boyle County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Boyle County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 State of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and *Appendix I to the Independent Auditor's Contract – Audit Extension Request*, *Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract*, *Audit Acceptance Statement*, *AFR and Balance Sheet*, *Statement of Certification*, and *Audit Report*. 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 Boyle County School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Boyle County School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sincerely,

White and Company, P.S.C.

Certified Public Accountants

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December 29, 2023

MANAGEMENT LETTER

Members of the Board of Education
Boyle County School District
Danville, Kentucky

In planning and performing our audit of the financial statements of Boyle County School District for the year ended June 30, 2023, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. Our professional standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We feel that the District's financial statements are free of material misstatement. However, we offer the following suggestions that we feel will strengthen your organization's internal control structure.

Prior Year Recommendation - District:

2021-02 Prior Year Recommendation:

During the 2021 audit, one instance was noted where part of an employee's pay was charged to the Elementary and Secondary School Emergency Relief Fund but the employee did not fill out a six month certification or a time and effort log. Though adequate paperwork was provided upon request during the audit to justify the amount charged to the grant, we suggest that all non-hourly employees who has wages charged to a federal grant complete a six month certification or a time and effort log to provide support for the wages charged to the grant.

2022 Status and Recommendation:

During audit testing for 2022, two instances were noted where employees paid from the Elementary and Secondary School Emergency Relief funds completed six-month certifications late. We recommend that these certifications be completed every six months to ensure compliance with documentation for maintenance of time and effort in instances where time and effort logs (timesheets) are not utilized.

Current Year Status:

No such instances were found during current year testing.

2022-01 Prior Year Recommendation:

During review of the current year financials, the sizeable decline in the general fund's balance was noted. Per discussion with management, a sizeable decrease in the general fund balance is also expected for FY 2023, which in part is due to the influx of students from House Bill 563 with little offsetting income. Because of these losses, we recommend that the District look at the financing of its ongoing construction projects to determine the best ways to fund those projects.

Current Year Status and Recommendation:

A sizeable decline in the general fund balance did in fact occur for FY 2023. Management needs to complete a BG-5 for the middle school so those excess available funds can be applied to remaining construction balances not yet funded. Further, management and the Board must work together on a better plan for sustainability going forward. The District can not sit idle and watch its general fund completely deteriorate.

Management Response:

We will take this under advisement.

Prior Year Recommendations – School Activity Funds:

2022-02 Prior Year Recommendation:

During current year testing, there were a few instances at Boyle County High School where an invoice was not signed nor a receiving report completed to document the receipt of goods prior to the disbursement of funds. To better document the receipt of goods, we recommend that a receiving report or signed invoice be obtained prior to the disbursement of funds.

Current Year Status:

No such instances were found during current year testing.

2022-03 Prior Year Recommendation:

During current year testing, there were a few instances of multiple receipt forms not being properly completed. For these receipts, it is noted that the receipts were documented. However, the multiple receipt forms had not been properly completed on a by student basis with the students' signatures as required by Redbook. We recommend that Multiple Receipt Forms be fully completed for all applicable receipts in accordance with Redbook.

Current Year Status

No such instances were found during current year testing.

Current Year Recommendations - District:

2023-01 Current Year Recommendation:

During current year testing, bank reconciliations for the District's accounts are tested. Multiple errors were discovered with the District's reconciliations for its primary account. Going forward, the District's finance officer must ensure that reconciliations are completed timely and accurately. This ensures that reports being reviewed by the finance officer, superintendent, grant coordinators, and the Board are reflecting the accurate status of the data being reviewed at the time of review.

Management Response:

We will ensure that all bank reconciliations for all accounts are completed accurately by about the 15th of the following month. If an issue is present, the finance officer will seek outside assistance in a timely matter to ensure that the District is not off track for multiple months.

Current Year Recommendations – Student Activity Funds:

2023-02 Current Year Recommendation:

During current year testing, one check at Boyle County High School was found to have only one signature. A second check was found to have no signatures at all. We recommend that the bookkeeper be diligent in ensuring that all checks have two signatures prior to mailing.

Management Response:

We will take measures to ensure that all checks contain two signatures.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various District personnel, and we will be pleased to perform any additional study of this matter or to assist you in implementing the recommendations.

We would like to offer our assistance throughout the year if and when new or unusual situations arise. Our awareness of new developments when they occur would help to ensure that the District is complying with requirements such as those mentioned above.

Sincerely,

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Certified Public Accountant

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December 29, 2023

Members of the Board of Education
Boyle County School District
Danville, Kentucky

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Boyle County School District for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 5, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters:

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Boyle County School District are described in Note A to the financial statements. As described in Note A to the financial statements, the District changed policies related to Subscription-Based Information Technology Arrangements by adopting Statement of Governmental Accounting Standards No. 96, *Subscription-Based Information Technology Arrangements*, in 2023. The District did not have a cumulative prior period impact as its only applicable lease began in the year of adoption. No other new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by Boyle County School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the sick leave liability is based on current pay rates and those currently eligible for retirement. We evaluated the key factors and assumptions used to develop the sick leave liability in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 29, 2023.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the budgetary comparison information on pages 55 and 56, or on the schedules of the district's proportionate share of net pension liabilities and other post-employment benefit plans on pages 57-58 and 61-63, or on the schedules of contributions to the County Employees Retirement System and Teachers Retirement System pension plans or the County Employees Retirement System and Teachers Retirement System other post-employment benefit plans on pages 59-60 and 64-66,

which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of Members of the Board of Education and management of Boyle County School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

White and Company, P.S.C.

Certified Public Accountants