

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2024
with
REPORT OF INDEPENDENT AUDITORS**

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Cloyd & Associates, PSC
Certified Public Accountants
and
Business Advisors

INDEPENDENT AUDITORS' REPORT

Kentucky State Committee for
School District Audits
Members of the Board of Education
Barbourville Independent School District
Barbourville, Kentucky

Report on the Audit of 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 Barbourville Independent School District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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



Auditors' Responsibilities for the Audit of the Financial 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 judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 6, 2024, on our consideration of District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
November 6, 2024

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024

The management of Barbourville Independent School District offers readers this narrative overview and analysis of the financial activities and educational programs of the District for the fiscal year ended June 30, 2023. We encourage readers to review the information presented here in conjunction with additional information found within the body of this audit.

This Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Discussion and Analysis - for State and Local Governments, issued June 1999; GASB Statement No. 37, Basic Financial Statement - and Management Discussion and Analysis - for State and Local Governments: Omnibus, an Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's amendment to GASB Statements No. 21 and No. 34, issued in June 2001; and in GASB Statement No. 38, Certain Financial Statement Note Disclosures, issued in 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- The ending cash balance for the District was \$2,529,651 in 2024 and \$2,228,670 in 2023.
- The General Fund had \$6,593,218 in revenue, excluding interfund transfers. The General Fund revenue consists primarily of our state funding allocation (SEEK) at \$3,368,933 (50.54%); and local taxation of property, utilities, and motor vehicle taxes of \$908,450 (13.63%).
- Excluding interfund transfers, there was \$6,665,507 in General Fund expenditures.
- The District Food Service had revenues of \$807,414 and expenditures of \$717,470.
- Bonds are issued as the District renovates facilities consistent with long-range facilities plan that is established with the community's input and keeping with the Kentucky Department of Education stringent compliance regulations. The total debt related to facilities decreased by \$285,000 during the current fiscal 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) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information to the basic financial statements themselves.

Government-wide financial statements. The government-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 government-wide financial statements outline functions of the District that are primarily 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 asset acquisitions and related debt are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on the table of contents of this report.

Fund financial statement. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. There is a state mandated uniform system and chart of

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)-CONTINUED
YEAR ENDED JUNE 30, 2024

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, and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The proprietary funds are our food service and day care operations. All other activities of the District are included in the governmental funds. The basic governmental fund financial statements can be found on the table of contents 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 government-wide and fund financial statements. The financial statements can be found on pages 8-18 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 and construction in progress), less any related debt used to acquire those assets that are still outstanding. The District used 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, 2024

Fiscal year 2024 government-wide net position compared to 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 3,189,713	\$ 2,726,170
Capital assets	7,931,304	7,212,740
Total Assets	<u>\$ 11,121,017</u>	<u>\$ 9,938,910</u>
Deferred outflow of resources	<u>\$ 1,275,115</u>	<u>\$ 1,648,388</u>
Current liabilities	\$ 397,051	\$ 455,064
Noncurrent liabilities	6,107,549	7,447,990
Total Liabilities	<u>\$ 6,504,600</u>	<u>\$ 7,903,054</u>
Deferred inflow of resources	<u>\$ 1,816,666</u>	<u>\$ 1,445,700</u>
Net investment in capital assets, net	\$ 3,899,178	\$ 2,865,627
Restricted net position	1,371,402	1,057,400
Unrestricted net position	(1,195,714)	(1,684,483)
Total Net Position	<u>\$ 4,074,866</u>	<u>\$ 2,238,544</u>

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, governmental assets exceeded liabilities by approximately \$4,291,186; proprietary liabilities exceeded assets by \$216,320, and total assets exceeded liabilities by \$4,074,866 at June 30, 2024.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024

The following table presents a fund accounting comparison and summary of revenue and expense for Government Funds only for the fiscal years 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Revenues and other financing sources		
Local revenue sources	\$ 1,822,849	\$ 1,613,478
State revenue sources	6,253,728	6,052,680
Federal revenue	2,103,010	1,147,571
Total revenue	<u>10,179,587</u>	<u>8,813,729</u>
Expenditures and other financing uses		
Instruction	5,151,599	4,772,189
Student support services	263,533	233,905
Instructional support	285,354	300,264
District administration	494,614	487,878
School administration	292,406	289,484
Business operations	403,765	434,934
Plant operation and maintenance	736,454	671,080
Student transportation	553,698	123,304
Community services	95,413	86,712
Student activities	476,761	438,200
Land/site acquisition	467,877	-
Architectural and engineering services	43,350	-
Debt service	477,552	449,810
Total expenditures	<u>9,742,376</u>	<u>8,287,760</u>
Excess revenues (expenditures)	<u>437,211</u>	<u>525,969</u>
Other financing sources (uses)		
Transfers in	553,280	398,969
Transfers out	(542,835)	(398,969)
Total other financing sources (uses)	<u>10,445</u>	<u>-</u>
Net change in fund balance	<u>\$ 447,656</u>	<u>\$ 525,969</u>

On-behalf payments are included in the above amounts. On-behalf, as defined by the KDE, are payments the state makes on behalf of employees to the various agencies for health and life insurance, retirement, and administration fees. The on-behalf payments are allocated to expense as mandated by the KDE and are credited to revenues; therefore, have no effect on the District's fund balance.

BUDGETARY IMPLICATION

In Kentucky, the public-school fiscal year is July 1 through June 30; other programs, such as, some federal programs operate on a different fiscal calendar, but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a working budget with \$653,266 in contingency.

Comments on Budget Comparisons

- The District's total general fund revenues, excluding transfers and capital lease proceeds, for the fiscal year ended June 30, 2024 were \$6,593,218.
- General fund budgeted revenue compared to actual revenue varied from line item to line item with the ending actual balance being \$547,989 more than budget or 9.06% more than budget.
- The total cost of all general fund programs and services, excluding transfers, for the fiscal year ended June 30, 2024 was \$6,665,507.
- General fund budgeted expenditures compared to actual expenditures varied from line item to line item with the ending actual balance being \$912,003 less than budget or 12.04% less than budget.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives.

Questions regarding this report should be directed to the Superintendent or the Director of Financial Services at 606-546-3120, or by mail at 140 School Street, Barbourville, KY 40906.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,428,827	\$ 100,824	\$ 2,529,651
Accounts receivable:			
Taxes	19,326	-	19,326
Local accounts	-	-	-
Intergovernmental - State	5,903	-	5,903
Intergovernmental - Federal	501,839	-	501,839
Other	94,993	-	94,993
Inventory	-	9,751	9,751
Net OPEB asset - CERS	22,894	5,356	28,250
Capital Assets, net			
Nondepreciable	4,518,343	-	4,518,343
Depreciable	3,412,961	-	3,412,961
Total assets	<u>11,005,086</u>	<u>115,931</u>	<u>11,121,017</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows from pension - CERS	311,192	72,807	383,999
Deferred outflows from OPEB - CERS	131,545	30,776	162,321
Deferred outflows from OPEB - KTRS	728,795	-	728,795
	<u>1,171,532</u>	<u>103,583</u>	<u>1,275,115</u>
Total assets and deferred outflows of resources	<u>12,176,618</u>	<u>219,514</u>	<u>12,396,132</u>
LIABILITIES			
Accounts payable	16,007	3,809	19,816
Accrued expenses	-	-	-
Advances from grantors	8,613	-	8,613
Current portion of KSBIT obligations	10,306	-	10,306
Current portion of lease obligations	30,613	-	30,613
Current maturities of bond obligations	285,000	-	285,000
Interest payable	42,703	-	42,703
Net pension liability - CERS	1,064,912	249,124	1,314,036
Net OPEB liability - KTRS	1,077,000	-	1,077,000
Noncurrent portion of KSBIT obligations	-	-	-
Noncurrent portion of lease obligations	111,513	-	111,513
Noncurrent maturities of bond obligations	3,605,000	-	3,605,000
Noncurrent portion of accumulated sick leave	-	-	-
Total liabilities	<u>6,251,667</u>	<u>252,933</u>	<u>6,504,600</u>
DEFERRED INFLOW OF RESOURCES			
Deferred inflows from pension - CERS	319,431	74,734	394,165
Deferred inflows from OPEB - CERS	462,334	108,167	570,501
Deferred inflows from OPEB - KTRS	852,000	-	852,000
	<u>1,633,765</u>	<u>182,901</u>	<u>1,816,666</u>
Total liabilities and deferred inflows of resources	<u>7,885,432</u>	<u>435,834</u>	<u>8,321,266</u>
NET POSITION			
Net investment in capital assets	3,899,178	-	3,899,178
Restricted for:			
Capital expenditures	1,163,016	-	1,163,016
Other	208,386	-	208,386
Unrestricted	(979,394)	(216,320)	(1,195,714)
Total net position	<u>4,291,186</u>	<u>(216,320)</u>	<u>4,074,866</u>
Total liabilities and net position	<u>\$ 12,176,618</u>	<u>\$ 219,514</u>	<u>\$ 12,396,132</u>

The accompanying notes are an integral part of these financial statements.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

FUNCTIONS/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							
Instruction	\$ 4,887,618	\$ -	\$ 2,652,944	\$ -	\$ (2,234,674)	\$ -	\$ (2,234,674)
Student	263,533	-	134,976	-	(128,557)	-	(128,557)
Instructional support	285,354	-	173,269	-	(112,085)	-	(112,085)
District administration	494,614	-	281,532	-	(213,082)	-	(213,082)
School administration	292,406	-	167,082	-	(125,324)	-	(125,324)
Business support	403,823	-	250,981	-	(152,842)	-	(152,842)
Plant operations and maintenance	877,101	-	468,584	-	(408,517)	-	(408,517)
Student transportation	192,312	-	114,680	-	(77,632)	-	(77,632)
Community services	95,413	-	-	-	(95,413)	-	(95,413)
Other instructional	476,761	-	-	-	(476,761)	-	(476,761)
Interest on long-term debt	159,867	-	-	123,971	(35,896)	-	(35,896)
Total governmental activities	8,428,802	-	4,244,048	123,971	(4,060,783)	-	(4,060,783)
Business-type activities							
Food service	717,470	5,843	801,571	-	-	89,944	89,944
Total business-type activities	717,470	5,843	801,571	-	-	89,944	89,944
Total primary government	\$ 9,146,272	\$ 5,843	\$ 5,045,619	\$ 123,971	(4,060,783)	89,944	(3,970,839)
			General revenues				
			Taxes:				
			Property		700,347	-	700,347
			Motor vehicle		79,382	-	79,382
			Utility		252,501	-	252,501
			Earnings on investments		140,978	-	140,978
			State formula grants		3,988,719	-	3,988,719
			Sale of equipment		(4,317)	-	(4,317)
			Other local amounts		649,641	-	649,641
			Transfers in (out)		10,445	(10,445)	-
			Total general revenues		5,817,696	(10,445)	5,807,251
			Change in net position		1,756,913	79,499	1,836,412
			Net position as of June 30, 2023		<u>2,534,273</u>	<u>(295,819)</u>	<u>2,238,454</u>
			Net position as of June 30, 2024		\$ 4,291,186	\$ (216,320)	\$ 4,074,866

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Special Revenue Funds	Facility Support Program (FSPK) Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,109,827	\$ -	\$ 1,106,718	\$ 212,282	\$ 2,428,827
Interfund receivables	508,846	-	-	-	508,846
Accounts receivable:					
Taxes	19,326	-	-	-	19,326
Intergovernmental - State	-	5,903	-	-	5,903
Intergovernmental - Federal	-	501,839	-	-	501,839
Other	79,768	15,225	-	-	94,993
Total assets	\$ 1,717,767	\$ 522,967	\$ 1,106,718	\$ 212,282	\$ 3,559,734
LIABILITIES AND FUND BALANCES					
Liabilities					
Interfund payable	\$ -	\$ 508,846	\$ -	\$ -	\$ 508,846
Accounts payable	6,138	5,508	-	4,361	16,007
Advances from grantors	-	8,613	-	-	8,613
Total liabilities	6,138	522,967	-	4,361	533,466
Fund balances					
Restricted	56,763	-	1,106,718	207,921	1,371,402
Unassigned	1,654,866	-	-	-	1,654,866
Total fund balances	1,711,629	-	1,106,718	207,921	3,026,268
Total liabilities and fund balances	\$ 1,717,767	\$ 522,967	\$ 1,106,718	\$ 212,282	\$ 3,559,734

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION

JUNE 30, 2024

Total fund balances - governmental funds	\$ 3,026,268
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	7,931,304
Deferred outflows of resources are not recorded in the government fund financials because they do not affect current resources but are recorded in the statement of net position	1,171,532
Bonds payable are not reported in the governmental fund balance sheet because they are not due and payable in the current period, but they are presented in the statement of net position.	(3,900,306)
Leases payable are not reported in the governmental fund balance sheet because they are not due and payable in the current period, but they are presented in the statement of net position.	(142,126)
Net pension obligation is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position	(2,119,018)
Deferred inflows of resources are not recorded in the government fund financials because they do not affect current resources but are recorded in the statement of net position	(1,633,765)
Interest payable is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	<u>(42,703)</u>
Total net position - governmental activities	<u>\$ 4,291,186</u>

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2024

	General Fund	Special Revenue Funds	Facility Support Program (FSPK) Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
From local sources:					
Taxes					
Property	\$ 576,567	\$ -	\$ 123,780	\$ -	\$ 700,347
Motor vehicle	79,382	-	-	-	79,382
Utility	252,501	-	-	-	252,501
Earnings on Investments	140,978	-	-	-	140,978
Other local	114,318	35,876	17,238	482,209	649,641
Intergovernmental - State	5,034,473	487,337	542,380	189,538	6,253,728
Intergovernmental - Federal	395,000	1,708,010	-	-	2,103,010
	<u>6,593,218</u>	<u>2,231,223</u>	<u>683,398</u>	<u>671,747</u>	<u>10,179,587</u>
Total revenues					
Expenditures					
Current:					
Instruction	3,371,019	1,780,580	-	-	5,151,599
Student	183,236	80,297	-	-	263,533
Instructional support	119,780	165,574	-	-	285,354
District administration	494,614	-	-	-	494,614
School administration	292,406	-	-	-	292,406
Business support	403,765	-	-	-	403,765
Plant operations and maintenance	666,210	70,244	-	-	736,454
Student transportation	553,698	-	-	-	553,698
Community services	-	95,413	-	-	95,413
Student activities	-	-	-	476,761	476,761
Land/site acquisition	467,877	-	-	-	467,877
Architectural and engineering services	43,350	-	-	-	43,350
Debt service	69,552	-	-	408,000	477,552
	<u>6,665,507</u>	<u>2,192,108</u>	<u>-</u>	<u>884,761</u>	<u>9,742,376</u>
Total expenditures					
Excess (deficit) of revenues over (under) expenditures	(72,289)	39,115	683,398	(213,014)	437,211
Other financing sources (uses)					
Transfers in	257,038	12,213	-	284,029	553,280
Transfers out	(17,391)	(51,328)	(408,549)	(65,567)	(542,835)
	<u>239,647</u>	<u>(39,115)</u>	<u>(408,549)</u>	<u>218,462</u>	<u>10,445</u>
Total other financing sources (uses)					
Net change in fund balance	167,358	-	274,849	5,448	447,656
Fund balance as of June 30, 2023	1,544,271	-	831,869	202,473	2,578,613
	<u>1,711,629</u>	<u>-</u>	<u>1,106,718</u>	<u>207,921</u>	<u>3,026,269</u>
Fund balance as of June 30, 2024					

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Net change in total fund balances - governmental funds	\$ 447,656
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in the governmental fund financial statements because they use current financial resources, but they are treated as assets in the statement of net position and depreciated over their estimated economic lives. The difference is the amount by which depreciation exceeds capital outlay expense for the year.	723,035
Bond and lease payments are recognized as expenditures of current financial resources in the governmental fund financial statements, but are reductions of liabilities in the statement of net position.	324,970
Loss on disposal of capital assets is recognized not recognized on the governmental fund financial statements but is recognized in the statement of activities	(4,317)
Interest payments are recognized as expenditures of current financial resources in the governmental fund financial statements, but are expensed as incurred in the statement of activities.	2,699
Pension expense is not recognized on the governmental fund financial statements but is recognized as an expense on the statement of activities	<u>262,870</u>
Change in net position - governmental activities	<u>\$ 1,756,913</u>

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2024

	Food Service Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 100,824
Inventory	<u>9,751</u>
Total current assets	<u>110,575</u>
Noncurrent assets	
Net OPEB - CERS asset	5,356
Capital assets	8,273
Less accumulated depreciation	<u>(8,273)</u>
Total noncurrent assets	<u>5,356</u>
Total assets	<u>115,931</u>
Deferred outflow of resources	
Deferred outflows from pensions	72,807
Deferred outflows from OPEB - CERS	<u>30,776</u>
	<u>103,583</u>
Total assets and deferred outflows of resources	<u>\$ 219,514</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 3,809
Total current liabilities	<u>3,809</u>
Noncurrent liabilities	
Net pension - CERS liability	<u>249,124</u>
	<u>249,124</u>
Total liabilities	<u>252,933</u>
Deferred inflow of resources	
Deferred inflows related to pension	74,734
Deferred inflows related to OPEB	<u>108,167</u>
	<u>182,901</u>
Total liabilities and deferred inflows of resources	<u>435,834</u>
NET POSITION	
Net investment in capital assets	-
Restricted for:	
Other	-
Unrestricted	<u>(216,320)</u>
Total net position	<u>(216,320)</u>
Total liabilities and net position	<u>\$ 219,514</u>

BARBOURVILLE INDEPENDENT SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024

	<u>Food Service Fund</u>
Operating revenues	
Lunchroom sales	\$ 5,843
Total operating revenues	<u>5,843</u>
Operating expenses	
Salaries and wages	224,897
Employee benefits	127,443
Materials and supplies	400,729
Pension expense	(35,753)
Depreciation	<u>154</u>
Total operating expenses	<u>717,470</u>
Operating loss	<u>(711,627)</u>
Nonoperating revenues	
Federal grants	695,183
State grants	76,059
Donated commodities	<u>30,329</u>
Total nonoperating revenues/(expenses)	<u>801,571</u>
Income before contributions, transfers, and special items	89,944
Transfers in (out)	<u>(10,445)</u>
Change in net position	79,499
Net position as of June 30, 2023	<u>(295,819)</u>
Net position as of June 30, 2024	<u>\$ (216,320)</u>

The accompanying notes are an integral part of these financial statements.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024

	<u>Food Service Fund</u>
Cash flows from operating activities	
Cash received from:	
Lunchroom sales	\$ 9,045
Cash paid to/for:	
Employees	(388,093)
Supplies	<u>(334,596)</u>
Net cash used in operating activities	<u>(713,644)</u>
Cash flows from non-capital financing activities	
Grants received	771,242
Transfer from (to) general fund	<u>(10,445)</u>
Net cash used in non-capital financing activities	<u>760,797</u>
Net increase in cash and cash equivalents	47,153
Cash and cash equivalents as of June 30, 2023	<u>53,671</u>
Cash and cash equivalents as of June 30, 2024	<u>\$ 100,824</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income/ (loss)	\$ (711,627)
Adjustments to reconcile change in net position to net cash used in operating activities:	
(Increase) Decrease in accounts receivable	-
(Increase) Decrease in inventory	51
Increase (Decrease) in pension expense	(35,753)
Increase (Decrease) in accounts payable	3,202
Donated commodities	30,329
Depreciation	<u>154</u>
Net cash used in operating activities	<u>\$ (713,644)</u>
Schedule of non-cash transactions:	
Depreciation	154
Donated commodities	<u>30,329</u>
Total non-cash transactions	<u>\$ 30,483</u>

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - TRUST FUND
JUNE 30, 2024

	Trust Fund
ASSETS	
Cash and cash equivalents	\$ -
Total assets	-
LIABILITIES	
Accounts payable	-
Total liabilities	-
NET POSITION	
Restricted for: Scholarships	-
Total net position	\$ -

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - TRUST FUND
YEAR ENDED JUNE 30, 2024

	<u>Trust Fund</u>
Additions	
Contributions	\$ <u>500</u>
Total additions	<u>500</u>
Deductions	
Community Services - Scholarships	<u>500</u>
Total operating expenses	<u>500</u>
Change in net position	-
Net position as of June 30, 2023	<u>-</u>
Net position as of June 30, 2024	<u>\$ -</u>

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

1. REPORTING ENTITY

The Barbourville Independent 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 Barbourville Independent School District ("District"). The District receives funding from Local, State and Federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

The District, for financial purposes, includes all of the funds and activities relevant to the operation of the Board. The basic 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. Such funds or groups have been considered as prospective component units under GASB Statement Number 39, *Determining Whether Certain Organizations Are Component Units*, and have been determined to have insignificant assets, liabilities, equity, revenue and expenditures to be considered component units. In addition, the Board has the ability to exert little control over the fiscal activities of the funds or groups.

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

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

Barbourville Independent School District Finance Corporation – In a prior year, the Barbourville Independent Board of Education resolved to authorize the establishment of the Barbourville Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation pursuant to Section 162.385 of the School Bond Act and Chapter 273 and Section 58.180 of the Kentucky Revised Statutes (the "Corporation") to act 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.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The District has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 to its proprietary funds, unless those pronouncements conflict or contradict GASB pronouncements.

The following is a summary of the basis of presentation:

Government-wide Financial Statements - The statement of net position and the statement of revenues, expenses, and changes in net position 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, which normally are supported by tax revenues, and those that are considered business-type activities, which rely significantly on fees and charges for support.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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

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

Accounting principles generally accepted in the United States of America require that the General Fund be reported as a major fund. All other governmental and proprietary funds whose assets, liabilities, revenues, or expenditures comprise at least 10% of the total for the relevant fund category and at least 5% of the corresponding total for all governmental and proprietary funds combined must also be reported as major funds.

The District has the following funds:

I. Government Fund Types

The General Fund is the main operating fund of the District. It accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balances are considered as resources available for use. This is always a major fund of the District.

The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of 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 included in this report. This is a major fund of the District.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

I. Government Fund Types - continued

The District Activity Fund is used to account for funds that are legally restricted to expenditure for specified purposes imposed by external parties, enabling legislation, or by board action.

The Student Activity Fund is used to account for activities of student groups.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds). The Capital Projects Funds account for revenue and expenditures from three sources:

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
2. The Facility Support Program of Kentucky (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. This fund met the requirements of a major fund.
3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction and/or remodeling.

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

II. Proprietary Fund Types (Enterprise Funds)

The Food Service Fund is used to account for school food service activities, including the National School Lunch Program and the National School Breakfast Program, which are 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.

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 Types (Trust Funds)

The Trust Fund is used to account for fund to be used for scholarships. Trust funds are general accounted for using the economic resources measurement focus and the accrual basis of accounting.

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.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Revenues, Exchange and Non-exchange Transactions - Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end. Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before they can be recognized.

Unearned Revenue/Advances from Grantors - Unearned revenue and advances from grantors arise when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue or advances from grantors. The District reports liabilities on its statement of net position and governmental funds balance sheet. In both the government-wide and governmental fund statements, grants that are intended to finance future periods are reported as unearned revenue. In subsequent periods, the liabilities for unearned revenue and/or advances are removed from the statement of net position and governmental funds balance sheet and revenue is recognized.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave, which are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position-proprietary funds as an expense with a like amount reported as donated commodities revenue.

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

Property Taxes

Property taxes are levied by September 30 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 (including exonerations) assessed for the year ended June 30, 2024, to finance the General Fund operations were \$.655 per \$100 valuation for real property, \$.670 per \$100 valuation for business personal property and \$.539 per \$100 valuation for motor vehicles.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

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, electric power, water, and natural, artificial and mixed gas. The District also levies a utility gross receipts license tax in the amount of 4% of the gross receipts derived from the furnishings, within the county, of cablevision services.

Prepaid Assets

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

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.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
School buses	10 years
Other vehicles	5 years
Audio-visual equipment	15 years
Food service equipment	12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other general equipment	10 years

Right of Use Assets

Right of use assets are recorded as defined in GASB 87, Leases, which established standards for leases that were previously classified as operating leases. The right of use assets are initially measured at an amount equal to the initial related lease liability plus any lease payments made prior to the lease term, less lease incentives, and ancillary charges necessary to place the lease into service. The right of use assets are amortized over the life of the related lease.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Interfund Receivables and Payables

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

The entire compensated absence liability includes the remaining 70% plus any accrued sick leave for people not eligible and is reported on the government-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as an assigned portion of fund balance. The balance of the liability is not recorded.

For governmental fund financial statements the current portion, if any, of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the general fund. The noncurrent portion of the liability is not reported.

Bonds and Related Premiums, Discounts, and Issuance Costs

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Discounts related to debt issuance are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Budgetary Process

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 on the modified accrual basis of accounting (budgetary) as opposed to when susceptible to accrual (GAAP).
- Expenditures are recorded on the modified accrual basis of accounting (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved by the Board, it can be amended. Budgetary receipts represent original estimates modified for adjustments, if any, during the fiscal year. Budgetary disbursements represent original appropriations adjusted for budget transfers and additional appropriations, if any, approved during the fiscal year.

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

Cash and Cash Equivalents

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

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Receivables

The District recognizes revenues as receivables when they are measurable and receipt is probable. Concentration of credit risk with respect to the receivables from federal and state governments is limited due to the historical stability of those institutions. Federal and state grants to be used or expended as specified by the grantor are recognized as revenue and recorded as receivables as qualifying expenditures are made.

Inventories

On government-wide and governmental fund financial statements inventories of supplies and materials are stated at cost and are expensed when used.

The school Food Service Fund inventory consists of food, supplies and U.S. Government commodities.

The Food Service Fund inventory is stated at cost and uses the specific identification method; the General Fund inventory is stated at cost and uses the first-in, first-out method.

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, 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 Balances

Fund balances are separated into five categories, as required by GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as follows:

Nonspendable fund balance is permanently nonspendable by decree of donor. Examples would be an endowment or that which may not be used for another purpose such as amounts used to prepay future expenses or already purchased inventory on hand.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Assigned fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

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

Encumbrances

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end, and outstanding encumbrances at year-end are appropriated in the next year. Encumbrances are considered a managerial assignment of fund balance at June 30, 2024, in the governmental funds balance sheet.

Net Position

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

Operating and Non-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.

Non-operating revenues are not generated directly from the primary activity of the proprietary funds. For the School District those revenues come in the form of grants (federal and state), donated commodities, and earnings from investments.

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.

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.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

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, designated fund balances, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Deferred Inflows and Deferred Outflows of Resources

Deferred inflows and deferred outflows are recorded on the government-wide and proprietary financial statements. The deferred outflows of resources presented were primarily created by differences in pension expectations, the prior refunding of revenue bonds, and deferral of pension contributions. Deferred inflows were primarily created by actuarial determinations of net pension liability changes.

Pensions

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

Postemployment Benefits Other Than OPEBs (OPEB)

For purposes of measuring the liability (asset), 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 (KTRS) and the County Employees Retirement System Non-Hazardous (CERS) and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension plans. 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 investments contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

3. DEPOSITS AND INVESTMENTS

The District's deposits (demand deposit accounts) are carried at a cost which approximates fair value. At June 30, 2024, the book balance of the District's bank deposits and the bank balances were as follows:

	<u>Bank Balance</u>	<u>Book Balance</u>
Commercial Bank	\$ 2,854,615	\$ 2,529,651
	<u>\$ 2,854,615</u>	<u>\$ 2,529,651</u>

Breakdown per financial statements is as follows:

Governmental funds	\$ 2,428,827
Proprietary funds	100,824
	<u>\$ 2,529,651</u>

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

3. DEPOSITS AND INVESTMENTS

Due to the nature of the accounts and limitations imposed for the purposes of various funds, all cash balances are considered to be restricted except for the General Fund.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2024, none of the District's bank balances were exposed to custodial credit risk because of coverage by Federal Depository insurance, collateral agreements and collateral held by the pledging banks' trust departments in the District's name.

4. CAPITAL ASSETS

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

	June 30, 2023			June 30, 2024
	Balance	Additions	Retirements	Balance
Governmental Activities				
Land & land improvements	\$ 755,436	\$ 467,877	\$ -	\$ 1,223,313
Buildings	6,214,643	-	-	6,214,643
Technology equipment	120,331	-	39,350	80,981
Vehicles	331,295	441,784	-	773,079
General equipment	130,160	9,360	73,365	66,155
Construction in progress	3,380,629	43,350	-	3,423,979
Total historical cost	10,932,494	962,371	112,715	11,782,150
Less accumulated depreciation	3,719,908	239,336	108,398	3,850,846
Governmental capital assets, net	<u>\$ 7,212,586</u>	<u>\$ 723,035</u>	<u>\$ 4,317</u>	<u>\$ 7,931,304</u>
Business-type Activities				
Technology equipment	-	-	-	-
General equipment	8,272	-	-	8,272
Total historical cost	8,272	-	-	8,272
Less accumulated depreciation	8,118	154	-	8,272
Business-type capital assets, net	<u>\$ 154</u>	<u>\$ (154)</u>	<u>\$ -</u>	<u>\$ -</u>

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

4. CAPITAL ASSETS - CONTINUED

Depreciation expense for business-type activities was entirely incurred in the operation of the School Food Services. Depreciation for governmental activities was charged to governmental functions as follows:

Instruction	\$	8,250
Business		58
Plant operation and maintenance		150,630
Student transportation		<u>80,398</u>
	<u>\$</u>	<u>239,336</u>

5. LONG-TERM DEBT

Leases Payable

The District has entered into lease agreements for buses which will become the property of the District when all the terms of the lease agreement are met. The following schedule presents the lease activity for the year ended June 30, 2024:

Description	Maturity	Interest Rates	Original Issue	Balance June 30, 2023	Debt Issued	Debt Paid	Balance June 30, 2024	Due Within One Year
KISTA 2021	3/1/31	3.50%	\$ 108,094	\$ 84,128	\$ -	\$ 10,582	\$ 73,546	\$ 10,687
KISTA 2018	3/1/28	3.50%	67,571	39,913	-	6,838	33,075	7,041
KISTA 2017	3/1/27	3.50%	<u>121,247</u>	<u>48,072</u>	<u>-</u>	<u>12,567</u>	<u>35,505</u>	<u>12,885</u>
			<u>\$ 296,912</u>	<u>\$ 172,113</u>	<u>\$ -</u>	<u>\$ 29,987</u>	<u>\$ 142,126</u>	<u>\$ 30,613</u>

The following presents a schedule by years of the future minimum lease payments under lease as of June 30, 2024:

Year	Principal	Interest	Total
2024-25	\$ 30,613	\$ 2,864	\$ 33,477
2025-26	29,238	2,190	31,428
2026-27	29,887	1,553	31,440
2027-28	16,687	900	17,587
2028-29	17,061	593	17,654
2029-30	9,250	280	9,530
2030-31	<u>9,390</u>	<u>141</u>	<u>9,531</u>
Totals	<u>\$ 142,126</u>	<u>\$ 8,521</u>	<u>\$ 150,647</u>
			<u>Less: amounts representing interest (8,521)</u>
			<u>Net lease liability \$ 142,126</u>

5. LONG-TERM DEBT - CONTINUED

Long-Term Obligations

The amounts shown in the accompanying basic financial statements as bond obligations represent the District's future obligations to make lease payments relating to the bonds issued by the East Bernstadt Independent School District Finance Corporation. The original amount of each issue, the issue date, and interest rates of bonded debt and lease obligations are summarized below:

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>	<u>Final Maturity</u>
2018	\$ 475,000	3.250% - 3.500%	2038
2018A	\$ 2,995,000	2.150%-3.625%	2039
2020	\$ 1,315,000	2.00%	2030

The District, through the General Fund, including utility taxes, the Facilities Support Program of Kentucky (FSPK) Building Fund, and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund, is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Barbourville Independent 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.

The District entered into "participation agreements" with the Kentucky School Facility Construction Commission (Commission). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The participation agreements generally provide for the Commission to assist the District in meeting bond obligations and are renewable, at the Commission's option, bi-annually. In 2008, the District also entered into an agreement with the Urgent Needs Trust Fund. The Urgent Needs Trust Fund was established by the 2003 Kentucky General Assembly for the purpose of assisting school districts that have urgent and critical construction needs. The Urgent Needs Trust Fund is administered by the School Facility Construction Commission. Should the Kentucky General Assembly choose to not fund the Commission in the future, the District would be responsible for meeting the full requirements of the bond issues. The following table sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues.

The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

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 minimum obligations of the District, including amounts to be paid by the Commission at June 30, 2024 for debt service (principal and interest) are as follows:

See Table on Next Page

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

5. LONG-TERM DEBT - CONTINUED

Year	Barbourville Independent School District		Kentucky School Facility Construction Commission		Total Principal	Total Interest
	Principal	Interest	Principal	Interest		
2024-25	\$ 190,674	\$ 86,429	\$ 94,326	\$ 29,646	\$ 285,000	\$ 116,075
2025-26	198,319	81,460	96,681	27,290	295,000	108,750
2026-27	205,980	76,299	94,020	24,954	300,000	101,253
2027-28	208,492	70,950	101,508	22,625	310,000	93,575
2028-29	210,914	65,359	104,086	20,047	315,000	85,406
2029-30	218,243	59,524	106,757	17,376	325,000	76,900
2030-31	151,701	53,175	48,299	14,631	200,000	67,806
2031-32	160,104	48,108	49,896	13,035	210,000	61,143
2032-33	163,440	42,749	51,560	11,370	215,000	54,119
2033-34	171,788	37,092	48,212	9,718	220,000	46,810
2034-35	179,999	31,155	55,001	8,092	235,000	39,247
2035-36	183,110	25,028	56,890	6,241	240,000	31,269
2036-37	191,121	18,474	58,879	4,251	250,000	22,725
2037-38	204,676	11,300	55,324	2,256	260,000	13,556
2038-39	209,384	3,795	20,616	374	230,000	4,169
	<u>\$ 2,847,945</u>	<u>\$ 710,897</u>	<u>\$ 1,042,055</u>	<u>\$ 211,906</u>	<u>\$ 3,890,000</u>	<u>\$ 922,803</u>

A summary of the changes in long-term liabilities during the fiscal year ended June 30, 2024 is as follows:

School Building Revenue Bonds	Balance June 30, 2023	Additions	Deductions	Balance June 30, 2024
2018	\$ 375,000	\$ -	\$ 20,000	\$ 355,000
2018A	2,805,000	-	130,000	2,675,000
2020	995,000	-	135,000	860,000
Net Pension Liability	1,471,899	-	157,863	1,314,036
Net OPEB - CERS Liability	401,749	-	429,999	(28,250)
Net OPEB - KTRS Liability	1,532,000	-	455,000	1,077,000
KSBIT Bonded Debt	20,289	-	9,983	10,306
Accrued sick leave	-	-	-	-
	<u>\$ 7,600,937</u>	<u>\$ -</u>	<u>\$ 1,337,845</u>	<u>\$ 6,263,092</u>

6. RETIREMENT PLANS

The District's employees are provided with two pension plans, based on each position's college degree requirement. The two pension plans are County Employees Retirement System (CERS) and the Kentucky Teachers Retirement System (KTRS).

6. RETIREMENT PLANS - CONTINUED

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 of age 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 of age Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service and 60 years of age
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years of age Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not available

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.

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

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

Funding Policy - Funding for the plan is provided through payroll withholdings and matching District contributions. The District contributes 23.34% of the employee's total compensation subject to contribution. Pension has a contribution rate of 23.34% and OPEB has a contribution rate of 0.00%.

6. RETIREMENT PLANS - CONTINUED

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

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 (KTRS)—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. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS issues a publicly available financial report that can be obtained at <http://www.trs.ky.gov/>.

Benefits provided—TRS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees become vested when they complete five (5) years of credited service. For retirement purposes, employees are grouped into four tiers, based on hire date:

TRS 1	Participation Date	Before July 1, 2002
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 5 years service and 55 years old with a reduction in retirement of 5% for each year under age 60 or under 27 years of service, whichever is less (up to 25%)
	Retirement factors	2.5% per year of service up to 30, 3.0% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries until a member reaches At least 27 years service and age 55, when the highest 3 annual Salaries are used
TRS 2	Participation Date	July 1, 2002 – June 30, 2008
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 5 years service and 55 years old with a reduction in retirement of 5% for each year under age 60 or under 27 years of service, whichever is less (up to 25%)
	Retirement factors	2.0 - 2.5% per year of service up to 30, 3.0% per year of service for each year over 30
TRS 3	Participation Date	July 1, 2008 – December 31, 2021
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 10 years service and 55 years old with a reduction in retirement of 6% for each year under age 60 or under 27 years of service, whichever is less (up to 30%)
	Retirement factors	1.7 - 2.5% per year of service up to 30, 3.0% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries until a member reaches At least 27 years service and age 55, when the highest 3 annual Salaries are used

6. RETIREMENT PLANS - CONTINUED

TRS 4	Participation Date	On or after January 1, 2022
	Unreduced retirement	Age 57 with 30 years service or at least 10 years service and 60 years old or at least 5 years service and 65 years old
	Reduced retirement	At least 10 years service and 57 years old with a reduction in retirement of 6% for each year under age 60 or under 27 years of service, whichever is less (up to 18%)
	Retirement factors	1.7 - 2.5% per year of service up to 30, 2.2 – 2.4% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries

KTRS also provides disability benefits for vested employees at a rate of sixty (60) percent of their 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.

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees in TRS 1, TRS 2, and TRS 3 are required to contribute 12.855% of their salaries to the System. Non-university employees in TRS 4 are required to contribute 14.750% of their salaries to the system.

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 in TRS 1 and TRS 2, 14.105% of salaries for local school district and regional cooperative employees in TRS 3, and 10.750% of salaries for local school district and regional cooperative employees in TRS 4.

For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 16.105% of salaries for employees in TRS 1 And TRS 2, 17.105% of salaries for employees in TRS 3, and 10.750% of salaries for employees in TRS 4. 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.

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

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

District’s proportionate share of the CERS net pension liability (asset)	\$	1,314,036
Commonwealth’s proportionate share of the KTRS net pension liability (asset) associated with the District		14,247,109
	\$	15,561,145

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

6. RETIREMENT PLANS - CONTINUED

The net pension liability (asset) for each plan was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability (asset) for CERS was based on the actual liability (asset) of the employees and former employees relative to the total liability (asset) of the System as determined by the actuary. At June 30, 2023, the District's proportion was 0.020479%.

For the year ended June 30, 2024, the District recognized pension expense (credit) of \$(105,104) related to CERS. For the year ended June 30, 2024, the District recognized pension expense of \$856,979 revenue of \$856,979 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 68,025	\$ 3,571
Changes of assumptions	-	120,432
Net difference between projected and actual earnings on pension plan investments	141,953	159,877
Changes in proportion and differences between District contributions and proportionate share of contributions	10,454	110,285
District contributions subsequent to the measurement date	<u>163,567</u>	<u>-</u>
Total	<u>\$ 383,999</u>	<u>\$ 394,165</u>

The amount of \$163,567 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 (asset) 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 (credit) as follows:

<u>Year Ended June 30</u>	
2024	(142,480)
2025	(47,869)
2026	29,335
2027	<u>(12,720)</u>
	<u>\$ (173,734)</u>

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

6. RETIREMENT PLANS - CONTINUED

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

	CERS	KTRS
Inflation	2.50%	2.50%
Projected salary increases	3.30-10.30%	3.0-7.5%
Investment rate of return, net of investment expense & inflation	6.50%	7.10%
Municipal bond index rate		3.66%
Single equalivant interest rate		7.10%

For KTRS, 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.

Discount rate—For CERS, the discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability (asset).

For KTRS, the discount rate used to measure the total pension liability (asset) was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at the actuarially determined contribution rates for all 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 (asset).

Sensitivity of CERS and KTRS proportionate share of net pension liability (asset) to changes in the discount rate—The following table presents the net pension liability (asset) of the District, calculated using the discount rates selected by each pension system, as well as what the District's net pension liability (asset) 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	5.50%	6.50%	7.50%
District's proportionate share of net pension liability (asset)	\$ 1,659,051	\$ 1,314,036	\$ 1,027,317
KTRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability (asset)	\$ -	\$ -	\$ -

Pension plan fiduciary net position—Detailed information about the CERS and the KTRS pension plans' fiduciary net position, projected benefits, and projected funding status is available in the separately issued financial reports at <http://kyret.ky.gov/> and <http://trs.ky.gov/>, respectively.

6. RETIREMENT PLANS - CONTINUED

The contribution requirement for CERS (both withholding and match) for the year ended June 30, 2024, 2023, and 2022 was \$202,470, \$191,147, and \$205,555, respectively. The contribution requirement for KTRS (both withholding and match) for the year ended June 30, 2024, 2023, and 2022 was \$636,906, \$561,900, and \$538,240, respectively. Per KTRS, all contributions made by the District are for health insurance and should not be considered contributions towards retirement. The District met their contribution requirements.

7. OTHER POST-EMPLOYMENT BENEFITS PLANS

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

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 (asset), 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 pension benefits described above, KRS 161.675 requires KTRS to provide post-employment healthcare benefits to eligible employees and dependents. The KTRS Medical Insurance Fund is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the KTRS 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 KTRS 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 KTRS Medicare Eligible Health Plan.

Funding policy—In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three and three quarters percent (3.75%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and three percent (3.0%) from the employer.

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

At June 30, 2024, the District reported a liability (asset) of \$1,077,000 for its proportionate share of the collective net pension OPEB (asset) that reflected a reduction for state OPEB support provided to the District. The collective net pension OPEB (asset) was measured as of June 30, 2023, and the total OPEB liability (asset) used to calculate the collective net pension OPEB (asset) was based on 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 .044212%.

7. OTHER POST-EMPLOYMENT BENEFITS PLANS - CONTINUED

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

District's proportionate share of the KTRS net OPEB liability (asset)	\$ 1,077,000
Commonwealth's proportionate share of the KTRS net OPEB liability (asset) associated with the District	<u>908,000</u>
	<u>\$ 1,985,000</u>

For the year ended June 30, 2024, the District recognized OPEB expense of \$70,610 and revenue of \$70,610 for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 365,000
Changes of assumptions	245,000	-
Net difference between projected and actual earnings on pension plan investments	20,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	358,000	487,000
District contributions subsequent to the measurement date	<u>105,795</u>	<u>-</u>
Total	<u>\$ 728,795</u>	<u>\$ 852,000</u>

The amount of \$105,795 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year 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 (credit) as follows:

Year ended June 30:	
2025	\$ (64,000)
2026	(63,000)
2027	(6,000)
2028	(14,000)
2029	(42,000)
Thereafter	<u>(40,000)</u>
	<u>\$ (229,000)</u>

7. OTHER POST-EMPLOYMENT BENEFITS PLANS - CONTINUED

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00-7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates	
Under 65	6.75% for FY 2023 decreasing to an ultimate rate of 4.50% by FY 2032
Ages 65 and Older	6.75% for FY 2023 decreasing to an ultimate rate of 4.50% by FY 2025
Medicare Part B	1.55% for FY 2023 with an ultimate rate of 4.50% by FYE 2034
Municipal Bond Index Rate	3.66%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
KTRS	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability (asset)	\$ 775,000	\$ 1,077,000	\$ 1,452,000

Sensitivity of the District's proportionate share of the collective net OPEB liability (asset) to changes in the healthcare cost trend rates – The following presents the District’s proportionate share of the collective net OPEB liability (asset), as well as what the District’s proportionate share of the collective net OPEB liability (asset) 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:

See Table on Next Page

7. OTHER POST-EMPLOYMENT BENEFITS PLANS - CONTINUED

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
KTRS	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability (asset)	\$ 1,385,000	\$ 1,077,000	\$ 822,000

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 are contributed by the state.

OPED Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2024, the District did not report a liability (credit) for its proportionate share of the collective net OPEB liability (asset) 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 (asset) that was associated with the District were as follows:

District's proportionate share of the KTRS net OPEB Life Insurance Plan liability (asset)	\$ -
Commonwealth's proportionate share of the KTRS net OPEB Life Insurance liability (asset) associated with the District	<u>22,000</u>
	<u>\$ 22,000</u>

For the year ended June 30, 2024, the District recognized OPEB expense of \$2,234 and revenue of \$2,234 for support provided by the State.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

7. OTHER POST-EMPLOYMENT BENEFITS PLANS - CONTINUED

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00-7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	3.66%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

The remaining actuarial assumptions (e.g., initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2023 valuation were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation.

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
KTRS	6.10%	7.10%	8.10%
State's proportionate share of net OPEB liability (asset) - Life Insurance	\$ 35,465	\$ 22,000	\$ 11,150

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

7. OTHER POST-EMPLOYMENT BENEFITS PLANS - CONTINUED

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 provided OPEBs through the County Employees Retirement System Non-Hazardous (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 hospital and medical insurance for eligible members receiving benefits from the pension plan. Employees are vested in the plan after five years' service. For plan purposes, employees are grouped into two groups, based on hire date. Members who reach a minimum vesting period of 10 years, and began participating 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. For members participating prior to July 1, 2003, are paid up to a maximum of \$13.18 per month for every year of earned service. The percentage of the maximum monthly benefit paid is based on years of service as follows:

Years of Service	Paid by Insurance Fund (%)
20+ years	100.00%
15-19 years	75.00%
10-14 years	50.00%
4-9 years	25.00%
Less than 4 years	0.00%

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

Tier 1	Participation date	Before September 1, 2008
	Contribution percentage	0.00%
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Contribution percentage	1.00%
Tier 3	Participation date	After December 31, 2013
	Contribution percentage	1.00%

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

At June 30, 2024, the District reported a liability (asset) of \$(28,250) for its proportionate share of the collective net pension OPEB (asset) that reflected a reduction for state OPEB support provided to the District. The collective net pension OPEB (asset) was measured as of June 30, 2023, and the total OPEB liability (asset) used to calculate the collective net pension OPEB liability (asset) was based on 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 .020461%.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

7. OTHER POST-EMPLOYMENT BENEFITS PLANS - CONTINUED

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

District's proportionate share of the CERS net OPEB liability (asset)	\$ (28,250)
Commonwealth's proportionate share of the CERS net OPEB liability (asset)	<u>-</u>
	<u>\$ (28,250)</u>

For the year ended June 30, 2024, the District recognized OPEB expense (credit) of \$(83,465). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,694	\$ 401,119
Changes of assumptions	55,594	38,743
Net difference between projected and actual earnings on pension plan investments	52,868	59,425
Changes in proportion and differences between District contributions and proportionate share of contributions	34,165	71,214
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 162,321</u>	<u>\$ 570,501</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$0 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 (asset) 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 (credit) as follows:

<u>Year ended June 30:</u>	
2024	\$ (105,632)
2025	(120,131)
2026	(105,242)
2027	<u>(77,175)</u>
	<u>\$ (408,180)</u>

7. OTHER POST-EMPLOYMENT BENEFITS PLANS - CONTINUED

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

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

The following table presents the District’s proportionate share of the collective net OPEB liability (asset) of the System, calculated using the discount rate of 5.93%, as well as what the District’s proportionate share of the collective net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.93%) or 1-percentage-point higher (6.93%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	4.93%	5.93%	6.93%
District's proportionate share of net OPEB liability (asset)	\$ 53,014	\$ (28,250)	\$ (96,298)

Sensitivity of the District’s proportionate share of the collective net OPEB liability (asset) to changes in the healthcare cost trend rates – The following presents the District’s proportionate share of the collective net OPEB liability (asset), as well as what the District’s proportionate share of the collective net OPEB liability (asset) 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>
CERS			
District's proportionate share of net OPEB liability (asset)	\$ (90,546)	\$ (28,250)	\$ 48,275

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

8. DEFERRED COMPENSATION

The District offers its employees participation in a deferred compensation program administered by the Kentucky Public Employees’ Deferred Compensation Authority. This program offers a plan authorized by Section 457(b) of the Internal Revenue Code and a plan authorized by Section 401(k) of the Internal Revenue Code. Both plans are available to all employees and permit them to defer up to 25% of their compensation (subject to limits) until future years. The District makes no contributions to these plans.

9. OPERATING LEASES

The District has no operating leases requiring disclosure as right of use assets as defined by FASB Accounting Standards Codification Topic 842, Leases.

10. CONTINGENCIES

Grants - 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 on the grantor's review the funds are considered not to have been used for the intended purpose, the grantor may request a refund of funds advanced, or refuse to reimburse the District for its disbursements, and the collectability of any related receivables as of June 30, 2024 may be impaired. 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.

11. LITIGATION

The District is subject to legal actions in various states of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the financial statements as a result of the cases presently in progress.

12. RISK MANAGEMENT

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. Settled claims resulting from these risks have created a potential liability as discussed in the *Litigation* disclosure above.

Contributions for Workers' Compensation coverage are based on premium rates established in conjunction with the insurance carrier, subject to claims experience modifications and discounts.

13. DEFICIT FUND BALANCES

The District had a deficit net position of \$216,320 in the Food Service Fund due to the recognition of a net pension and net OPEB liabilities. No other funds had deficit fund balances, but other funds may have deficit operating balances.

14. COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the school district at risk for a substantial loss. There were no instances of noncompliance noted.

15. TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Matching	General	Special Revenue	KETS	\$ 12,213
Operating	General	General	Operating	5,178
Operating	Special Revenue	General	Indirect Cost	51,328
Operating	Capital Outlay	Debt Service	Debt	65,567
Operating	Building	Debt Service	Debt	218,462
Operating	Building	General	CFR request	190,087
Operating	Food Service	General	Indirect Cost	10,445
				<u>\$ 553,280</u>

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

16. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2024, there was an interfund receivable from the special revenue fund to general in the amount of \$508,846 and a corresponding interfund payable in the special revenue fund.

17. ON-BEHALF PAYMENTS

The Commonwealth of Kentucky pays certain expenses on behalf of the District. These expenses include employee health insurance, the employer match of Kentucky Teachers' Retirement System, certain other employee benefits, specific technology expense and debt service. These amounts are included in the fund financial statements; however:

The following payments for fringe benefits are included as revenues and expenses on the statement of revenues, expenses, and changes in net position:

Retirement contributions to the Teachers'		
Retirement System of Kentucky	\$	856,979
OPEB contributions to the Teachers'		
Retirement System of Kentucky		72,844
Health and Life insurance		814,258
Other Less Federal		(86,589)
Technology		56,917
Debt Service		123,971
	\$	<u>1,838,380</u>

18. FUND BALANCE DESIGNATIONS

The following funds had restricted fund balances as follows:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	\$ 56,763	Sick Leave
District Activity	\$ 13,153	School-level Activities
Student Activity	\$ 138,470	School-level Activities
Building	\$ 1,106,718	Bond Redemption
Construction	\$ 56,298	Future Construction

19. SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through November 6, 2024, which was the date the report was available for release. No events have occurred subsequent to the date of the financial statements that would require adjustment to the financial statements or disclosure in the notes.

REQUIRED SUPPLEMENTARY INFORMATION

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND

ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
From local sources				
Taxes:				
Property	\$ 517,105	\$ 517,105	\$ 576,567	\$ 59,462
Motor vehicle	75,000	75,000	79,382	4,382
Utility	240,000	240,000	252,501	12,501
Earnings on investments	100,000	100,000	140,978	40,978
Other local	479,700	479,700	114,318	(365,382)
Intergovernmental - State	4,633,424	4,633,424	5,034,473	401,049
Intergovernmental - State	-	-	395,000	395,000
Total revenues	<u>6,045,229</u>	<u>6,045,229</u>	<u>6,593,218</u>	<u>547,989</u>
Expenditures				
Current:				
Instruction	3,431,897	3,431,897	3,371,019	60,878
Student	133,388	133,388	183,236	(49,848)
Instructional support	116,568	116,568	119,780	(3,212)
District administration	1,190,216	1,190,216	494,614	695,602
School administration	348,227	348,227	292,406	55,821
Business support	410,391	410,391	403,765	6,626
Plant operations and maintenance	767,709	767,709	666,210	101,499
Student transportation	581,750	581,750	553,698	28,052
Food Service Operation	21,890	21,890	-	21,890
Land/site acquisition	425,000	425,000	467,877	(42,877)
Architectural/Engineering	50,000	50,000	43,350	6,650
Debt Service	100,474	100,474	69,552	30,922
Total expenditures	<u>7,577,510</u>	<u>7,577,510</u>	<u>6,665,507</u>	<u>912,003</u>
Excess (deficit) of revenues over (under) expenditures	(1,532,281)	(1,532,281)	(72,289)	1,459,992
Other financing sources (uses)				
Transfers in	25,136	25,136	257,038	231,902
Transfers out	(14,067)	(14,067)	(17,391)	(3,324)
Total other financing sources (uses)	<u>11,069</u>	<u>11,069</u>	<u>239,647</u>	<u>228,578</u>
Net change in fund balance	(1,521,212)	(1,521,212)	167,358	1,688,570
Fund balance as of June 30, 2023	<u>1,521,212</u>	<u>1,521,212</u>	<u>1,544,271</u>	<u>23,059</u>
Fund balance as of June 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,711,629</u>	<u>\$ 1,711,629</u>

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND

ACTUAL - SPECIAL REVENUE FUND

YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
From local sources:				
Other local	\$ -	\$ -	\$ 35,876	\$ 35,876
Intergovernmental - State	470,402	470,402	487,337	16,935
Intergovernmental - Federal	910,547	\$ 910,547	1,708,010	797,463
Total revenues	<u>1,380,949</u>	<u>1,380,949</u>	<u>2,231,223</u>	<u>850,274</u>
Expenditures				
Current:				
Instruction	1,002,792	1,002,792	1,780,580	(777,788)
Student support services	82,090	82,090	80,297	1,793
Instructional support	189,584	189,584	165,574	24,010
Plant operation and maintenance	-	-	70,244	(70,244)
Community service	95,414	95,414	95,413	1
Total expenditures	<u>1,369,880</u>	<u>1,369,880</u>	<u>2,192,108</u>	<u>(822,228)</u>
Deficit of revenues under expenditures	<u>11,069</u>	<u>11,069</u>	<u>39,115</u>	<u>28,046</u>
Other financing sources				
Operating transfers in	14,067	14,067	12,213	(1,854)
Operating transfers out	(25,136)	(25,136)	(51,328)	(26,192)
Total other financing sources	<u>(11,069)</u>	<u>(11,069)</u>	<u>(39,115)</u>	<u>(28,046)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance as of June 30, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance as of June 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGET AND ACTUAL - GENERAL

FUND AND SPECIAL REVENUE FUND

YEAR ENDED JUNE 30, 2024

The District's budgetary process accounts for transactions on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America. In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy, and from estimates of other Local, State, and Federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay, and other necessary expenses. The budget must be approved by the Board. The District must formally and publicly examine estimated revenues and expenses for the subsequent fiscal year by January 31 of each calendar year. Additionally, the District must submit a certified budget to the Kentucky Department of Education by March 15 of each calendar year, which includes the amount for certified and classified staff, based on the District's staffing policy, and the amount for the instructional supplies, materials, travel and equipment. Additionally, the District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each calendar year. The budget must contain a 2% reserve but not greater than 10%. Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of each calendar year. The Board has the ability to amend the working budget.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
COUNTY EMPLOYEES RETIREMENT SYSTEM
JUNE 30, 2024

	<u>District's proportion of net pension liability (asset)</u>	<u>District's proportionate share of the net pension liability (asset)</u>	<u>District's covered-employee payroll</u>	<u>District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2024	0.020479%	\$ 1,314,037	\$ 689,279	190.64%	57.48%
2023	0.020361%	\$ 1,471,899	\$ 588,480	250.12%	52.42%
2022	0.025406%	\$ 1,620,214	\$ 635,910	254.79%	57.33%
2021	0.020801%	\$ 1,595,419	\$ 594,162	268.52%	47.81%
2020	0.021798%	\$ 1,533,063	\$ 598,986	255.94%	50.45%
2019	0.023340%	\$ 1,421,660	\$ 550,664	258.17%	53.54%
2018	0.026169%	\$ 1,531,752	\$ 578,564	264.75%	53.30%
2017	0.024360%	\$ 1,199,273	\$ 637,144	188.23%	55.50%
2016	0.031550%	\$ 1,356,295	\$ 580,990	233.45%	59.97%
2015	0.033412%	\$ 1,084,000	\$ 766,840	141.36%	66.80%

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 COUNTY EMPLOYEES RETIREMENT SYSTEM
 YEAR ENDED JUNE 30, 2024

	<u>Contractually required contribution</u>	<u>Contributions in relation to contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2024	\$ 160,878	\$ 160,878	\$ -	\$ 689,279	23.34%
2023	\$ 137,704	\$ 137,704	\$ -	\$ 588,480	23.40%
2022	\$ 134,622	\$ 134,622	\$ -	\$ 635,910	21.17%
2021	\$ 112,830	\$ 112,830	\$ -	\$ 594,162	19.30%
2020	\$ 115,604	\$ 115,604	\$ -	\$ 598,986	19.30%
2019	\$ 89,318	\$ 89,318	\$ -	\$ 550,664	16.22%
2018	\$ 83,776	\$ 83,776	\$ -	\$ 578,564	14.48%
2017	\$ 119,018	\$ 119,018	\$ -	\$ 637,144	18.68%
2016	\$ 98,761	\$ 98,761	\$ -	\$ 580,990	17.00%
2015	\$ 130,276	\$ 130,276	\$ -	\$ 766,840	16.99%

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES RETIREMENT SYSTEM - PENSION FUND
YEAR ENDED JUNE 30, 2024

Changes of Benefit Terms

None.

Changes of Assumptions

The inflation assumption used to calculate the total pension liability increased from 2.30% to 2.50%.
The investment return rate used to calculate the total pension liability increased from 6.25% to 6.50%.
The single discount rate used to measure total pension liability increased from 6.25% to 6.50%.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) - MEDICAL INSURANCE PLAN

COUNTY EMPLOYEES RETIREMENT SYSTEM

JUNE 30, 2024

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2024	0.020357%	\$ (28,250)	\$ 689,279	-4.10%	104.23%
2023	0.020357%	\$ 401,749	\$ 588,480	68.27%	60.95%
2022	0.025406%	\$ 486,385	\$ 635,910	76.49%	62.91%
2021	0.020795%	\$ 502,136	\$ 594,162	84.51%	51.67%
2020	0.021792%	\$ 366,532	\$ 598,986	61.19%	60.44%
2019	0.023340%	\$ 414,450	\$ 550,664	75.26%	57.62%
2018	0.026169%	\$ 526,086	\$ 578,564	90.93%	52.39%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN
COUNTY EMPLOYEES RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2024

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2024	\$ -	\$ -	\$ -	\$ 689,279	0.00%
2023	\$ 19,949	\$ 19,949	\$ -	\$ 588,480	3.39%
2022	\$ 36,756	\$ 36,756	\$ -	\$ 635,910	5.78%
2021	\$ 27,827	\$ 27,827	\$ -	\$ 594,162	4.76%
2020	\$ 28,512	\$ 28,512	\$ -	\$ 598,986	4.76%
2019	\$ 28,965	\$ 28,965	\$ -	\$ 550,664	5.26%
2018	\$ 27,193	\$ 27,193	\$ -	\$ 578,564	4.70%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN
YEAR ENDED JUNE 30, 2024

Changes of Benefit Terms

None.

Changes of Assumptions

The inflation assumption used to calculate the total pension liability increased from 2.30% to 2.50%.
The investment return rate used to calculate the total pension liability increased from 6.25% to 6.50%.
The single discount rate used to measure total pension liability increased from 5.70% to 5.93%.
Healthcare Trend Rates for Pre - 65 increased from 6.20% to 6.80%.
Healthcare Trend Rates for Post - 65 decreased from 9.00% to 8.50%.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
KENTUCKY TEACHERS RETIREMENT SYSTEM
JUNE 30, 2024

	<u>State's proportion of the net pension liability (asset)</u>	<u>State's proportionate share of the net pension liability (asset)</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2024	100%	\$ 14,247,109	57.68%
2023	100%	\$ 17,698,336	56.41%
2022	100%	\$ 11,534,796	65.59%
2021	100%	\$ 12,866,973	58.27%
2020	100%	\$ 13,062,367	58.80%
2019	100%	\$ 11,510,411	59.30%
2018	100%	\$ 23,101,007	39.83%
2017	100%	\$ 24,115,453	35.22%
2016	100%	\$ 20,149,987	42.49%
2015	100%	\$ 18,488,806	45.59%

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF STATE CONTRIBUTIONS
 KENTUCKY TEACHERS RETIREMENT SYSTEM
 YEAR ENDED JUNE 30, 2024

	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>
2024	\$ 856,979	\$ 856,979	\$ -
2023	\$ 1,316,203	\$ 1,316,203	\$ -
2022	\$ 920,747	\$ 920,747	\$ -
2021	\$ 931,339	\$ 931,339	\$ -
2020	\$ 983,011	\$ 983,011	\$ -
2019	\$ 834,019	\$ 834,019	\$ -
2018	\$ 820,762	\$ 820,762	\$ -
2017	\$ 396,797	\$ 396,797	\$ -
2016	\$ 416,730	\$ 416,730	\$ -
2015	\$ 435,694	\$ 435,694	\$ -

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
KENTUCKY TEACHERS RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2024

Changes of Benefit Terms

None.

Changes of Assumptions

The Municipal Bond Index Rate increased from 3.37% to 3.66%.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) - MEDICAL INSURANCE PLAN
 KENTUCKY TEACHERS RETIREMENT SYSTEM
 JUNE 30, 2024

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	State's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2024	0.044212%	\$ 1,077,000	\$ 908,000	\$ 3,526,479	30.54%	52.97%
2023	0.061717%	\$ 1,532,000	\$ 503,000	\$ 3,193,842	47.97%	47.75%
2022	0.047578%	\$ 1,021,000	\$ 829,000	\$ 3,090,349	33.04%	51.74%
2021	0.048998%	\$ 1,237,000	\$ 991,000	\$ 3,123,496	39.60%	39.05%
2020	0.051439%	\$ 1,506,000	\$ 1,216,000	\$ 3,078,371	48.92%	32.58%
2019	0.045776%	\$ 1,588,000	\$ 1,369,000	\$ 3,139,586	50.58%	25.50%
2018	0.045584%	\$ 1,625,000	\$ 1,328,000	\$ 2,913,540	55.77%	21.18%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN
KENTUCKY TEACHERS RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2024

	<u>Contractually required contribution</u>	<u>Contributions in relation to contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2024	\$ 105,794	\$ 105,794	\$ -	\$ 3,526,479	3.00%
2023	\$ 95,815	\$ 95,815	\$ -	\$ 3,193,842	3.00%
2022	\$ 92,710	\$ 92,710	\$ -	\$ 3,090,349	3.00%
2021	\$ 93,743	\$ 93,743	\$ -	\$ 3,123,496	3.00%
2020	\$ 92,351	\$ 92,351	\$ -	\$ 3,078,371	3.00%
2019	\$ 94,188	\$ 94,188	\$ -	\$ 3,139,586	3.00%
2018	\$ 87,406	\$ 87,406	\$ -	\$ 2,913,540	3.00%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
KENTUCKY TEACHERS RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN
YEAR ENDED JUNE 30, 2024

Changes of Benefit Terms

None.

Changes of Assumptions

The Municipal Bond Index Rate increased from 3.37% to 3.66%.

Healthcare Trend Rates increased from 5.125% to 6.75%.

Healthcare Trend Rates for Medicare Part B premiums decreased from 6.97% to 1.55%.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) - LIFE INSURANCE PLAN

KENTUCKY TEACHERS RETIREMENT SYSTEM

JUNE 30, 2024

	<u>State's proportion of net OPEB liability (asset)</u>	<u>State's proportionate share of the net OPEB liability (asset)</u>	<u>Plan fiduciary net position as a percentage of the total OBEP liability</u>
2024	100%	\$ 22,000	76.91%
2023	100%	\$ 30,000	73.97%
2022	100%	\$ 11,000	89.15%
2021	100%	\$ 30,000	71.57%
2020	100%	\$ 28,000	73.40%
2019	100%	\$ 23,000	75.00%
2018	100%	\$ 18,000	79.99%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATE CONTRIBUTIONS - LIFE INSURANCE PLAN
KENTUCKY TEACHERS RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2024

	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>
2024	\$ 2,234	\$ 2,234	\$ -
2023	\$ 1,911	\$ 1,911	\$ -
2022	\$ 957	\$ 957	\$ -
2021	\$ 1,442	\$ 1,442	\$ -
2020	\$ 1,194	\$ 1,194	\$ -
2019	\$ 815	\$ 815	\$ -
2018	\$ 781	\$ 781	\$ -

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
KENTUCKY TEACHERS' RETIREMENT SYSTEM - LIFE INSURANCE PLAN
JUNE 30, 2024

Changes of Benefit Terms

None.

Changes of Assumptions

The Municipal Bond Index Rate increased from 3.37% to 3.66%.

OTHER SUPPLEMENTARY INFORMATION

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2024

	District Activity Fund	Student Activity Fund	SEEK Capital Outlay Fund	Construction Fund	Debt Service Fund	Total Non-major Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 13,153	\$ 142,831	\$ -	\$ 56,298	\$ -	\$ 212,282
Accounts receivable	-	-	-	-	-	-
Total assets	\$ 13,153	\$ 142,831	-	\$ 56,298	\$ -	\$ 212,282
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	-	4,361	-	-	-	4,361
Total liabilities	-	4,361	-	-	-	4,361
Fund Balances:						
Restricted	13,153	138,470	-	56,298	-	207,921
Total fund balances	13,153	138,470	-	56,298	-	207,921
Total liabilities and fund balances	\$ 13,153	\$ 142,831	-	\$ 56,298	\$ -	\$ 216,643

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2024

	District Activity Fund	Student Activity Fund	SEEK Capital Outlay Fund	Construction Fund	Debt Service Fund	Total Non-major Governmental Funds
Revenues						
From local sources:						
Student activity revenue	\$ 9,663	\$ 463,446	\$ -	\$ -	\$ -	\$ 473,109
Other	9,100	-	-	-	-	9,100
Intergovernmental - State	-	-	65,567	-	123,971	189,538
	<u>18,763</u>	<u>463,446</u>	<u>65,567</u>	<u>-</u>	<u>123,971</u>	<u>671,747</u>
Total revenues						
Expenditures						
Student activities	17,450	459,311	-	-	-	476,761
Debt service	-	-	-	-	408,000	408,000
	<u>17,450</u>	<u>459,311</u>	<u>-</u>	<u>-</u>	<u>408,000</u>	<u>884,761</u>
Total expenditures						
Other financing sources (uses)						
Transfers in	-	-	-	-	284,029	284,029
Transfers out	-	-	(65,567)	-	-	(65,567)
	<u>-</u>	<u>-</u>	<u>(65,567)</u>	<u>-</u>	<u>284,029</u>	<u>218,462</u>
Total other financing sources (uses)						
Net change in fund balance	1,313	4,135	-	-	-	5,448
Fund balance as of June 30, 2023	<u>11,840</u>	<u>134,335</u>	<u>-</u>	<u>56,298</u>	<u>-</u>	<u>202,473</u>
Fund balance as of June 30, 2024	<u>\$ 13,153</u>	<u>\$ 138,470</u>	<u>\$ -</u>	<u>\$ 56,298</u>	<u>\$ -</u>	<u>\$ 207,921</u>

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ELEMENTARY AND

MIDDLE SCHOOL ACTIVITY FUNDS

YEAR ENDED JUNE 30, 2024

<u>School/ Activity Fund</u>	<u>Cash and Equivalents June 30, 2023</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Cash Equivalents June 30, 2024</u>	<u>Accounts Receivable June 30, 2024</u>	<u>Accounts Payable June 30, 2024</u>	<u>Balances June 30, 2024</u>
Barbourville Elementary School	\$ 44,840	\$ 118,739	\$ 119,048	\$ 44,531	\$ -	\$ -	\$ 44,531
Totals	\$ 44,840	\$ 118,739	\$ 119,048	\$ 44,531	\$ -	\$ -	\$ 44,531

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BARBOURVILLE HIGH SCHOOL ACTIVITY FUND
YEAR ENDED JUNE 30, 2024

	Balances June 30, 2023	Receipts	Disbursements	Transfers in (out)	Cash and Cash Equivalents June 30, 2024	Accounts Receivable June 30, 2024	Accounts Payable June 30, 2024	Balances June 30, 2024
Bookstore	\$ 3,214	\$ 8,700	\$ 8,926	\$ 4	\$ 2,992	\$ -	\$ -	\$ 2,992
Dual Credit	103	-	-	-	103	-	-	103
Resource Officer	-	225	1,150	925	-	-	-	-
Start Up	-	300	300	-	-	-	-	-
Concessions	1,595	47,556	31,654	(14,884)	2,613	-	-	2,613
Attend Concessions	2,753	8,918	10,533	(630)	508	-	-	508
FCCLA	65	-	-	-	65	-	-	65
Beta	1,361	36,410	37,399	341	713	-	-	713
First Priority	29	350	199	-	180	-	-	180
KYA	139	5,112	5,702	675	224	-	-	224
HS KUNA	-	2,650	2,649	-	1	-	-	1
Student Council	881	285	556	-	610	-	-	610
Service Club	50	-	-	-	50	-	-	50
FPS	52	-	-	-	52	-	-	52
Academic Team	187	-	300	200	87	-	-	87
STLP	293	-	-	-	293	-	-	293
Olympiad	204	2,071	2,343	971	903	-	-	903
Spanish	8	-	-	-	8	-	-	8
Music	4,511	2,915	3,985	-	3,441	-	-	3,441
PE	143	-	31	-	112	-	-	112
ART	68	-	-	-	68	-	-	68
JAG	373	11,226	11,272	675	1,002	-	-	1,002
Class of 2024	9,041	4,308	11,780	(1,569)	-	-	-	-
Class of 2023	104	-	-	(104)	-	-	-	-
Spanish Club	150	-	-	-	150	-	-	150
Pep Club	880	900	947	1,569	2,402	-	-	2,402
Class of 2025	10,981	11,031	4,861	-	17,151	-	-	17,151
Class of 2026	3,391	18,671	6,271	-	15,791	-	-	15,791
Class of 2027	1,335	3,940	2,252	-	3,023	-	-	3,023
Boys Varsity Basketball	7,602	12,769	13,301	(1,540)	5,530	-	-	5,530
Girls Varsity Basketball	3,425	16,164	10,238	(2,337)	7,014	-	-	7,014
Dance Team	5,835	30,246	33,351	1,773	4,503	-	-	4,503
Varsity Cheerleaders	2,002	21,130	21,258	1,677	3,551	-	(2,955)	596
Varsity Boys Baseball	1,247	23,561	24,990	295	113	-	-	113
Varsity Softball	8,678	6,290	10,019	(553)	4,396	-	-	4,396
Boys Golf	786	1,485	1,555	675	1,391	-	-	1,391
Girls Golf	1	-	-	-	1	-	-	1
Swim	28	-	-	-	28	-	-	28
Girls Volleyball	4,433	2,511	5,633	1,409	2,720	-	-	2,720
Archery	3,645	5,864	2,927	-	6,582	-	-	6,582
Cross Country	601	-	1,515	2,490	1,576	-	(1,406)	170
Soccer	3,246	-	377	(396)	2,473	-	-	2,473

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BARBOURVILLE HIGH SCHOOL ACTIVITY FUND

YEAR ENDED JUNE 30, 2024

	Balances June 30, 2023	Receipts	Disbursements	Transfers in (out)	Cash and Cash Equivalents June 30, 2024	Accounts Receivable June 30, 2024	Accounts Payable June 30, 2024	Balances June 30, 2024
Athletic Trainer	43	-	-	-	43	-	-	43
Bass Fishing Team	2,606	-	-	-	2,606	-	-	2,606
Tennis	150	2,093	2,075	341	509	-	-	509
Wrestling	797	2,516	1,768	(260)	1,285	-	-	1,285
Athletic DAF	-	3,605	3,605	-	-	-	-	-
Arbiter Sports	-	21,451	28,661	7,210	-	-	-	-
General Athletics	21	10,121	11,176	1,043	9	-	-	9
Library	346	6,355	6,635	-	66	-	-	66
Yearbook	1,615	1,591	2,321	-	885	-	-	885
Charitable Gaming	478	11,387	11,387	-	478	-	-	478
Total accounts	\$ 89,495	\$ 344,707	\$ 335,902	\$ -	\$ 98,300	\$ -	\$ (4,361)	\$ 93,939

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor Pass-Through Grantor Program Title	Federal ALN	Pass-Through Grantor's Number	Expenditures
US Department of Agriculture			
<i>Child Nutrition Cluster</i>			
Passed Through State Department of Education:			
National School Lunch Program	10.555	51-4500	\$ 443,093
School Breakfast Program	10.553	51-4500	230,628
Fresh Fruits and Vegetable Program (FFVP)	10.582	51-4500	18,768
National School Lunch Program (NSLP) - Commodities	10.555	51-4950	30,329
Total US Department of Agriculture - Child Nutrition Cluster			<u>722,818</u>
State Administrative Expenses for Child Nutrition	10.560	51-4500	2,694
			<u>2,694</u>
Total US Department of Agriculture			<u>\$ 725,512</u>
US Department of Education			
Passed Through State Department of Education			
Title I Grants to Local Educational Agencies	84.010	3100002-22	\$ 46,210
Title I Grants to Local Educational Agencies	84.010	3100002-23	267,864
<i>Total Title I</i>			<u>314,074</u>
<i>Special Education Cluster</i>			
Special Education Grants to States	84.027	3810002-22	15,579
Special Education Grants to States	84.027	3810002-23	158,817
Special Education Grants to States (COVID-19)	84.027	4910002-21	32,760
			<u>207,156</u>
Special Education Preschool Grants	84.173	3800002-21	23
Special Education Preschool Grants	84.173	3800002-22	3,808
Special Education Preschool Grants	84.173	3800002-23	12,720
Special Education Preschool Grants (COVID 19)	84.173	4900002-21	3,853
<i>Special Education Cluster Total</i>			<u>20,404</u>
Total Special Education Cluster			<u>227,560</u>
Career and Technical Education	84.048	3710002-23	10,653
			<u>10,653</u>
Full Service Community Schools	84.215J	220-518XJ	18,644
			<u>18,644</u>
Rural Education	84.358	3140002-22	15,589
Rural Education	84.358	3140002-23	1,891
			<u>17,480</u>
Supporting Effective Instruction State Grants	84.367	3230002-22	2,399
Supporting Effective Instruction State Grants	84.367	3230002-23	23,488
			<u>25,887</u>
Student Support and Academic Enrichment Grant	84.424	3420002-21	12,237
Student Support and Academic Enrichment Grant	84.424	3420002-22	16,866
			<u>29,103</u>
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	4300002-21	547,943
			<u>547,943</u>
American History and Civics Education	84.422A	220-578X	6,620
			<u>6,620</u>

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor Pass-Through Grantor Program Title	Federal ALN	Pass-Through Grantor's Number	Expenditures
Passed through Berea College Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	33-540-379X	510,046 <u>510,046</u>
Total US Department of Education			\$ 1,708,010
Total Expenditure of Federal Awards			\$ 2,433,522

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Barbourville Independent School District (District) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because this schedule presents only a selected portion of the operations of the District, it is not intended to, and it does not, present to financial position, changes in net position, or cash flows of the District.

2. IN-KIND COMMODITIES

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. The District no longer maintains a separate commodities inventory due to changes in program regulations. Commodities are included under the Child Nutrition Cluster. The valued amount of commodities received for June 30, 2024 was \$30,329.

3. CLUSTER PROGRAMS

The following ALNs are considered cluster programs:

Special Education Cluster	
Special Education Grants to States	84.027
Special Education – Preschool Grants	84.173
Child Nutrition Cluster	
National School Lunch Program	10.555
National School Breakfast Program	10.553
Special Milk Program for Children	10.556
Summer Food Services for Children	10.559

4. INDIRECT COST RATES

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

5. SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principle in OMB Circular A-87, *Cost Principles for State and local Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein, certain types of expenditures are not allowable for reimbursement.



Cloyd & Associates, PSC

*Certified Public Accountants
and
Business Advisors*

**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**

Kentucky State Committee for
School District Audits
Members of the Board of Education
Barbourville Independent School District
Barbourville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Barbourville Independent School District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Barbourville Independent School District's basic financial statements, and have issued our report thereon dated November 6, 2024.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 were not identified.



Report on Compliance and Other Matters

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

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
November 6, 2024



Clloyd & Associates, PSC

*Certified Public Accountants
and
Business Advisors*

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

Kentucky State Committee for
School District Audits
Members of the Board of Education
Barbourville Independent School District
Barbourville, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Barbourville Independent School District's (District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The 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, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract-State Audit Requirements*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the 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 risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
November 6, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – MAJOR PROGRAMS
YEAR ENDED JUNE 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued		Unmodified	
Internal control over financial reporting:			
Material weakness identified	_____	Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses	_____	Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statement noted	_____	Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:			
Material weaknesses identified	_____	Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses	_____	Yes	<input checked="" type="checkbox"/> None reported
Type of auditors' 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	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>ALN</u>
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Education Stabilization Fund

COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425U
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Dollar threshold used to distinguish between Type A and Type B program	\$750,000
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Auditee qualified as low risk	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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(continued)

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – MAJOR PROGRAMS - CONTINUED
YEAR ENDED JUNE 30, 2024

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024

Status of Prior Year Findings

There were no prior year audit findings

MANAGEMENT LETTER COMMENTS



Cloyd & Associates, PSC

*Certified Public Accountants
and
Business Advisors*

Members of the Board of Education
Barbourville Independent School District
Barbourville, Kentucky

In planning and performing our audit of the basic financial statements of Barbourville Independent School District for the year ended June 30, 2024, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control structure.

During our audit, if we noted any matters we feel need reporting that are opportunities for strengthening internal controls and operating efficiency, they will be included on the following pages. This letter does not affect our report thereon dated November 6, 2024, on the basic financial statements of Barbourville Independent School District.

Respectfully,

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
November 6, 2024

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2024

Prior Year Comments – School Activity Funds

There were no comments made during the prior year.

Current Year Comments –School Activity Funds

There were no comments made during the year.