

Bourbon County School District
Audited Financial Statements
and Required Supplementary Information
June 30, 2024

**BOURBON COUNTY SCHOOL DISTRICT
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JUNE 30, 2024**

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SUMMERS, MCCRARY & SPARKS, P.S.C.

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INDEPENDENT AUDITOR'S REPORT

To the Kentucky State Committee for School District Audits
Members of the Board of Education
Bourbon County School District
Paris, KY 40361

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 the Bourbon County School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Bourbon County School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, major fund, and the aggregate remaining fund information of the Bourbon County School 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements prescribed by the Kentucky State Committee for School District Audits in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School District's Audit Contract and Requirements. 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 Bourbon County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We are required to communicate with those charged with governance 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, Schedule of District's Proportionate Share of Net Pension Liability, Schedule of District Contributions – Pension, Schedule of District's Proportionate Share of Net OPEB Liability – Medical Insurance Plan, Schedule of District Contributions – Medical Insurance Plan, Schedule of District's Proportionate Share of Net OPEB Liability – Life Insurance Plan, and Schedule of District Contributions – Life Insurance Plan on pages 4-10 and 67-76 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 Bourbon County School 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 *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024, on our consideration of the Bourbon County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bourbon County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bourbon County School District's internal control over financial reporting and compliance.

Summers, McCrary & Sparks, PSC

Lexington, KY
October 31, 2024

**BOURBON COUNTY SCHOOL DISTRICT – PARIS, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

As management of the Bourbon County School District, we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the financial statements and notes.

FINANCIAL HIGHLIGHTS/OVERALL DISTRICT HIGHLIGHTS

- The General Fund had \$24,952,644 in revenue, which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes. Excluding interfund transfers, there was \$27,487,732 in General Fund expenditures with an ending fund balance of \$5,516,305.
- Total governmental funds revenue was \$35,978,614 with expenditures of \$39,578,016 and an ending fund balance of \$4,798,097.
- Average Daily Attendance (ADA), used to calculate SEEK funding, was 2,278.537 down from the hold harmless COVID (ADA) of 2490.396.
- Property assessments certified by the Commissioner of Education showed a total real estate and personal property valuation of \$1,716,039,480. At the real estate rate of 52.4 and personal property rate of 64.5 cents per \$100 of assessed property the calculated collection should yield \$10,556,809. The actual collections were \$10,168,969.
- The District gave a raise to employees of 2% to try to remain competitive with surrounding districts.
- The District has a total of \$23,500,000 in bonding potential as of June 30, 2024 at 80% of Capital Outlay funding.
- The Pauline and Donald Biddle Scholarship distributed \$37,500 in scholarships to graduates of Bourbon County Schools that will be majoring in Nursing or a health related field.

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 in addition 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.

**BOURBON COUNTY SCHOOL DISTRICT – PARIS, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

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 principally supported by property taxes and intergovernmental revenues (governmental activities) and operating revenues (business type activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt are also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary funds and fiduciary funds.

Fiduciary funds are trust funds established by benefactors to aid in higher student education. The only proprietary funds are our Food Service Operations, Day Care and Techy Tees Funds. All other activities of the district are included in the governmental funds. The basic fund financial statements can be found on pages 13-23 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 notes to the financial statements can be found on pages 24-66 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets plus deferred outflows of resources were \$4,154,301 more than liabilities plus deferred inflows of resources as of June 30, 2024, as compared to \$2,820,082 at June 30, 2023. The prior year net position was restated due to the District noting some errors in beginning balances from the year ended June 30, 2023. See Note 18.

**BOURBON COUNTY SCHOOL DISTRICT – PARIS, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

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 is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are not likely to 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.

The breakdown of assets, deferred outflows of resources, liabilities, and net position can be seen on page 11 in the statement of net position, government wide basis.

Net position for the years ending June 30, 2024 and 2023

	<u>2024</u>	<u>Restated 2023</u>	<u>Change</u>
Current Assets	\$ 11,100,589	\$ 13,943,625	\$ (2,843,036)
Noncurrent Assets	26,804,766	24,381,184	2,423,582
Total Assets	<u>37,905,355</u>	<u>38,324,809</u>	<u>(419,454)</u>
Deferred Outflows of Resources	<u>7,491,820</u>	<u>9,448,401</u>	<u>(1,956,581)</u>
Current Liabilities	6,590,238	6,785,210	(194,972)
Noncurrent Liabilities	24,694,767	31,914,195	(7,219,428)
Total Liabilities	<u>31,285,005</u>	<u>38,699,405</u>	<u>(7,414,400)</u>
Deferred Inflows of Resources	<u>9,957,869</u>	<u>6,253,723</u>	<u>3,704,146</u>
Net Position			
Investment in capital assets (net)	15,987,965	13,277,097	2,710,868
Restricted	1,893,917	1,325,776	568,141
Unrestricted	(13,727,581)	(11,782,791)	(1,944,790)
Total Net Position	<u>\$ 4,154,301</u>	<u>\$ 2,820,082</u>	<u>\$ 1,334,219</u>

**BOURBON COUNTY SCHOOL DISTRICT – PARIS, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

The following table presents a summary of changes in net position for the fiscal years ended June 30, 2024 and 2023, Governmental Wide Basis.

	Net Change in Position					
	Governmental		Business-type		Total	
	Restated				Restated	
	2024	2023	2024	2023	2024	2023
Revenues:						
Local revenue sources	\$12,637,667	\$11,348,131	\$239,776	\$216,060	\$12,877,443	\$11,564,19
State revenue sources	\$24,606,693	\$20,075,129	397,108	466,004	25,003,801	20,541,13
Federal revenue sources	5,997,005	7,461,721	2,140,415	2,092,359	8,137,420	9,554,08
Investments	572,586	377,863	20,104	15,153	592,690	393,01
Total Revenue	43,813,951	39,262,844	2,797,403	2,789,576	46,611,354	42,052,42
Expenses:						
Instruction	26,894,636	22,841,775	-	-	26,894,636	22,841,77
Student support services	1,652,801	1,929,127	-	-	1,652,801	1,929,12
Instructional support	1,478,755	1,203,122	-	-	1,478,755	1,203,12
District administration	1,232,051	999,727	-	-	1,232,051	999,72
School administration	2,518,791	2,110,039	-	-	2,518,791	2,110,03
Business support	752,280	811,393	-	-	752,280	811,39
Plant operations	3,093,894	3,495,330	-	-	3,093,894	3,495,33
Student transportation	2,421,723	3,315,720	-	-	2,421,723	3,315,72
Food service	-	-	3,084,944	2,339,122	3,084,944	2,339,12
Day care	405,552	367,023	1,021,586	(50,811)	1,427,138	316,21
Community service	236,616	465,206	-	-	236,616	465,20
Interest on long-term debt	467,655	240,504	-	-	467,655	240,50
Technology	-	-	15,851	13,133	15,851	13,13
Total Expenses	41,154,754	37,778,966	4,122,381	2,301,444	45,277,135	40,080,41
Transfers	97,231	113,575	(97,231)	(113,575)	-	-
Change in net position	2,756,428	1,597,453	(1,422,209)	374,557	1,334,219	1,972,01
Beginning net position	2,290,282	692,829	529,800	155,243	2,820,082	848,07
Ending net position	5,046,710	2,290,282	(\$892,409)	529,800	4,154,301	2,820,08

Governmental Activities

Instruction comprises 65% of governmental program expenses. Plant Operations expense makes up 8% of government expenses. District and School Administration total 9% of governmental expenses. The remaining expenses for support services, community service activities, transportation and interest account for the final 18% of total governmental expense.

Business-Type Activities

The business-type activities include the food service, day care, and techy tees operations. These programs had total revenues of \$2,797,403 and expenses of \$4,122,381 for the fiscal year. Of the revenues, \$241,881 was charges for services, and \$2,537,523 was from State and Federal grants. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity.

**BOURBON COUNTY SCHOOL DISTRICT – PARIS, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

FUND FINANCIAL ANALYSIS

The following table presents a summary of operations, excluding transfers, for selected funds (including on- behalf payments). Food service amounts are presented on the accrual basis while general and special revenue funds are on the modified accrual basis:

For the Year ending June 30, 2024

	GENERAL FUND	SPECIAL REVENUE FUND	CONSTRUCTION FUND	DAY CARE FUND	FOOD SERVICE FUND
REVENUES:					
From local sources:					
Taxes:					
Property	\$ 7,150,498	\$ -	\$ -	\$ -	\$ -
Motor vehicle	1,190,182	-	-	-	-
Utilities	1,270,690	-	-	-	-
Franchise	-	-	-	-	-
Earnings on investments	565,069	-	7,517	-	20,104
Tuition & fees	-	-	-	-	-
Other local revenues	33,307	11,925	-	157,180	61,410
Intergovernmental - state	14,742,898	1,483,592	-	137,135	256,852
Intergovernmental - federal	-	5,997,005	-	4,443	2,135,972
TOTAL REVENUES	<u>24,952,644</u>	<u>7,492,522</u>	<u>7,517</u>	<u>298,758</u>	<u>2,474,338</u>
EXPENDITURES:					
Instruction:	15,521,674	4,531,555	-	-	-
Support Services:					
Student	1,068,461	539,933	-	-	-
Instructional staff	809,059	338,632	-	-	-
District administration	1,184,538	-	-	-	-
School administration	1,880,052	207,908	-	-	-
Business	729,741	61	-	-	-
Plant operations and maintenance	3,301,162	135,578	-	-	-
Student transportation	2,277,777	507,301	-	-	-
Food Service	-	-	-	-	3,084,944
Day Care	-	405,552	-	1,021,586	-
Community Service	-	349,353	-	-	-
Capital outlay	715,268	250,644	2,550,834	-	-
Debt service	-	-	16,310	-	-
TOTAL EXPENDITURES	<u>27,487,732</u>	<u>7,266,517</u>	<u>2,567,144</u>	<u>1,021,586</u>	<u>3,084,944</u>
Excess (Deficit) of Revenues over Expenditures	<u>\$ (2,535,088)</u>	<u>\$ 226,005</u>	<u>\$ (2,559,627)</u>	<u>\$ (722,828)</u>	<u>\$ (610,606)</u>

**BOURBON COUNTY SCHOOL DISTRICT – PARIS, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

For the Year ending June 30, 2023

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	FOOD SERVICE FUND
REVENUES:				
From local sources:				
Taxes:				
Property	\$ 7,029,483	\$ -	\$ -	\$ -
Motor vehicle	1,130,229	-	-	-
Utilities	1,309,774	-	-	-
Earnings on investments	370,222	-	4,255	15,153
Community Service	-	1,090	-	-
Other local revenues	26,227	121,083	-	60,840
Intergovernmental - state	17,802,720	1,376,338	241,755	306,211
Intergovernmental - federal	-	7,461,721	-	2,088,347
TOTAL REVENUES	27,668,655	8,960,232	246,010	2,470,551
EXPENDITURES:				
Instruction:	16,242,792	5,102,837	-	-
Support Services:				
Student	1,207,865	718,876	-	-
Instructional staff	785,386	400,313	-	-
District administration	990,364	-	-	-
School administration	1,907,726	193,932	-	-
Business	846,752	-	-	-
Plant operations and maintenance	3,263,675	163,776	-	-
Student transportation	2,661,215	543,544	-	-
Food Service	-	-	-	2,339,122
Day Care	-	367,023	-	-
Community Service	-	465,206	-	-
Capital outlay	-	-	-	-
Debt service	-	-	1,302,942	-
TOTAL EXPENDITURES	27,905,775	7,955,507	1,302,942	2,339,122
Excess (Deficit) of Revenues over Expenditures	\$ (237,120)	1,004,725	\$ (1,056,932)	\$ 131,429

Capital Assets

At June 30, 2024, the School District’s investment in capital assets for its governmental and business-type activities was \$26,582,227, including the right-to-use leased assets that were recognized with the implementation of GASBS No. 87, *Leases*, in FY 2022. Total capital assets increased from 2023 to 2024 by \$2,201,042, including depreciation and amortization.

Debt

At June 30, 2024, the School District had \$10,839,323 in debt outstanding, including leases that were recognized with the implementation of GASBS No. 87, *Leases*, in FY 2022, less a discount of \$82,154; \$1,462,943 of the District’s debt will be paid from the KSFCC funding provided by the State of Kentucky. A total of \$1,123,837 is due within one year.

Comments on Budget Comparisons

General fund budget compared to actual revenue varied from line item to line item with the ending actual revenues being \$1,378,130 more than budget. General fund budget compared to actual expenditures varied from line item to line item with the ending actual expenditures being \$1,988,436 less than budget. The District’s total general fund revenues for the fiscal year ended June 30, 2024, before interfund transfers, was \$24,952,644, an decrease of \$2,716,011 from the total revenues of \$27,668,655 for 2023.

**BOURBON COUNTY SCHOOL DISTRICT – PARIS, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

FUTURE BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal programs operate on a different fiscal calendar but are reflected in the District overall budget. By law the budget must have a minimum 2% contingency. The District adopted a working budget with \$1,316,711 in contingency (approximately 4%). Significant Board action that impacts the finances includes a pay raise for all employees at the beginning of the fiscal year of 2% with some employees receiving much more to keep up with the surrounding districts.

Questions regarding this report should be directed to Andrea A. Kiser, Finance Officer (859) 987-2180 or by mail at 3343 Lexington Rd., Paris, KY 40361.

BOURBON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Current Assets			
Cash and cash equivalents	\$ 5,503,671	\$ 985,262	\$ 6,488,933
Accounts receivable			
Taxes	295,893	-	295,893
Accounts	81,782	23,024	104,806
Intergovernmental - federal	3,605,946	-	3,605,946
Prepaid expenses	566,215	-	566,215
Inventory	-	38,796	38,796
Total Current Assets	<u>10,053,507</u>	<u>1,047,082</u>	<u>11,100,589</u>
Noncurrent Assets			
Non-depreciated capital assets	3,719,322	-	3,719,322
Net depreciated capital assets	22,688,172	163,712	22,851,884
Net intangible right-to-use assets	11,021	-	11,021
Net OPEB asset	185,063	37,476	222,539
Total Noncurrent Assets	<u>26,603,578</u>	<u>201,188</u>	<u>26,804,766</u>
TOTAL ASSETS	<u>36,657,085</u>	<u>1,248,270</u>	<u>37,905,355</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	245,061	-	245,061
Pension - CERS	2,519,232	510,158	3,029,390
OPEB - CERS	940,581	190,472	1,131,053
OPEB - KTRS	3,086,316	-	3,086,316
Total deferred outflows of resources	<u>6,791,190</u>	<u>700,630</u>	<u>7,491,820</u>
LIABILITIES:			
Current Liabilities			
Accounts payable	969,388	2,459	971,847
Accrued Interest Expense	116,619	-	116,619
Current portion of accrued sick leave	93,014	-	93,014
Current portion of lease liabilities	11,837	-	11,837
Unearned revenue	4,284,921	-	4,284,921
Current portion of bond obligations	1,112,000	-	1,112,000
Total Current Liabilities	<u>6,587,779</u>	<u>2,459</u>	<u>6,590,238</u>
Noncurrent Liabilities			
Noncurrent portion of bond obligations	9,715,486	-	9,715,486
Noncurrent portion of accrued sick leave	265,639	-	265,639
Net pension liability - CERS	8,600,913	1,741,729	10,342,642
Net OPEB liability - KTRS	4,371,000	-	4,371,000
Total Noncurrent Liabilities	<u>22,953,038</u>	<u>1,741,729</u>	<u>24,694,767</u>
TOTAL LIABILITIES	<u>29,540,817</u>	<u>1,744,188</u>	<u>31,285,005</u>
DEFERRED INFLOWS OF RESOURCES:			
Pension - CERS	2,020,585	409,178	2,429,763
OPEB - CERS	3,397,163	687,943	4,085,106
OPEB - KTRS	3,443,000	-	3,443,000
Total deferred inflow of resources	<u>8,860,748</u>	<u>1,097,121</u>	<u>9,957,869</u>
NET POSITION			
Net Investment in Capital Assets	15,824,253	163,712	15,987,965
Restricted - Capital Projects	(1,430,144)	-	(1,430,144)
Restricted - Other Purposes	711,936	2,612,125	3,324,061
Unrestricted	(10,059,335)	(3,668,246)	(13,727,581)
TOTAL NET POSITION	<u>\$ 5,046,710</u>	<u>\$ (892,409)</u>	<u>\$ 4,154,301</u>

See Accompanying Notes to the Financial Statements

BOURBON COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government							
Governmental Activities:							
Instructional	\$ 26,894,636	\$ -	\$ 5,997,005	\$ -	\$ (20,897,631)	\$ -	\$ (20,897,631)
Support Services:							
Student	1,652,801	-	-	-	(1,652,801)	-	(1,652,801)
Instructional staff	1,478,755	-	-	-	(1,478,755)	-	(1,478,755)
District administration	1,232,051	-	-	-	(1,232,051)	-	(1,232,051)
School administration	2,518,791	-	-	-	(2,518,791)	-	(2,518,791)
Business	752,280	-	-	-	(752,280)	-	(752,280)
Plant operations and maintenance	3,093,894	-	-	-	(3,093,894)	-	(3,093,894)
Student transportation	2,421,723	-	-	-	(2,421,723)	-	(2,421,723)
Food service	-	-	-	-	-	-	-
Day care	405,552	-	-	-	(405,552)	-	(405,552)
Community service	236,616	-	-	-	(236,616)	-	(236,616)
Interest on long-term debt	467,655	-	-	241,756	(225,899)	-	(225,899)
Total Governmental Activities	<u>41,154,754</u>	<u>-</u>	<u>5,997,005</u>	<u>241,756</u>	<u>(34,915,993)</u>	<u>-</u>	<u>(34,915,993)</u>
Business-Type Activities:							
Food service	3,084,944	63,515	2,392,824	-	-	(628,605)	(628,605)
Day care	1,021,586	157,180	141,578	-	-	(722,828)	(722,828)
Techy tees	15,851	21,186	3,121	-	-	8,456	8,456
	<u>4,122,381</u>	<u>241,881</u>	<u>2,537,523</u>	<u>-</u>	<u>-</u>	<u>(1,342,977)</u>	<u>(1,342,977)</u>
Total Primary Government	<u>\$ 45,277,135</u>	<u>\$ 241,881</u>	<u>\$ 8,534,528</u>	<u>\$ 241,756</u>	<u>\$ (34,915,993)</u>	<u>\$ (1,342,977)</u>	<u>\$ (36,258,970)</u>
			General Revenues:				
			Taxes:				
			Property		\$ 9,071,848	\$ -	\$ 9,071,848
			Motor vehicle		1,190,182	-	1,190,182
			Utilities		1,270,690	-	1,270,690
			Franchise		-	-	-
			State aid formula grants		24,356,963	-	24,356,963
			Interest and investment earnings		572,586	20,104	592,690
			Gain/(loss) on disposal		121,559	(2,105)	119,454
			Other local revenues		991,362	-	991,362
			Transfers		97,231	(97,231)	-
			Total General Revenues		<u>37,672,421</u>	<u>(79,232)</u>	<u>37,593,189</u>
			Change in Net Position		<u>2,756,428</u>	<u>(1,422,209)</u>	<u>1,334,219</u>
			Net Position beginning		2,298,983	529,800	2,828,783
			Prior Period Adjustment		(8,701)	-	(8,701)
			Net Position beginning - restated		<u>2,290,282</u>	<u>529,800</u>	<u>2,820,082</u>
			Net Position ending		<u>\$ 5,046,710</u>	<u>\$ (892,409)</u>	<u>\$ 4,154,301</u>

See Accompanying Notes to the Financial Statements

BOURBON COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	GENERAL FUND	SPECIAL REVENUE (GRANT) FUNDS	CONSTRUCTION FUNDS	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	\$ 4,070,987	\$ 719,067	\$ -	\$ 713,617	\$ 5,503,671
Prepaid expenditures	566,215	-	-	-	566,215
Interfund receivable	546,569	-	-	-	546,569
Accounts receivable					
Taxes	295,893	-	-	-	295,893
Accounts	81,782	-	-	-	81,782
Intergovernmental - federal	-	3,605,946	-	-	3,605,946
TOTAL ASSETS	\$ 5,561,446	\$ 4,325,013	\$ -	\$ 713,617	\$ 10,600,076
LIABILITIES:					
Interfund payable	\$ -	\$ -	\$ 546,569	\$ -	\$ 546,569
Accounts payable	44,040	40,092	883,575	1,681	969,388
Sick leave payable	1,101	-	-	-	1,101
Unearned revenue	-	4,284,921	-	-	4,284,921
TOTAL LIABILITIES	45,141	4,325,013	1,430,144	1,681	5,801,979
FUND BALANCES:					
Restricted					
Capital projects	-	-	(1,430,144)	-	(1,430,144)
Debt service	-	-	-	190,018	190,018
Student activities	-	-	-	521,918	521,918
Committed	179,327	-	-	-	179,327
Assigned	35,234	-	-	-	35,234
Unassigned	5,301,744	-	-	-	5,301,744
TOTAL FUND BALANCES	5,516,305	-	(1,430,144)	711,936	4,798,097
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,561,446	\$ 4,325,013	\$ -	\$ 713,617	\$ 10,600,076

See Accompanying Notes to the Financial Statements

BOURBON COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Governmental Fund Balances	\$	4,798,097
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position.</p>		
		26,418,515
<p>Deferred outflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position</p>		
Deferred loss on refunding		245,061
Pension - CERS		2,519,232
OPEB - CERS		940,581
OPEB - KTRS		3,086,316
<p>Certain assets (obligations) are not a use of financial resources and therefore, are not reported in the government funds, but are presented in the statement of net position</p>		
Net pension liability - CERS		(8,600,913)
Net OPEB asset - CERS		185,063
Net OPEB liability - KTRS		(4,371,000)
<p>Deferred inflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position</p>		
Pension - CERS		(2,020,585)
OPEB - CERS		(3,397,163)
OPEB - KTRS		(3,443,000)
<p>Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, and other accrued liabilities) are not reported in the fund financial statement because they are not due and payable, but are presented in the statement of net position as follows:</p>		
Bonds payable		(10,827,486)
Lease liabilities		(11,837)
Accrued interest		(116,619)
Accrued sick leave		(357,552)
Net Position of Governmental Activities	\$	5,046,710

See Accompanying Notes to the Financial Statements

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

	GENERAL FUND	SPECIAL REVENUE (GRANT) FUNDS	CONSTRUCTION FUNDS	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
From local sources:					
Taxes:					
Property	\$ 7,150,498	\$ -	\$ -	\$ 1,921,350	\$ 9,071,848
Motor vehicle	1,190,182	-	-	-	1,190,182
Utilities	1,270,690	-	-	-	1,270,690
Franchise	-	-	-	-	-
Earnings on investments	565,069	-	7,517	-	572,586
Tuition & fees	-	-	-	-	-
Other local revenues	33,307	11,925	-	938,156	983,388
Intergovernmental - state	14,742,898	1,483,592	-	666,425	16,892,915
Intergovernmental - federal	-	5,997,005	-	-	5,997,005
TOTAL REVENUES	24,952,644	7,492,522	7,517	3,525,931	35,978,614
EXPENDITURES:					
Current:					
Instruction:	15,521,674	4,531,555	-	868,307	20,921,536
Support Services:					
Student	1,068,461	539,933	-	-	1,608,394
Instructional staff	809,059	338,632	-	3,386	1,151,077
District administration	1,184,538	-	-	-	1,184,538
School administration	1,880,052	207,908	-	-	2,087,960
Business	729,741	61	-	-	729,802
Plant operations and maintenance	3,301,162	135,578	-	-	3,436,740
Student transportation	2,277,777	507,301	-	-	2,785,078
Food service	-	-	-	-	-
Day care	-	405,552	-	-	405,552
Community service	-	349,353	-	-	349,353
Capital outlay	715,268	250,644	2,550,834	-	3,516,746
Debt service	-	-	16,310	1,384,930	1,401,240
TOTAL EXPENDITURES	27,487,732	7,266,517	2,567,144	2,256,623	39,578,016
Excess (Deficit) of Revenues over Expenditures	<u>(2,535,088)</u>	<u>226,005</u>	<u>(2,559,627)</u>	<u>1,269,308</u>	<u>(3,599,402)</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	1,515,666	46,235	251,456	1,062,051	2,875,408
Operating transfers out	(46,235)	(385,924)	-	(2,346,019)	(2,778,178)
Gain/(loss) on disposal of assets	-	121,895	-	-	121,895
Issuance of debt	-	-	810,000	-	810,000
Bond premium/(discount)	-	-	(4,783)	-	(4,783)
TOTAL OTHER FINANCING SOURCES (USES)	1,469,431	(217,794)	1,056,673	(1,283,968)	1,024,342
Net Change in Fund Balances	<u>(1,065,657)</u>	<u>8,211</u>	<u>(1,502,954)</u>	<u>(14,660)</u>	<u>(2,575,060)</u>
Fund Balance - beginning of year	6,582,802	-	72,810	726,596	7,382,208
Prior Period Adjustment	(840)	(8,211)	-	-	(9,051)
Fund Balance - beginning of year - restated	6,581,962	(8,211)	72,810	726,596	7,373,157
Fund Balance - end of year	<u>\$ 5,516,305</u>	<u>\$ -</u>	<u>\$ (1,430,144)</u>	<u>\$ 711,936</u>	<u>\$ 4,798,097</u>

See Accompanying Notes to the Financial Statements

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

Net Change in Fund Balances - Total Governmental Funds \$ (2,575,060)

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

Bond discounts are expensed as incurred in the fund financial statement, but are amortized over the life of the bond in the statement of activities:

Amortization bond premium/discount	(10,242)
Amortization deferred loss on refunding	(46,643)

Capital outlays are reported as expenditures in the fund financial statement because they are current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.

Capital outlays	3,516,746
Depreciation expense	(1,394,448)
Loss on disposal	(335)

Generally, expenditures recognized in the fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.

Accrued interest	(31,676)
Sick leave	9,081

Governmental funds report pension and OPEB contributions as expenditures when paid. However, in the Statement of Activities, pension and OPEB expense is the cost of benefits earned, adjusted for member contributions, and the recognition of changes in deferred outflows and inflows of resources related to pensions, and investment experience.

KTRS on-behalf revenue	7,705,804
KTRS on-behalf pension expense	(7,786,804)
KTRS on-behalf OPEB expense	81,000
Pension expense - CERS	1,739,559
OPEB expense - CERS	804,634
OPEB expense - KTRS	470,156

Debt issuance proceeds are recognized as receipts of current financial resources in the fund financial statement, but are increases of liabilities in the statement of net position.

(810,000)

Bond and note payments are recognized as expenditures of current financial resources in the fund financial statement, but are reductions of liabilities in the statement of net position.

1,084,656

Change in Net Position of Governmental Activities \$ 2,756,428

BOURBON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	GENERAL FUND			VARIANCE Favorable (Unfavorable)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
REVENUES:				
From Local Sources:				
Taxes:				
Property	\$ 6,481,776	\$ 6,975,000	\$ 7,150,498	\$ 175,498
Motor vehicle	800,000	900,000	1,190,182	290,182
Utilities	1,093,921	1,200,000	1,270,690	70,690
Franchise	-	-	-	-
Tuition & fees	-	-	-	-
Earnings on investments	40,000	125,000	565,069	440,069
Other local revenues	-	-	33,307	33,307
Intergovernmental - state	15,906,375	14,374,514	14,742,898	368,384
TOTAL REVENUES	<u>24,322,072</u>	<u>23,574,514</u>	<u>24,952,644</u>	<u>1,378,130</u>
EXPENDITURES:				
Current:				
Instruction:	16,450,062	16,789,666	15,521,674	1,267,992
Support Services:				
Student	1,224,717	1,291,126	1,068,461	222,665
Instructional staff	757,238	859,850	809,059	50,791
District administration	1,102,031	1,306,204	1,184,538	121,666
School administration	1,736,203	1,910,554	1,880,052	30,502
Business	784,707	730,976	729,741	1,235
Plant operations and maintenance	3,905,422	3,638,833	3,356,830	282,003
Student transportation	2,655,251	2,948,959	2,937,377	11,582
Debt service	-	-	-	-
TOTAL EXPENDITURES	<u>28,615,631</u>	<u>29,476,168</u>	<u>27,487,732</u>	<u>1,988,436</u>
Excess (Deficit) of Revenues over Expenditures	<u>(4,293,559)</u>	<u>(5,901,654)</u>	<u>(2,535,088)</u>	<u>3,366,566</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	837,645	1,373,891	1,515,666	141,775
Operating transfers out	(75,000)	(75,000)	(46,235)	(28,765)
Contingency	(1,926,947)	(1,689,713)	-	(1,689,713)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,164,302)</u>	<u>(390,822)</u>	<u>1,469,431</u>	<u>(1,576,703)</u>
Net Change in Fund Balance	<u>(5,457,861)</u>	<u>(6,292,476)</u>	<u>(1,065,657)</u>	<u>1,789,863</u>
Fund Balance beginning	5,457,861	6,292,476	6,582,802	290,326
Prior Period Adjustment	-	-	(840)	(840)
Fund Balance beginning - restated	5,457,861	6,292,476	6,581,962	289,486
Fund Balance ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,516,305</u>	<u>\$ 2,079,349</u>

See Accompanying Notes to the Financial Statements

BOURBON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	SPECIAL REVENUE FUND			VARIANCE Favorable (Unfavorable)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
REVENUES:				
From Local Sources:				
Earnings from Investments	\$ -	\$ -	\$ -	\$ -
Other local revenues	16,481	9,481	11,925	2,444
Intergovernmental - state	1,456,575	1,500,480	1,483,592	(16,888)
Intergovernmental - indirect federal	4,370,423	4,616,801	5,997,005	1,380,204
TOTAL REVENUES	<u>5,843,479</u>	<u>6,126,762</u>	<u>7,492,522</u>	<u>1,365,760</u>
EXPENDITURES:				
Current:				
Instruction:	4,263,749	4,293,512	4,597,824	(304,312)
Support Services:				
Student	365,163	449,469	539,933	(90,464)
Instructional staff	277,051	295,890	338,632	(42,742)
District administration	-	-	-	-
School administration	184,778	180,538	207,908	(27,370)
Business	-	-	61	(61)
Plant operations and maintenance	52,889	50,994	135,578	(84,584)
Student transportation	418,749	471,961	691,676	(219,715)
Food service	-	-	-	-
Day care	-	121,376	405,552	(284,176)
Community Services	359,520	333,099	349,353	(16,254)
Debt service	-	-	-	-
TOTAL EXPENDITURES	<u>5,921,899</u>	<u>6,196,839</u>	<u>7,266,517</u>	<u>(1,069,678)</u>
Excess (Deficit) of Revenues over Expenditures	<u>(78,420)</u>	<u>(70,077)</u>	<u>226,005</u>	<u>296,082</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	75,000	75,000	46,235	(28,765)
Operating transfers out	-	(4,923)	(385,924)	381,001
Gain/(loss) on disposal of assets	-	-	121,895	121,895
TOTAL OTHER FINANCING SOURCES (USES)	<u>75,000</u>	<u>70,077</u>	<u>(217,794)</u>	<u>474,131</u>
Net Change in Fund Balance	<u>(3,420)</u>	<u>-</u>	<u>8,211</u>	<u>770,213</u>
Fund Balance beginning	-	-	-	-
Prior Period Adjustment	-	-	(8,211)	(8,211)
Fund Balance beginning - restated	-	-	(8,211)	(8,211)
Fund Balance ending	<u>\$ (3,420)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 762,002</u>

See Accompanying Notes to the Financial Statements

BOURBON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	FOOD SERVICE FUND	DAY CARE FUND	NON-MAJOR TECHY TEES FUND	TOTAL
ASSETS:				
Current Assets				
Cash and cash equivalents	\$ 376,964	\$ 598,225	\$ 10,073	\$ 985,262
Accounts receivable	23,024	-	-	23,024
Inventory	38,796	-	-	38,796
Total Current Assets	<u>438,784</u>	<u>598,225</u>	<u>10,073</u>	<u>1,047,082</u>
Noncurrent Assets				
Net OPEB Asset - CERS	23,277	14,199	-	37,476
Buildings & improvements	2,025	-	-	2,025
Machinery & equipment	561,623	-	-	561,623
Accumulated depreciation	(399,936)	-	-	(399,936)
Total Noncurrent Assets	<u>186,989</u>	<u>14,199</u>	<u>-</u>	<u>201,188</u>
TOTAL ASSETS	<u>625,773</u>	<u>612,424</u>	<u>10,073</u>	<u>1,248,270</u>
DEFERRED OUTFLOW OF RESOURCES				
Pension - CERS	316,863	193,295	-	510,158
OPEB - CERS	118,304	72,168	-	190,472
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>435,167</u>	<u>265,463</u>	<u>-</u>	<u>700,630</u>
LIABILITIES:				
Current Liabilities				
Accounts Payable	2,114	345	-	2,459
Total Current Liabilities	<u>2,114</u>	<u>345</u>	<u>-</u>	<u>2,459</u>
Noncurrent Liabilities				
Net Pension Liability - CERS	1,081,802	659,927	-	1,741,729
Total Noncurrent Liabilities	<u>1,081,802</u>	<u>659,927</u>	<u>-</u>	<u>1,741,729</u>
TOTAL LIABILITIES	<u>1,083,916</u>	<u>660,272</u>	<u>-</u>	<u>1,744,188</u>
DEFERRED INFLOW OF RESOURCES				
Pension - CERS	254,144	155,034	-	409,178
OPEB - CERS	427,287	260,656	-	687,943
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>681,431</u>	<u>415,690</u>	<u>-</u>	<u>1,097,121</u>
NET POSITION:				
Net Investment in Capital Assets	163,712	-	-	163,712
Restricted	1,210,135	1,391,917	10,073	2,612,125
Unrestricted	(2,078,254)	(1,589,992)	-	(3,668,246)
TOTAL NET POSITION	<u>\$ (704,407)</u>	<u>\$ (198,075)</u>	<u>\$ 10,073</u>	<u>\$ (892,409)</u>

See Accompanying Notes to the Financial Statements

BOURBON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	FOOD SERVICE FUND	DAY CARE FUND	NON-MAJOR TECHY TEES FUND	TOTAL
OPERATING REVENUES:				
Lunchroom sales	\$ 62,099	\$ -	\$ -	\$ 62,099
Child care fees	-	157,180	-	157,180
Other operating revenue	1,416	-	21,186	22,602
TOTAL OPERATING REVENUES	63,515	157,180	21,186	241,881
OPERATING EXPENSES:				
Salaries and wages	612,095	114,244	98	726,437
Employee benefits	1,158,256	893,944	3,129	2,055,329
Contract services	54,287	1,353	-	55,640
Materials and supplies	1,236,743	11,141	12,624	1,260,508
Miscellaneous	-	904	-	904
Depreciation	23,563	-	-	23,563
TOTAL OPERATING EXPENSES	3,084,944	1,021,586	15,851	4,122,381
Operating Income (Loss)	(3,021,429)	(864,406)	5,335	(3,880,500)
NON-OPERATING REVENUES (EXPENSES)				
Federal grants	1,999,930	4,443	-	2,004,373
Federal commodities	136,042	-	-	136,042
State grants	256,852	137,135	3,121	397,108
Interest income	20,104	-	-	20,104
Gain (Loss) on sale of equipment	(2,105)	-	-	(2,105)
NON-OPERATING REVENUES (EXPENSES)	2,410,823	141,578	3,121	2,555,522
Net income (loss) before operating transfers	(610,606)	(722,828)	8,456	(1,324,978)
Operating Transfers	(97,231)	-	-	(97,231)
Change in Net Position	(707,837)	(722,828)	8,456	(1,422,209)
Total Net Position beginning	3,430	524,753	1,617	529,800
Total Net Position ending	<u>\$ (704,407)</u>	<u>\$ (198,075)</u>	<u>\$ 10,073</u>	<u>\$ (892,409)</u>

See Accompanying Notes to the Financial Statements

BOURBON COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	FOOD SERVICE FUND	DAY CARE FUND	NON-MAJOR TECHY TEES FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 67,919	\$ 158,633	\$ 21,186	\$ 247,738
Cash paid to suppliers	(1,149,700)	(13,523)	(12,809)	(1,176,032)
Cash paid to employees	(734,617)	(150,147)	(106)	(884,870)
Net Cash Provided (Used) by Operating Activities	<u>(1,816,398)</u>	<u>(5,037)</u>	<u>8,271</u>	<u>(1,813,164)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers	(97,231)	-	-	(97,231)
Governmental grants	2,017,538	77,574	-	2,095,112
Net Cash Provided (Used) by Noncapital Financing Activities	1,920,307	77,574	-	1,997,881
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(104,748)	-	-	(104,748)
Interest received	20,104	-	-	20,104
Net Cash Provided (Used) by Investing Activities	<u>(84,644)</u>	<u>-</u>	<u>-</u>	<u>(84,644)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	19,265	72,537	8,271	100,073
Cash and cash equivalents beginning	<u>357,699</u>	<u>525,688</u>	<u>1,802</u>	<u>885,189</u>
Cash and cash equivalents ending	<u>\$ 376,964</u>	<u>\$ 598,225</u>	<u>\$ 10,073</u>	<u>\$ 985,262</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (3,021,429)	\$ (864,406)	\$ 5,335	\$ (3,880,500)
Adjustments to Reconcile Net Income (Loss) to Net Cash from Operating Activities:				
Depreciation				
Depreciation	23,563	-	-	23,563
On-behalf payments	239,244	64,004	3,121	306,369
Donated commodities	136,042	-	-	136,042
Changes in Assets and Liabilities:				
Accounts receivable	4,404	1,453	-	5,857
Inventory	14,725	-	-	14,725
Accounts payable	(9,437)	(125)	(185)	(9,747)
Net pension liability	631,116	658,225	-	1,289,341
Net OPEB liability	(146,293)	(14,663)	-	(160,956)
Deferred outflows	(240,392)	(264,727)	-	(505,119)
Deferred inflows	552,059	415,202	-	967,261
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,816,398)</u>	<u>\$ (5,037)</u>	<u>\$ 8,271</u>	<u>\$ (1,813,164)</u>
Non-cash Items:				
On-behalf payments	\$ 239,244	\$ 64,004	\$ 3,121	\$ 306,369
Donated commodities	\$ 136,042	\$ -	\$ -	\$ 136,042

See Accompanying Notes to the Financial Statements

**BOURBON COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024**

		<u>SPECIAL PURPOSE TRUST FUNDS</u>
ASSETS:		
Investments	\$	1,575,352
Accounts receivable		<u>-</u>
 TOTAL ASSETS	 \$	 <u><u>1,575,352</u></u>
 LIABILITIES:		
Accounts payable	\$	<u>-</u>
 TOTAL LIABILITIES		 <u>-</u>
 NET POSITION:		
Net position - Held in trust		<u>1,575,352</u>
 TOTAL NET POSITION		 <u><u>1,575,352</u></u>
 TOTAL LIABILITIES AND NET POSITION	 \$	 <u><u>1,575,352</u></u>

See Accompanying Notes to the Financial Statements

**BOURBON COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

		<u>SPECIAL PURPOSE TRUST FUNDS</u>
ADDITIONS		
Contributions	\$	153,620
Investment Income		100,263
Total Additions		<u>253,883</u>
DEDUCTIONS		
Instruction		-
Instructional staff		-
Community service		55,362
Total Deductions		<u>55,362</u>
Change in Net Position		198,521
Total net position - beginning of year		<u>1,376,831</u>
Total net position - end of year	\$	<u><u>1,575,352</u></u>

See Accompanying Notes to the Financial Statements

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Bourbon County School District (the District) conform to generally accepted accounting principles (GAAP) as applicable to governmental entities in the United States of America. U. S. governmental accounting standards are established by the Governmental Accounting Standards Board (GASB) for state and local governmental entities. The following discussion is a summary of the more significant accounting policies that apply to the District.

Reporting Entity

The Bourbon County Board of Education (Board), a five-member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Bourbon County School District (District). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, as 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 the funds and account groups relevant to the operation of the Bourbon County Board of Education. The financial statements presented herein do not include funds of groups and organizations, which, although associated with the school system, have not originated within the Board itself, such as Parent-Teacher Associations, School-Based Decision-Making Councils, and Family Resource Centers.

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

Blended Component Unit

Bourbon County Board of Education Finance Corporation - In a prior year, the Board resolved to authorize the establishment of the Bourbon County School District Finance Corporation (a non-stock, non-profit corporation organized under School Bond Act and Chapter 273 and KRS 58.180) (the Corporation) as an agency of the District for financing the costs of school building improvements. The Board members of the Bourbon County Board of Education also comprise the corporation's Board of Directors. The Corporation does not publish individual component unit financial statements.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Presentation

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

Government-wide Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within the 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities accompanied by a total column.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all the District's assets and liabilities, including capital assets as well as long-term liabilities are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, transactions between governmental and business-type activities have not been eliminated.

Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

All governmental funds are accounted for on the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statements of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District are property tax and utility tax. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The District has the following funds:

I. Governmental Fund Types

(A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.

(B) The Special Revenue 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.

- 1) The Special Revenue Fund includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.
- 2) The District Activity Fund is a special revenue fund used to account for funds collected at individual schools for operation costs of the school or school district that allows for more flexibility in the expenditure of those funds. This is a non-major fund of the District.
- 3) The School Activity Fund is a Special Revenue Fund type and is used to account for activities and programs for athletic, community service, and scholastic organizations managed by each school to benefit student activities. This fund was added in FY 2021 after the District implemented GASBS No. 84, *Fiduciary Activity*. This is a non-major fund of the District.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

- 1) The Support Education Excellence in Kentucky (SEEK), Fund receives those funds designated by the state as Capital Outlay Funds (unless authorized for retention in the General Fund) and is generally restricted for use in financing capital acquisitions. This is a non-major fund of the District.
- 2) The Facility Support Program of Kentucky (FSPK), Fund 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 is a non-major fund of the District.
- 3) The Construction Fund accounts for funds from two sources. First, funds generated by sales of bonds issues are used for various construction and renovation projects. Second, proceeds from the sale of properties and equipment owned by the District are to be used at the discretion of the Board for construction projects in future years. This is a major fund of the District.

(D) The Debt Service Fund accounts for financial resources used for payment of principal and interest and other debt related costs. This is a non-major fund of the District.

II. Proprietary Fund Types (Enterprise Fund)

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

(B) The Day Care Fund accounts for child care revenue and expenses. The Day Care Fund is a major fund of the District.

(C) The Techy Tees Fund is used to account for technology fee revenue and expenses. The Techy Tees Fund is a non-major fund of the District.

III. Fiduciary Fund Type (Custodial)

The Private Purpose Trust Fund is maintained within MUNIS and accounts for revenues generated by trusts set up to benefit students in Bourbon County.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Accounting

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

Revenues – Exchange and Non-Exchange Transactions

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

Non-exchange 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 non-exchange transactions must also be available before it can be recognized.

Unearned Revenue – Unearned revenue arises when assets are recognized before eligibility criteria other than time requirements have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. Unused donated commodities are also reported as inventory and unearned revenue.

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

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.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property Taxes

Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the County. The billings are considered due upon receipt by the taxpayer. However, the actual due 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 when tax revenues are restricted to a specific purpose.

The property tax rates assessed for the year ended June 30, 2024, to finance the General Fund operations were \$0.542 per \$100 valuation for real property, \$0.645 per \$100 valuation for business personal property and \$0.547 per \$100 valuation for motor vehicles.

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

Cash and Cash Equivalents

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

Inventory

Inventory consists of food purchased by the District and commodities granted by the United States Department of Agriculture (USDA). The commodities are recognized as revenues and expenditures by the Food Service Fund when consumed. Any material commodities on hand at year end are recorded as inventory. All purchased inventory items are valued at the lower of cost or market (first-in, first-out) using the consumption method and commodities assigned values are based on information provided by the USDA.

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.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Capital Assets (Cont'd)

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 acquisition values as of the date received. The District maintains a capitalization threshold of one thousand dollars with the exception of computers, digital cameras and real property for which there is no threshold. Improvements are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are expensed.

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:

Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	12 years
Furniture and fixtures	20 years
Rolling Stock	15 years
Other	10 years

Accumulated Unpaid Sick Leave Benefits

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

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the amount "accrued sick leave" in the general fund. The non-current portion of the liability is not reported in the fund financial statements, but is reflected in the statement of net position.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Budgetary Process

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

- a) Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP) during the year and adjusted to modified accrual for the governmental funds at year-end.
- b) Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP) during the year and adjusted to modified accrual for the governmental funds at year-end.
- c) Capital outlay is budgeted within the departmental budget (budgetary) as opposed to separate classification by character (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end in accordance with state law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year end.

Interfund Balances

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

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, accumulated sick leave, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources.

Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous (“CERS”) and Teachers Retirement System of the State of Kentucky (“KTRS”) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the CERS and KTRS, respectively. 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. Both systems publish separate financial statements as described in Note 6.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous (“CERS”) and Teachers Retirement System of the State of Kentucky (“KTRS”) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by these multiple-employer cost-sharing OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the pension systems when due and payable in accordance with the benefit terms. Investments are reported at fair value by the pension systems. Both systems publish separate financial statements as described in Note 7.

Fund Balances

The District adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) for fiscal year 2011 for its governmental funds. Fund balances for each of the District’s governmental funds (General Fund, special revenue funds, capital projects funds, and debt service funds) will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance*—amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.
- *Restricted fund balance*—amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation. Fund balance in the Construction, SEEK Capital Outlay, and FSPK Building funds are restricted for capital projects with a total of (\$1,430,144) at June 30, 2024. Fund balance in the Debt Service fund is restricted for debt service with a total of \$190,018 at June 30, 2024. Fund balance in the District Activity and Student Activity funds is restricted for student activities with a total of \$521,918 at June 30, 2024.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Balances (Cont'd)

- *Committed fund balance*—amounts that can be spent only for specific purposes determined by a formal action of the board's highest level of decision-making authority, which is a resolution. \$179,327 of general fund balance has been committed for sick leave as of June 30, 2024.
- *Assigned fund balance*—amounts intended to be used by the District for specific purposes that are neither restricted nor committed. The Board or a delegated entity has the authority to assign amounts to be used for specific purposes. Assigned fund balance in the General Fund includes amounts that have been appropriated for expenditures in the budget for the District's subsequent fiscal year. As of June 30, 2024, the District assigned \$35,234 for the FY2024 budget.
- *Unassigned fund balance*—amounts that are available for any purpose; these amounts can be reported only in the District's 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.

The District considers unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Also, the District has established the order of assigned, committed and restricted when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets and any deferred outflows/inflows related to debt issued for capital financing. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, those revenues are primarily charges for meals provided by various schools and fees charged for day care services. All other revenues are non-operating. Operating expenses can be tied directly to the production of the goods and services, such as the materials and labor and direct overhead. Other expenses are non-operating. Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 the proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Bond Issuance Costs

Debt issuance costs are expensed in the period they are incurred.

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 in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until the appropriate period. The District reports three types of deferred outflows- contributions to the CERS and KTRS pension systems after the measurement period, differences between actual and estimated actuarial assumptions in the two pension systems (see Notes 6 and 7), and the unrecognized portion of a deferred loss on the refinancing of long-term debt (see Note 4).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until appropriate period. The District reports one type of deferred inflows- those related to the net differences between projected and actual actuarial assumptions for pension and OPEB plans (see Notes 6 and 7).

Lease Liabilities

The lease liability is recognized at the commencement of the lease term, unless the lease is a short-term lease, below the lease capitalization threshold of \$5,000, or it transfers ownership of the underlying asset. The lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives) based on a borrowing rate specified in the contract or implicit rate. The lease term includes the noncancelable period of the lease and extensions the District is reasonably certain to exercise. The District monitors changes in circumstances that are expected to significantly affect the amount of a lease liability that may require a remeasurement of its lease.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

New Accounting Pronouncements

In June 2023, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*, that will be effective for these types of changes in fiscal years beginning after June 15, 2023. The District has adopted the standard and determined it does not have a material effect on the financial statements. This guidance will be applied in future years when applicable.

In June 2023, the GASB issued Statement No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023 (the District's 2025 fiscal year). This standard revises some definitions for compensated absences and consolidates guidance for all types of leave to a single accounting recognition. This standard is not likely to have a material effect on the District's financial statements since they only provide one type of leave that is already recognized using the principles in GASBS No. 101.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*, effective for fiscal years beginning after June 15, 2024 (the District's 2025 fiscal year). This standard is focused on additional disclosures about concentrations and constraints that may have a substantial impact on the District's financial statements. The District will apply this guidance if and when these types of risks occur.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, effective for fiscal years beginning after June 15, 2025 (the District's 2026 fiscal year). This guidance clarifies management's responsibility for explaining key variances in management's discussion and analysis. The budget discussion will be deleted from the MD&A and governments will only report the budgetary comparison schedule in required supplementary information. Additional changes include classification of unusual or infrequent items, the reporting format for proprietary statements, and reporting major component units. This standard will have no impact on the District's financial net position, but will require a few edits in the MD&A narrative and the financial statement formats for Food Service and Child Care operations.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 - CASH AND INVESTMENTS

Deposits and Investments

The Kentucky Revised Statutes authorize the District to invest money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security obligations, as permitted by KRS 41.240 (4), having a current quoted market value at least equal to uninsured deposits. As of June 30, 2024, the District's investments consisted of the following:

Fiduciary Fund (Agency):	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 99,635	\$ 99,635
Mutual funds - equity	1,188,469	1,154,246
Mutual funds - fixed income	263,983	321,472
	<u>\$ 1,552,087</u>	<u>\$ 1,575,352</u>

Cash and Cash Equivalents

The Kentucky Revised Statutes authorize the District to invest money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security obligations, as permitted by KRS 41.240 (4), having a current quoted market value at least equal to uninsured deposits.

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law. At year end, the District's bank balances were collateralized by securities held by the pledging bank's trust department in the District's name and FDIC Insurance. At year end, the carrying amount of the District's cash and cash equivalents was \$6,488,933. The bank balance for the same time was \$8,330,153. Due to the nature of the accounts and limitations imposed by the purposes of the various funds, all cash balances are considered to be restricted except for the General Fund.

BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 - CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities:				
Non-depreciable capital assets				
Land	\$66,520	\$0	\$0	\$66,520
Construction in Progress	3,010,586	2,550,834	1,908,619	3,652,802
Total Non-depreciable capital assets	3,077,106	2,550,834	1,908,619	3,719,322
Depreciable capital assets				
Land Improvements	2,993,100	0	500,000	2,493,100
Buildings & Improvements	35,774,627	1,908,619	0	37,683,246
Technological Equipment	1,770,580	0	622,076	1,148,504
Vehicles	4,963,759	888,323	181,397	5,670,685
General Equipment	774,406	77,589	168,514	683,481
Total Depreciable capital assets	46,276,473	2,874,531	1,471,987	47,679,017
Less accumulated depreciation for:				
Land Improvements	(2,213,908)	(59,393)	(500,000)	(1,773,301)
Buildings & Improvements	(17,488,468)	(768,686)	0	(18,257,153)
Technological Equipment	(988,209)	(208,692)	(621,740)	(575,161)
Vehicles	(3,766,107)	(289,741)	(181,397)	(3,874,451)
General Equipment	(657,282)	(22,012)	(168,514)	(510,780)
Total accumulated depreciation	(25,113,974)	(1,348,523)	(1,471,651)	(24,990,846)
Depreciable Capital Assets, net	21,162,499	1,526,007	335	22,688,172
Intangible right-to-use assets				
Leased equipment	144,531	0	0	144,531
Less accumulated amortization	(87,585)	(45,925)	0	(133,510)
Net intangible right-to-use assets	56,946	(45,925)	0	11,021
Governmental Activities, net	<u>\$24,296,552</u>	<u>\$4,030,917</u>	<u>\$1,908,955</u>	<u>\$26,418,514</u>
Business Activities:				
Buildings & Improvements	\$2,025	\$0	\$0	\$2,025
Technological Equipment	6,411	0	4,611	1,800
General Equipment	480,842	104,748	25,767	559,823
Total	489,278	104,748	30,378	563,648
Less accumulated depreciation for:				
Buildings & Improvements	(331)	(81)	0	(412)
Technological Equipment	(5,991)	(360)	(4,611)	(1,740)
General Equipment	(398,324)	(23,122)	(23,662)	(397,784)
Total accumulated depreciation	(404,646)	(23,563)	(28,273)	(399,936)
Business Activities, net	<u>\$84,632</u>	<u>\$81,185</u>	<u>\$2,105</u>	<u>\$163,712</u>

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 - CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to functions of the governmental activities of the District as follows:

Governmental Activities:		
Instruction		\$ 994,810
Support Services:		
Student		7,525
Instructional Staff		14,120
District Administration		9,073
School Administration		6,776
Business Support		-
Plant Operations & Maintenance		90,273
Student Transportation		271,871
Total depreciation expense, governmental activities		\$1,394,448

NOTE 4 – LONG-TERM DEBT AND LEASE OBLIGATIONS

Bonds

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

In connection with the school revenue bonds issued after May 1, 1996, the District entered into "Participation Agreements" with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below 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 original amount of each issue, the issue date, interest rates, and outstanding balances of each bond are summarized below:

Issue	Proceeds	Rates	Maturity Dates	Outstanding Balance June 30, 2024
2013	2,255,000	1.90% - 2.10%	7/1/2026	360,000
2013R	468,000	2.75% - 4.05%	8/1/1933	880,000
2016	5,700,000	1.00% - 3.00%	2/1/2029	3,790,000
2018	1,850,000	3.50% 3.50%	6/1/2038	1,605,000
2020	3,620,000	0.50% 1.85%	10/1/2031	3,465,000
2023	810,000	3.65% 4.00%	6/30/2034	810,000
	\$14,703,000			\$10,910,000

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 - LONG-TERM DEBT AND LEASE OBLIGATIONS (cont'd)

The bonds which 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:

Year	Bourbon County School District		Kentucky School Construction Commission		Total
	Principal	Interest	Principal	Interest	
2025	911,645	238,571	200,355	43,595	1,394,166
2026	932,937	215,804	205,063	38,931	1,392,735
2027	953,391	196,084	184,609	34,083	1,368,167
2028	976,491	171,519	97,509	28,250	1,273,769
2029	1,004,583	142,465	100,417	25,343	1,272,808
2030-2034	3,947,751	347,371	420,249	83,422	4,798,793
2035-2038	720,259	64,127	254,741	22,673	1,061,800
	<u>\$9,447,057</u>	<u>\$1,375,941</u>	<u>\$1,462,943</u>	<u>\$276,297</u>	<u>\$12,562,238</u>

Defeased Bonds

In 2016, the District defeased Series 2009 School Building Revenue Bonds by depositing the proceeds of new debt into an irrevocable trust with an escrow agent for future debt service payments on \$5,315,000 of the 2009 Series bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt created a deferred outflow resources in the amount of \$355,798. The deferred balance will be amortized to operations yearly for \$34,795 through 2029. As a result of this advance, the District obtained a net present value savings of \$314,834.

In 2020, the District defeased Series 2011 School Building Revenue Bonds by depositing the proceeds of new debt into an irrevocable trust with an escrow agent for future debt service payments on \$3,410,000 of the 2011 Series bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt created a deferred outflow resources in the amount of \$118,475. The deferred balance will be amortized to operations yearly for \$11,848 through 2030. As a result of this advance, the District obtained a net present value savings of \$106,627.

The balance of the deferred loss on refunding as of June 30, 2024 was \$245,061.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 - LONG-TERM DEBT AND LEASE OBLIGATIONS (cont'd)

Intangible Right-to-Use Lease Liabilities

In FY 2022, the District implemented the guidance of GASBS No. 87, *Leases*, for accounting and reporting leases that had previously been reported as operating leases.

The District leases a variety of copier/printers from Ricoh, USA for a term of 36 months. The lease requires a minimum monthly lease payment of \$3,983, plus additional charges for excess usage and excluding applicable taxes. For purposes of discounting future payments on the lease, the District used the interest rate (5.64%) on the lease agreement to determine an appropriate discount rate. The District also leases postage machines from Central Business Systems for a term of 60 months. The lease requires a minimum monthly lease payment of \$217, plus additional charges for excess usage and excluding applicable taxes. For purposes of discounting future payments on the lease, the District used the interest rate (2.47%) on the lease agreement to determine an appropriate discount rate. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note 3. The prior period adjustment is described in Note 18.

Minimum lease payments over the next five years include:

	<u>Lease Payments to Maturity</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY 2025	11,837	111	11,948
	<u>\$11,837</u>	<u>\$111</u>	<u>\$11,948</u>

The following is a summary of the District's long-term debt transactions for the year ended June 30, 2024:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds	\$11,137,000	\$ 810,000	\$1,037,000	\$10,910,000	\$ 1,112,000
Net Bond Premiums (Discounts)	(92,756)	(4,783)	(15,025)	(82,514)	
Lease Liabilities	59,493	-	47,656	11,837	11,837
Sick Leave	366,632	83,935	91,914	358,653	93,014
Total	<u>\$11,470,369</u>	<u>\$ 889,152</u>	<u>\$1,161,545</u>	<u>\$11,197,976</u>	<u>\$ 1,216,851</u>

NOTE 5 - COBRA

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

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 – RETIREMENT PLANS

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

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

Plan description—Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Public Pensions Authority (KPPA), an agency of the Commonwealth of Kentucky. As of April 1, 2021, Kentucky Revised Statute (“KRS”) Section 78.782 shifted the governance of CERS to a separate Board of Trustees of the County Employees Retirement System. The CERS Board manages the CERS trust, including investment management. KPPA provides the day-to-day administration (KRS 61.505) for accounting and benefit administration for CERS. The Kentucky General Assembly has the authority to establish and amend benefit provisions. The Kentucky Public Pensions Authority 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. All district employees participating in CERS are provided benefits through the nonhazardous plan. 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 of service or 65 years old
	Reduced retirement	At least 5 years of service and 55 years old At least 25 years of service and any age
Tier 2	Participation date	September 1, 2008 – December 31, 2013
	Unreduced retirement	At least 5 years of service and 65 years old Or age 57+ and the sum of service years plus age equal 87
	Reduced retirement	At least 10 years of service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years of service and 65 years old Or age 57+ and the sum of service years plus age equal 87
	Reduced retirement	Not available

Cost of living adjustments are provided at the discretion of the General Assembly. In 2013, the General Assembly established funding status thresholds which must be achieved before another COLA can be awarded to retirees. Retirement is based on a factor of the number of years’ service and hire date multiplied by the average of the highest five years’ earnings. Reduced benefits are based on factors of both these components.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 – RETIREMENT PLANS (cont'd)

Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

Employer Contributions – For the year ended June 30, 2024, employer contributions were established by the County Employees Retirement Systems in December 2022. The governing Board establishes employer contribution rates based on the annual actuarial valuation completed in November each year for the fiscal year beginning the following July 1. For fiscal year 2024, the employer contribution rate for CERS nonhazardous pensions was 23.34%. In fiscal year 2023, these rates were 23.4%. (See NOTE 7 for additional rate information for the OPEB plans.)

Employee Contributions – Required contributions by the employee are based on the tier:

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

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

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

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

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

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 – RETIREMENT PLANS (cont'd)

Employees that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation.

Effective July 1, 2008, the System was amended to change the benefit structure for employees hired on or after that date. Members hired after July 1, 2008, must complete 27 years of service, attain age 60 and 5 years of service, or attain age 55 and 10 years of service. The annual retirement allowance for members hired after July 1, 2008, is 1.7% for 10 years or less of service; 2.0% for 10 -20 years; 2.3% for 20 – 26 years; 2.5% for 26 – 30 years; or 3.0% for more than 30 years of service. The annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

In 2021, the Kentucky General Assembly added a fourth tier to the TRS System. Members hired on or after January 1, 2022, will be eligible for a combined defined benefit and defined contribution plan. The defined benefit portion is based on length of service, final average salary, a multiplier, and the annuity option selected by the member. The defined contribution benefit portion (supplemental benefit) is determined by an account balance funded by mandatory and voluntary contributions and the payment options selected by the member.

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

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 – RETIREMENT PLANS (cont'd)

TRS provides disability retirement allowance for members who are totally and permanently disabled after completing at least 5 years of service, but less than 27 years. The disability allowance is equal to 60% of the member's final average salary, payable over an entitlement period equal to 25% of the service credited to the member at the date of disability or five years, whichever is longer. If the member is still disabled after the end of the entitlement period, the member receives a service retirement allowance, including additional service credit for the period of disability retirement.

This extended allowance will not be less than \$6,000 and is not reduced for retirement prior to age 60 or completion of 27 years of service.

TRS provides a death benefit to a surviving spouse of an active member with less than 10 years of service. This benefit is \$2,880 per year unless the spouse has income from other sources that exceed \$6,600 which will reduce this death benefit to \$2,160 per year. A surviving spouse of an active member with 10 or more years of service is eligible for a death benefit actuarially equivalent to the allowance that the member would have received upon retirement. This benefit will commence on the date the deceased member would have been eligible for the service retirement and is payable during the life of the spouse. Additional benefits are provided for unmarried children under age 18 who are also survivors of the deceased member.

If an employee terminates 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.

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

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). Tiers 1, 2, and 3 non-university employees are required to contribute 9.105% of their salaries to the System for pension benefits. (See OPEB discussion for additional contribution rates.) The mandatory pension contribution for Tier 4 non-university employees hired on or after January 1, 2023, is 11%. Employer rates for Tier 4 are 10%. (See OPEB NOTE 7 for additional contribution rates.) 2% of the Tier 4 employee contribution is allocated to the supplemental benefit (defined contribution portion of Tier 4). Those employees may also voluntarily contribute an additional amount, not to exceed the earnings on a paycheck.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 – RETIREMENT PLANS (cont'd)

In 2019, the Kentucky General Assembly increased the employer contribution in the state's biennial budgets to reflect the actuarially determined rates, less the employee contribution. The current funding policy requires appropriations that are the sum of the fixed employer contribution rate set by state law and an additional amount to provide an actuarial determined employer contribution. The pension portion of the statutory (KRS 161.550) contributions for the state (as a nonemployer contributing entity) are as follows:

- 12.355% for nonuniversity members who joined prior to July 1, 2008;
- 13.355% for nonuniversity members who joined after July 1, 2008, but prior to January 1, 2022; or
- 10% for nonuniversity members who joined after January 1, 2022, with 8% to the foundational benefit and 2% to the supplemental benefit.
- See OPEB NOTE 7 for additional contribution rates.

The TRS Board is required to present the actuarially determined annual retirement appropriations payable by the state for Tiers 1, 2, and 3. Tier 4 is a defined contribution tier and does not require amortization of an unfunded liability. This actuarially determined rate is based on an actuarial analysis that is based on a valuation using the following:

- Entry Age Normal actuarial cost method;
- Five-year asset smoothing method;
- 30-year closed amortization period that began fiscal year 2014 to determine the minimum payment which cannot be less than the prior year until the plan reaches a 100% funded ratio;
- 20-year amortization of new sources of unfunded liability; and
- Achieving a 100% funding ratio with the closed period adopted by the Board.

The 2022 Valuation was used to determine these rates for the state's 2023 fiscal year. The total ARC assessed to the State during FY 2023 was 30.665%.

In addition, the State's General Assembly may provide additional contributions to reduce the TRS unfunded liability. The state contributed an additional \$479 million in fiscal year 2022, but no additional amounts were contributed in fiscal year 2023. These additional contributions are not required by statute and are not included in the actuarial projection of future employer contributions.

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

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS of Ky because the Commonwealth of Kentucky provides the pension support directly to TRS of Ky on behalf of the District in a special funding situation.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 – RETIREMENT PLANS (cont'd)

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

District's proportionate share of the CERS net pension liability	\$ 10,342,642
Commonwealth's proportionate share of TRS of Ky net pension liability associated with the District	<u>58,624,533</u>
Total	<u>\$ 68,967,175</u>

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

The District's proportion of the net pension liability for CERS was based on the actuarial liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2023, the District's proportion was 0.1611188 percent. For the year ended June 30, 2024, the District recognized negative pension expense of \$487,530 related to CERS and expense of \$7,786,804 related to TRS of Ky. The District also recognized on-behalf revenue of \$7,786,804 for TRS of Ky support provided by the Commonwealth paid directly to TRS of Ky.

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
Differences between expected and actual experience	\$ 535,419	\$ 28,104
Changes of assumptions	-	947,910
Net difference between projected and actual earnings on pension plan investments	1,117,298	1,258,378
Changes in proportion and differences between District contributions and proportionate share of contributions	187,186	195,371
District contributions subsequent to the measurement date	<u>1,189,487</u>	<u>-</u>
	<u>\$ 3,029,390</u>	<u>\$ 2,429,763</u>

\$1,189,487 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 – RETIREMENT PLANS (cont'd)

Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2025	\$(249,820)
2026	\$(470,804)
2027	\$ 230,890
2028	\$(100,127)
2029	\$ -

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

	<u>CERS</u>	<u>TRS of Ky</u>
Inflation	2.50%	2.5%
Payroll growth rate	2.00%	N/A
Cost-of-living adjustment	0.0%	1.5%
Salary Increases	3.30% - 10.30%	3.0-7.5%
Investment rate of return	6.25%	7.1%
Municipal Bond Index Rate	N/A	3.66%

For CERS, mortality tables used for active members was the PUB-2014 General Mortality table for the non-hazardous system, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. For healthy retired members and beneficiaries, the mortality table used is a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the table used is the PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

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

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years, at a minimum. The most recent analysis, performed for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 – RETIREMENT PLANS (cont'd)

The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized the table below. The current long-term inflation assumption is 2.3% per annum for both the non-hazardous and hazardous plan.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity:	60.00%	
Public Equity	50.00%	5.90%
Private Credit	10.00%	11.73%
Fixed Income:	20.00%	
Core Bonds	10.00%	2.45%
High Yield Credit	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected:	20.00%	
Real Estate	7.00%	4.99%
Real Return	<u>13.00%</u>	5.15%
Total	<u>100.00%</u>	
Expected Real Return		5.75%
Long Term Inflation Assumption		<u>2.50%</u>
Expected Nominal Return for Portfolio		<u>8.25%</u>

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equity	35.4%	5.0%
Small Cap U.S. Equity	2.6%	5.5%
Developed International Equity	15.7%	5.5%
Emerging Markets Equity	5.3%	6.1%
Fixed Income	15.0%	1.9%
High Yield Bonds	5.0%	3.8%
Other Additional Categories	5.0%	3.6%
Real Estate	7.0%	3.2%
Private Equity	7.0%	8.0%
Cash	<u>2.0%</u>	1.6%
Total	<u>100.0%</u>	

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 – RETIREMENT PLANS (cont'd)

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

For TRS of Ky, the discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. The actuary 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 fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.50%	6.50%	7.50%
District's proportionate share of net pension liability	\$ 13,058,210	\$ 10,342,642	\$ 8,085,902
KTRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability	\$ 0	\$ 0	\$ 0

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

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 – RETIREMENT PLANS (cont'd)

Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, was amended by GASBS No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The GASB standards allow entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities for these defined contribution plans from their financial statements. The District therefore does not show these assets and liabilities in this financial statement.

NOTE 7 – POST-EMPLOYMENT HEALTH CARE BENEFITS

The District's employees are provided with two OPEB plans, based on each position's college degree requirement. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification. The Teachers Retirement System of Kentucky (TRS of Ky) covers positions requiring teaching certification or otherwise requiring a college degree. Retired District employees receive some health care benefits depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advance funded on an actuarially determined basis through the CERS and TRS of Ky plans. The change in governance for CERS discussed in NOTE 6 for pension plan governance also applies to the CERS OPEB plans. The Kentucky Public Pensions Authority's publicly available financial report includes the CERS OPEB plan reports and may be obtained from <http://kyret.ky.gov/>. TRS of Ky issues a publicly available financial report that can be obtained at http://www.TRS of Ky.ky.gov/05_publications/index.htm.

CERS Other Postemployment Benefits

Plan Description— All District employees participating in CERS are provided benefits through the nonhazardous plan. CERS health insurance benefits are subject to various participation dates to determine eligibility and health insurance contribution rates. For employees who initiated participation in the CERS system prior to July 1, 2003, CERS pays a percentage of the monthly contribution rate for insurance covered based on the retired member's years of service and type of service. Non-hazardous members receive a contribution subsidy for only the member's health insurance premium.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – POST-EMPLOYMENT HEALTH CARE BENEFITS (cont'd)

Benefits Provided—Percentage of premium subsidies ranges from 0% for less than 4 years of service to 100% for 20 years or more of service. For members who initiated participation in the CERS system after July 1, 2003 until August 31, 2008, members must have 120 months of service in a state-administered retirement system to qualify for participation in the CERS health plans. Members who began participating with CERS on or after September 1, 2008, must have 180 months of service upon retirement to participate in the CERS health plans. Non-hazardous retirees receive \$10 toward the monthly premium for each full year of service.

Contributions—CERS allocates a portion of the employer contributions to the health insurance benefit plans. Beginning with the 2023 measurement, the CERS nonhazardous OPEB plan was over funded and employer contributions were decreased to zero. CERS allocated 0.0% in FY 2024 and 3.39% in FY 2023 for the actuarially required contribution rate paid by employers for funding the nonhazardous healthcare benefit. In addition, 1% of the Tier 2 and 3 employee contributions are allocated to the health insurance plan for nonhazardous plans.

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

At June 30, 2024, the District reported an asset of \$222,539 for its proportionate share of the CERS collective net OPEB asset. The collective net OPEB asset was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective net OPEB asset was based on a projection of the District's long-term share of contributions to OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the District's proportion was 0.161182 percent. The District recognized a negative OPEB expense of \$466,139 as the OPEB liability and the related deferred outflows of resources decreased and deferred inflows of resources increased.

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

CERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 155,143	\$ 3,159,827
Changes of assumptions	437,941	305,201
Net difference between projected and actual earnings on OPEB plan investments	416,472	468,119
Changes in proportion and differences between District contributions and proportionate share of contributions	121,498	151,958
District contributions subsequent to the measurement date	-	-
	<u>\$ 1,131,054</u>	<u>\$ 4,085,105</u>

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – POST-EMPLOYMENT HEALTH CARE BENEFITS (cont'd)

No district contributions subsequent to the measurement date were reported in deferred outflows since the plan is overfunded and no employer contributions will be assessed until the funded status declines.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District’s OPEB expense as follows:

<u>Year ended June 30:</u>		
2025	\$	(718,937)
2026	\$	(924,068)
2027	\$	(687,306)
2028	\$	(623,740)
2029	\$	-
Thereafter	\$	-

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

Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.30% - 10.30%, for non-hazardous, depending on years of service
Inflation rate	2.50%
Healthcare cost trend rates:	
Under 65	Initial trend rate starts at 6.40%, January 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Ages 65 and Older	Initial trend starting at 6.30%, January 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Municipal Bond Index Rate	3.86%
Discount Rate	5.93% non-hazardous

Post-retirement mortality rates (non-disabled) used a system-specific mortality table based on mortality experience from 2013 – 2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2023 valuation were based on an actuarial experience study as of June 30, 2022, and adopted by the CERS Board in May 2023. The investment return, price inflation, and payroll growth assumption were adopted by the Board in May 2023 for use with the June 30, 2023 valuation to reflect future economic expectations.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – POST-EMPLOYMENT HEALTH CARE BENEFITS (cont'd)

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years, at a minimum. The most recent analysis, performed for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized the table below. The current long-term inflation assumption is 2.5% per annum for the nonhazardous plan.

The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized the table below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity:	60.00%	
Public Equity	50.00%	5.90%
Private Credit	10.00%	11.73%
Fixed Income:	20.00%	
Core Bonds	10.00%	2.45%
High Yield Credit	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected:	20.00%	
Real Estate	7.00%	4.99%
Real Return	<u>13.00%</u>	5.15%
Total	<u>100.00%</u>	
Expected Real Return		5.75%
Long Term Inflation Assumption		<u>2.50%</u>
Expected Nominal Return for Portfolio		<u>8.25%</u>

Discount rate – The single discount rate of 5.93% for CERS nonhazardous was used to measure the total OPEB liability as of June 30, 2023. The Single discount rate is based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.86%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2023. Future contributions are projected in accordance with the current funding policy mandated in Ky Revised Statutes 61.565, as amended, which includes the requirement that each participating employer in the System contribute the actuarially determined contribution rate, which is determined using a closed funding period (the Kentucky General Assembly reset the amortization period to 30 years in 2020) and the actuarial assumptions and methods adopted by the Board of Trustees. Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – POST-EMPLOYMENT HEALTH CARE BENEFITS (cont'd)

However, the cost associated with the implicit employer subsidy for non-Medicare retirees is not currently included in the calculation of the System's actuarial determined contributions and any cost associated with the implicit subsidy is not paid out of the System's trust. The implicit rate subsidy is paid by the Commonwealth of Kentucky self-insurance fund, Kentucky Employees Health Plan. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.93%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.93%) 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	\$ 417,620	\$ (222,539)	\$ (758,593)

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

	<u>1% Decrease</u>	<u>Current Health Care Trend Rate</u>	<u>1% Increase</u>
CERS			
District's proportionate share			
of net OPEB liability	\$ (713,275)	\$ (222,539)	\$ 380,285

The Kentucky Public Pensions Authority's publicly available financial report includes financial reports for the CERS OPEB plans and may be obtained from <http://kyret.ky.gov/>.

TRS of Ky Postemployment Health Care Benefits

The Commonwealth of Kentucky (State) reports a liability, deferred outflows of resources and deferred inflows of resources, and expense based on the statutory requirement to contribute to the TRS of Ky Medical Insurance and Life Insurance Plans in a special funding situation for local school districts. Local school districts include a proportionate share of the liability, deferred outflows of resources and deferred inflows of resources, and expenses for the cost-sharing medical insurance plan.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – POST-EMPLOYMENT HEALTH CARE BENEFITS (cont'd)

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

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

Contributions—KRS 161.540 requires non-university members to contribute 3.75% to fund the post-retirement healthcare benefit, including members in Tier 4 hired after January 1, 2023. The Commonwealth of Kentucky contributes three quarters percent (.75%) from a state appropriation and local school district employers contribute three percent (3.00%). Contributions are based on statutory provisions, not an actuarially determined contribution rate.

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

At June 30, 2024, the District reported a liability of 4,371,000 for its proportionate share of the collective net OPEB liability for medical insurance. The collective net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the District's proportion was 0.179469 percent.

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

District's proportionate share of the net OPEB liability	\$ 4,371,000
State's proportionate share of the net OPEB liability associated with the District	<u>3,684,000</u>
Total	<u>\$ 8,055,000</u>

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – POST-EMPLOYMENT HEALTH CARE BENEFITS (cont'd)

For the year ended June 30, 2024, the District recognized a decrease in OPEB expense of \$470,156. In addition, the District recognized on-behalf revenue and expenses of \$286,627 for support provided by the State as a nonemployer contributing entity. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

KTRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,482,000
Changes of assumptions	994,000	-
Net difference between projected and actual earnings on OPEB plan investments	82,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,668,000	1,961,000
District contributions subsequent to the measurement date	342,316	-
	<u>\$ 3,086,316</u>	<u>\$ 3,443,000</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$342,316 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<u>Year ended June 30:</u>	
2025	\$ (266,000)
2026	\$ (206,000)
2027	\$ 82,000
2028	\$ 32,000
2029	\$ (152,000)
Thereafter	\$ (189,000)

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – POST-EMPLOYMENT HEALTH CARE BENEFITS (cont'd)

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

Long-term investment rate of return	7.1%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.00 – 7.20%, including inflation
Inflation rate	3.00%
Wage Inflation	3.50%
Single Equivalent Interest Rate	7.10%, net of OPEB Plan investment expense, including inflation
Healthcare cost trend rates	
Medical Trend	6.75% for FYE 2023 decreasing to an ultimate rate of 4.50% by FY 2032
Medicare Part B Premiums	1.55% for FYE 2023 with an ultimate rate of 4.50% by 2034

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the in the June 30, 2023 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends) used in the June 30, 2022 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation. The health care cost trend assumption was updated for the June 30, 2022 valuation and wash show as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – POST-EMPLOYMENT HEALTH CARE BENEFITS (cont'd)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equity	35.4%	5.0%
Small Cap U.S. Equity	2.6%	5.5%
Developed Internation Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	9.0%	1.9%
High Yield Bonds	8.0%	3.8%
Other Additional Categories	9.0%	3.7%
Real Estate	6.5%	3.2%
Private Equity	8.5%	8.0%
Cash	<u>1.0%</u>	1.6%
Total	<u>100.0%</u>	

Discount rate - The discount rate used to measure the total health care OPEB liability was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection’s basis was an actuarial valuation performed as of June 30, 2020. In addition to the actuarial methods and assumptions of the June 30, 2022 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%
- The pre-65 retiree health care costs for members retired on or after July 1, 2010 were assumed to be paid by either the State or the retirees themselves.
- Administrative expenses, except the administrative fee of \$8 PMPM paid to KEHP by TRS, were assumed to be paid in all years by the employer as they come due and are not considered in the cash flow projections.
- Cash flows occur mid-year.
- Future contributions to the Health Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1)(c).3 and 161.550(5), when the Health Trust achieves a sufficient prefunded status, as determined by the retirement system’s actuary, the following Health Trust statutory contributions are to be decreased, suspended, or eliminated:
 - Employee contributions
 - School District/University Contributions
 - State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – POST-EMPLOYMENT HEALTH CARE BENEFITS (cont'd)

These adjustments were incorporated into the valuation with open group projections that assumed an equal, pro rata reduction to the current statutory amounts in the years if/when the Health Trust is projected to achieve a Funded Ratio of 100% or more. Here, the current statutory amounts are adjusted to achieve total contributions equal to the Actuarially Determined Contribution (ADC), as determined by the prior year's valuation and in accordance with the Health Trust's funding policy (Schedule B). As the specific methodology to be used for the adjustments has yet to be determined, there may be differences between the projected results and future experience. This may also include any changes to retiree contributions for KEHP coverage pursuant to KRS 161.675(4)(b).

- Adjustments to the statutory contributions in future years were based on the following assumptions:
 - Liabilities and cash flows are net of expected retiree contributions and any implicit subsidies attributable to coverage while participating in KEHP.
 - Estimates for new entrants were based on the assumption that active headcounts would remain flat for all future years.

Based on these assumptions, the Health Trust's fiduciary net position was projected to be sufficient to pay benefits.

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

	1% Decrease		Current Discount Rate		1% Increase
KTRS	6.10%		7.10%		8.10%
District's proportionate share					
of MIF net OPEB liability	\$ 5,622,000	\$	4,371,000	\$	3,337,000

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

	1% Decrease		Current Health Care Trend Rate		1% Increase
KTRS					
District's proportionate share					
of net OPEB liability	\$ 3,147,000	\$	4,371,000	\$	5,896,000

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – POST-EMPLOYMENT HEALTH CARE BENEFITS (cont'd)

OPEB plan fiduciary net position – TRS of Ky issues a publicly available financial report that can be obtained at http://www.TRS of Ky.ky.gov/05_publications/index.htm.

TRS 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 \$5,000 payable for members who retire based on service or disability. TRS provides a life insurance benefit of \$2,000 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 – The Commonwealth of Kentucky contributed 0.08% of salary to the Life Insurance Trust for the fiscal year ended June 30, 2024 and 0.08% for fiscal year June 30, 2023. The actuarial determined contribution rate for FY 24 was 0.08% and 0.08% for FY 23.

TRS OPEB Liabilities, 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 for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District’s proportionate share of the net OPEB liability	\$	-0-
State’s proportionate share of the net OPEB liability associated with the District		<u>91,000</u>
Total		<u>\$ 91,000</u>

For the year ended June 30, 2024, the District recognized OPEB revenue and expense of \$9,068 for support provided by the State.

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – POST-EMPLOYMENT HEALTH CARE BENEFITS (cont’d)

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the in the June 30, 2023 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends) used in the June 30, 2023 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation. The health care cost trend assumption was updated for the June 30, 2023 valuation and was shown as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	40.0%	5.2%
Developed Internation Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	21.0%	1.9%
Other Additional Categories	5.0%	4.0%
Real Estate	7.0%	3.2%
Private Equity	5.0%	8.0%
Cash	2.0%	1.6%
Total	100.0%	

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – POST-EMPLOYMENT HEALTH CARE BENEFITS (cont'd)

Single Equivalent Interest Rate - The discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2022. In addition to the actuarial methods and assumptions of the June 30, 2022 actuarial valuation, the following actuarial methods and assumptions were used in the projection of the Life Trust's cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.
- The employer will contribute the Statutory Contribution in accordance with the Life Trust's funding policy.
- Administrative expenses were assumed to be paid in all years by the employer as they come due and are not considered in the cash flow projections.
- Active employees do not explicitly contribute to the plan.
- Cash flows occur mid-year.

Based on these assumptions, the Life Trust's fiduciary net position was projected to be sufficient to pay all benefits for all current members.

OPEB plan fiduciary net position – TRS of Ky issues a publicly available financial report that can be obtained at http://www.TRSofKy.ky.gov/05_publications/index.htm.

NOTE 8 – ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. At June 30, 2024, this amount totaled \$358,653.

NOTE 9 - INSURANCE AND RELATED ACTIVITIES

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

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 - CONTINGENCIES

Funding for the District's Grant Funds is provided by federal, state and local government agencies. These funds are to be used for designated purposes only. If, based upon the grantor's review, the funds are considered not to have been used for the intended purpose the grantor may request a refund of monies advanced, or to refuse to reimburse the District for its disbursements. The amount of such future refunds and un-reimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantor's satisfaction that the funds provided are being spent as intended and the grantor's intent to continue their programs. In addition, the District operates in a heavily regulated environment. The operations of the District are subject to the administrative directives, rules and regulations of federal and state regulatory agencies, including, but not limited to, the U.S. Department of Education and the Kentucky Department of Education. Such administrative directives, rules and regulations are subject to change by an act of Congress or the Kentucky Legislature or an administrative change mandated by the Kentucky Department of Education. Such changes may occur with little or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for worker's compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage.

Contributions to the Workers' Compensation Fund are based on premium rates established by such a fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four months after the expiration of the self-insurance term. The liability insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage, and for any reason, by giving ninety days notice. In the event the Trust terminated coverage, any amount remaining in the Fund would be returned to the member on a pro rata basis.

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

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – RISKS AND UNCERTAINTIES

Prior to the year ended June 30, 2024, the World Health Organization declared the coronavirus disease (COVID-19) outbreak to be a pandemic. COVID -19 continues to spread across the globe and is impacting worldwide economic activity. The continued spread of the disease represents a significant risk that operations will continue to be disrupted for the foreseeable future. The full extent to which COVID-19 impacts the District will depend on future developments which are highly uncertain and cannot be predicted.

NOTE 13 - DEFICIT OPERATING/ FUND BALANCES

The Food Service Fund is operating with a deficit fund balance of \$704,407 at June 30, 2024. The Day Care Fund is operating with a deficit fund balance of \$198,075 at June 30, 2024. The Construction Fund is operating with a deficit fund balance of \$1,430,144 at June 30, 2024. The following funds had operations that resulted in a current year deficit after transfers and other financing sources (see Note 14) resulting in the following reductions of fund balances:

Food Service Fund	\$707,837
Day Care Fund	\$722,828
Debt Service	\$81,123
General Fund	\$1,065,657
Construction Fund	\$1,502,954

NOTE 14 – INTERFUND TRANSACTIONS

The following transfers were made during the year:

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Special Revenue	KETS Matching	\$46,235
Special Revenue	General	Indirect Costs	\$134,468
Capital Outlay	General	Capital Outlay	\$227,853
Food Service	General	Expense Reimbursement	\$97,231
Special Revenue	Construction	Construction	\$251,456
Building Fund	General	Capital Outlay	\$1,056,115
Building Fund	Debt Service	Debt Service	\$1,062,051

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 15 - ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2024, the Commonwealth of Kentucky contributed estimated payments on behalf of the District as follows:

Kentucky Teachers Retirement System	\$	3,822,034
Health & Life Insurance		3,344,683
KISTA		0
Technology		84,494
Debt Service		<u>241,756</u>
Recognized at the Fund Level		<u>7,492,967</u>
Additional pension expense recognized at the Government-Wide Level		<u>7,705,804</u>
Total On-Behalf	\$	<u>15,198,771</u>

These payments were recorded in the appropriate revenue and expense accounts on the statement of revenue, expenses, and changes in fund balance as follows:

General Fund	\$	6,944,842
Food Service Fund		239,244
Day Care Fund		64,004
Techy Tees Fund		3,121
Debt Service Fund		<u>241,756</u>
Total	\$	<u>7,492,967</u>

NOTE 16– LITIGATION

The District is subject to several legal actions in various stages 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 combined financial statements as a result of the cases presently in progress.

NOTE 17– SUBSEQUENT EVENTS

In preparing these financial statements, management of the District has evaluated events and transaction for potential recognition or disclosure through October 31, 2024, the date the financial statements were available to be issued.

NOTE 18 – PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2024 the District noted some errors in beginning balances from the year ended June 30, 2023. These errors were corrected in the current year as follows:

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 18 – PRIOR PERIOD ADJUSTMENT (Cont'd)

	Governmental Activities	General Fund	Special Revenue Fund
Net position as previously reported	\$ 2,298,983	\$ 6,582,802	\$ -
Adjustments:			
Cash	-	(840)	840
Accounts Payable	(9,051)	-	(9,051)
Accumulated amortization intangible lease assets	(4,641)	-	-
Lease liability	4,991	-	-
Net position June 30, 2023, Restated	<u>\$ 2,290,282</u>	<u>\$ 6,581,962</u>	<u>\$ (8,211)</u>

BOURBON COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

**BOURBON COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024**

	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)
COUNTY EMPLOYEES RETIREMENT SYSTEM:									
District's proportion of the net pension liability	0.161188%	0.164700%	0.156773%	0.166160%	0.154150%	0.155450%	0.157920%	0.165770%	15.997000%
District's proportionate share of the net pension liability	\$ 10,342,642	\$ 11,906,185	\$ 9,995,508	\$ 12,744,334	\$ 10,841,509	\$ 9,467,258	\$ 9,243,543	\$ 8,161,818	\$ 6,877,988
District's covered-employee payroll	\$ 4,781,750	\$ 4,919,334	\$ 3,835,627	\$ 4,092,109	\$ 3,839,729	\$ 3,865,927	\$ 3,826,205	\$ 3,956,867	\$ 3,791,962
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	216.29%	242.03%	260.60%	311.44%	282.35%	244.89%	241.59%	206.27%	181.38%
Plan fiduciary net position as a percentage of the total pension liability	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:									
District's proportion of the net pension liability	0%	0%	0%	0%	0%	0%	0%	0%	0%
District's proportionate share of the net pension liability	-	-	-	-	-	-	-	-	-
State's proportionate share of the net pension liability associated with the District	\$ 58,624,533	\$ 60,822,630	\$ 44,429,727	\$ 48,433,907	\$ 46,265,886	\$ 45,830,434	\$ 99,828,329	\$ 109,027,679	\$ 83,178,530
Total	\$ 58,624,533	\$ 60,822,630	\$ 44,429,727	\$ 48,433,907	\$ 46,265,886	\$ 45,830,434	\$ 99,828,329	\$ 109,027,679	\$ 83,178,530
District's covered-employee payroll	\$ 12,146,606	\$ 13,592,510	\$ 12,588,153	\$ 12,146,606	\$ 12,119,074	\$ 12,251,395	\$ 12,608,041	\$ 12,543,395	\$ 12,018,813
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	57.68%	56.41%	65.59%	58.27%	58.80%	59.30%	56.40%	54.60%	55.30%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.
Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

**BOURBON COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
COUNTY EMPLOYEES RETIREMENT SYSTEM:									
Contractually required contribution	\$ 1,189,487	\$ 1,250,752	\$ 1,041,423	\$ 824,700	\$ 964,908	\$ 810,786	\$ 723,668	\$ 738,185	\$ 675,007
Contributions in relation to the contractually required contribution	<u>1,189,487</u>	<u>1,250,752</u>	<u>1,041,423</u>	<u>824,700</u>	<u>964,908</u>	<u>810,786</u>	<u>723,668</u>	<u>738,185</u>	<u>675,007</u>
Contribution deficiency (excess)				0	0	-	-	-	-
District's covered-employee payroll	\$ 5,096,345	\$ 4,256,448	\$ 4,919,334	\$ 4,295,117	\$ 4,257,410	\$ 3,839,729	\$ 3,865,927	\$ 3,826,205	\$ 3,956,867
District's contributions as a percentage of its covered-employee payroll	23.34%	29.38%	21.17%	19.20%	22.66%	21.12%	18.72%	19.29%	17.06%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:									
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 13,260,273	\$ 12,146,606	\$ 13,592,510	\$ 12,588,153	\$ 12,146,606	\$ 12,119,074	\$ 12,251,395	\$ 12,608,041	\$ 12,543,395
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
FOR THE YEAR ENDED JUNE 30, 2024**

COUNTY EMPLOYEES RETIREMENT SYSTEM:

The actuarially determined contribution rates are determined on an annual basis using the actuarial valuation conducted two years prior to the year in which the contribution will be assessed.

2023 Changes of Assumptions –The inflation rate was increased to 2.5% and the investment rate of return was increased to 6.5%. The system specific mortality table was revised to MP-2020 and the base year was changed to 2023.

2020 Changes of Assumptions –The amortization period for the unfunded liability was reset as of June 30, 2019, to a closed 30-year period.

2019 Changes of Assumptions – The 2019 actuarial valuation used updated mortality tables for all categories of members and beneficiaries and a system-specific mortality table for non-disabled retirees. In 2019, mortality rates for active members were based on the PUB-2010 General Mortality table, for the nonhazardous members projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Post-retirement mortality rates (non-disabled) used a system-specific mortality table based on mortality experience from 2013 – 2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The PUB-2010 Disabled Mortality Table is used for post-retirement mortality for disabled retirees with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Previous valuations were based on RP-2000 Combined Mortality Tables.

2017 Changes of Assumptions – For the 2017 actuarial valuation, several key actuarial assumptions were revised. Changes in assumptions prior to 2016 provided minor adjustments to the actuarial measurements. The following table outlines the actuarial methods and assumptions that were used in 2019 and 2016 to determine contribution rates reported for all systems:

Assumption	2017 Valuation	2016 Valuation
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level of Percentage of Payroll, closed	Level of Percentage of Payroll, closed
Remaining Amortization Period	26 Years	27 Years
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Post-retirement benefit adjustments	0.00%	0.00%
Inflation	2.30%	3.25%
Salary Increase	3.3% to 11.55% varies by service), average, including Inflation	4% , average, including Inflation
Investment Rate of Return	6.25% , Net of Pension Plan Investment Expense, including Inflation	7.5% , Net of Pension Plan Investment Expense, including Inflation

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
FOR THE YEAR ENDED JUNE 30, 2024**

COUNTY EMPLOYEES RETIREMENT SYSTEM (Cont'd):

Changes of Benefit Terms -

2014: A cash balance plan was introduced for member whose participation date begins on or after January 1, 2014

2009: A new benefit tier for members who first participate on or after September 1, 2008 was introduced which included the following changes:

1. Tiered Structure for benefit accrual rates
2. New retirement eligibility requirements
3. Different rules for the computation of final average compensation

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

2023 – No changes to benefits or assumptions

2022 Changes of Benefit Terms – A new benefit tier was added for members joining TRS on and after January 1, 2022. Tier 4 includes a foundational benefit (defined benefit) and a supplemental benefit (defined contribution). The foundational benefit changes the condition for retirement to attainment of age 57 and 10 years of service or age 65 and 5 years of service. Members hired before July 1, 2008, were eligible for retirement with 27 years of service or at age 55 with 5 years of service. Members hired after July 1, 2008, but before January 1, 2022, were eligible with 27 years of service, or at age 50 with 5 years of service, or at age 55 with 10 years of service. Multipliers based on service are slightly higher for Tier 4 members.

The supplemental benefit is based on an account balance that includes member and employer contributions plus interest credited annually on June 30. Tier 4 members may opt for an annuitized or lump sum distribution.

2022 Changes of Assumptions – The 2020 experience study was used to adjust rates of withdrawal, retirement, disability, mortality, and rates of salary increases to reflect actual experience more closely. The expectation of mortality was changed to the Pub 2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50% to 7.10% and the price inflation assumption was lowered from 3.00% to 2.50%. In addition, the calculation of SEIR results in an assumption change from 7.50% to 7.10%.

2018 Changes of Assumptions – The 2018 actuarial analysis for TRS of Ky indicated that cash flow for the system would be sufficient to pay benefits in all periods. As a result, the discount rate for the 2018 study was the same as the long-term expected yield of 7.5%. In 2017, the analysis used a blended rate of 4.49% which included the application of the municipal bond index to periods after 2038. The actuarial gains for this change will be recognized over the average remaining service lives for active members (10.6 years for the 2020 valuation) and are creating negative pension expense for the TRS pension system.

2017 Changes of Assumptions – The Single Equivalent Interest Rate was increased from 4.20% to 4.49%.

2016 Changes of Assumptions – The Single Equivalent Interest Rate was decreased from 4.88% to 4.20%. Rates of withdrawal, retirement, disability and mortality were adjusted based on an experience study conducted in 2015. The Assumed Salary Scale, Price Inflation, and Wage Inflation were also decreased.

2015 Changes of Assumptions – The Single Equivalent Interest Rate was decreased from 5.23% to 4.88%.

2014 Changes of Assumptions – The Single Equivalent Interest Rate was increased from 5.16% to 5.23%.

**BOURBON COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2024**

	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
COUNTY EMPLOYEES RETIREMENT SYSTEM:							
District's proportion of the net OPEB liability	0.161182%	0.164672%	0.156799%	0.166111%	0.154110%	0.155440%	0.157920%
District's proportionate share of the net OPEB liability (asset)	\$ (222,539)	\$ 3,249,824	\$ 3,001,838	\$ 4,011,075	\$ 2,592,094	\$ 2,759,860	\$ 3,174,732
District's covered-employee payroll	\$ 4,781,750	\$ 4,919,334	\$ 3,835,627	\$ 4,092,109	\$ 3,839,729	\$ 3,865,927	\$ 3,826,205
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-4.65%	66.06%	78.26%	98.02%	67.51%	71.39%	82.97%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:							
District's proportion of the net OPEB liability	0.179469%	0.256734%	0.180132%	0.181755%	0.179180%	0.179270%	0.193960%
District's proportionate share of the net OPEB liability	\$ 4,371,000	\$ 6,373,000	\$ 3,865,000	\$ 4,587,000	\$ 5,244,000	\$ 6,220,000	\$ 6,916,000
State's proportionate share of the net OPEB liability associated with the District	\$ 3,684,000	\$ 2,094,000	\$ 3,139,000	\$ 3,674,000	\$ 4,235,000	\$ 5,360,000	\$ 5,649,000
Total	<u>\$ 8,055,000</u>	<u>\$ 8,467,000</u>	<u>\$ 7,004,000</u>	<u>\$ 8,261,000</u>	<u>\$ 9,479,000</u>	<u>\$ 11,580,000</u>	<u>\$ 12,565,000</u>
District's covered-employee payroll	\$ 12,146,606	\$ 13,592,510	\$ 10,693,197	\$ 10,714,988	\$ 12,119,074	\$ 12,251,395	\$ 12,608,041
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	35.99%	46.89%	36.14%	42.81%	43.27%	50.77%	54.85%
Plan fiduciary net position as a percentage of the total OPEB liability	52.97%	47.75%	51.74%	39.05%	32.58%	25.50%	21.18%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

**BOURBON COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2024**

	2024	2023	2022	2021	2020	2019	2018
COUNTY EMPLOYEES RETIREMENT SYSTEM:							
Contractually required contribution	\$ -	\$ 193,897	\$ 284,338	\$ 203,397	\$ 114,850	\$ 85,044	\$ 74,491
Contributions in relation to the contractually required contribution	-	193,897	284,338	203,397	114,850	85,044	74,491
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 5,096,345	\$ 4,256,448	\$ 4,919,334	\$ 4,295,117	\$ 4,257,410	\$ 3,839,729	\$ 3,865,927
District's contributions as a percentage of its covered-employee payroll	0.00%	4.56%	5.78%	4.74%	2.70%	2.21%	1.93%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:							
Contractually required contribution	\$ 342,316	\$ 328,160	\$ 340,708	\$ 319,735	\$ 320,873	\$ 311,702	\$ 318,825
Contributions in relation to the contractually required contribution	342,316	328,160	340,708	319,735	320,873	311,702	318,825
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 11,436,442	\$ 12,146,606	\$ 11,340,595	\$ 10,693,197	\$ 12,146,606	\$ 12,119,074	\$ 12,251,395
District's contributions as a percentage of its covered-employee payroll	2.99%	2.70%	3.00%	2.99%	2.64%	2.57%	2.60%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – MEDICAL
INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2024**

COUNTY EMPLOYEES RETIREMENT SYSTEM:

Valuation Date: June 30, 2023

2023 Changes in Actuarial Assumptions: Investment return assumption was raised to 6.50% for the actuarial valuation and the municipal bond rate was raised 3.86%. The single discount rate for the 2023 measurement was increased to 5.93%. Contributions in the 2023 measurement period were based on the 2021 valuation that used an investment return of 6.25%, inflation of 2.3%, and salary increases of 3.3% to 10.30%, depending on service.

2022 Changes in Actuarial Assumptions: Initial rates for health cost trends for retirees under age 65 were lowered from 6.4% to 6.25% and rates for retirees ages 65 or older were increased from 2.9% to 5.5%. Municipal bond index rate was lowered from 2.45% to 1.92% (Fidelity 20-Year Municipal GO AA Index). And the single discount rate for the CERS non-hazardous insurance plan was lowered from 5.34% to 5.20%.

2017 Changes in Actuarial Assumptions: The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions which were changed from the 2016 actuarial valuation, applied to all periods included in the measurement:

Investment rate of Return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	4% average
Inflation rate	3.25%
Healthcare cost trend rates	
Under 65	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years
Ages 65 and Older	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years
Municipal Bond Index Rate	3.56%
Discount Rate	5.84%

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

Valuation Date: June 30, 2023

2023 Changes to Actuarial Assumptions:

- Health care trend rates, as well as the TRS 4 retirement decrements, were updated to reflect future anticipated experience.

2022 Changes to Actuarial Assumptions:

- In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, setbacks, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives.
- The assumed long-term investment rate of return was changed from 8.00% for the Health Trust to 7.10%. The price inflation assumption was lowered from 3.00% to 2.5%.
- The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

2020 Changes to Actuarial Assumptions:

The actuary updated the health care trend rates based on current economic data.

2017 Changes to Benefit Terms:

With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retire prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

**BOURBON COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY - LIFE INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2024**

	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
KENTUCKY TEACHER'S RETIREMENT SYSTEM:							
District's proportion of the net OPEB liability	0%	0%	0%	0%	0%	0%	0%
District's proportionate share of the net OPEB liability	-	-	-	-	-	-	-
State's proportionate share of the net OPEB liability associated with the District	\$ 91,000	\$ 104,000	\$ 42,000	\$ 111,000	\$ 98,000	\$ 92,000	\$ 76,000
Total	<u>\$ 91,000</u>	<u>\$ 104,000</u>	<u>\$ 42,000</u>	<u>\$ 111,000</u>	<u>\$ 98,000</u>	<u>\$ 92,000</u>	<u>\$ 76,000</u>
District's covered-employee payroll	\$ 12,146,606	\$ 13,592,510	\$ 10,693,197	\$ 10,714,988	\$ 12,119,074	\$ 12,251,395	\$ 12,608,041
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	76.91%	73.97%	89.15%	71.57%	73.40%	75.00%	79.99%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

**BOURBON COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - LIFE INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2024**

	2024	2023	2022	2021	2020	2019	2018
KENTUCKY TEACHER'S RETIREMENT SYSTEM:							
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 11,436,442	\$ 12,146,606	\$ 11,340,595	\$ 10,693,197	\$ 12,146,606	\$ 12,119,074	\$ 12,251,395
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – LIFE INSURANCE
PLAN
FOR THE YEAR ENDED JUNE 30, 2024**

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

Valuation Date: June 30, 2023

2022 Changes to assumptions:

- In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, setbacks, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives.
- The assumed long-term investment rate of return was changed from 7.50% for the Life Trust to 7.10%
The price inflation assumption was lowered from 3.00% to 2.5%
- The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

2021 Changes to benefits:

- Tier 4 was added for members joining the system on and after January 1, 2022. Changes to the Life insurance benefit include:
 - \$5,000 for retired members if hired prior to January 1, 2022.
 - \$10,000 for retired members if hired on or after January 1, 2022.
 - \$2,000 for active contributing members if hired prior to January 1, 2022.
 - \$5,000 for active contributing members if hired on or after January 1, 2022

BOURBON COUNTY SCHOOL DISTRICT
SUPPLEMENTAL SCHEDULES

BOURBON COUNTY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2024

	SEEK CAPITAL OUTLAY FUND	FSPK BUILDING FUND	DEBT SERVICE FUND	DISTRICT ACTIVITY FUND	STUDENT ACTIVITY FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS:						
Cash and cash equivalents	\$ -	\$ -	\$ 190,018	\$ 116,174	\$ 407,425	\$ 713,617
TOTAL ASSETS	\$ -	\$ -	\$ 190,018	\$ 116,174	\$ 407,425	\$ 713,617
LIABILITIES:						
Accounts Payable	\$ -	\$ -	\$ -	\$ 1,681	\$ -	\$ 1,681
TOTAL LIABILITIES	-	-	-	1,681	-	1,681
FUND BALANCES:						
Assigned	-	-	-	-	-	-
Restricted	-	-	190,018	114,493	407,425	711,936
TOTAL FUND BALANCES	-	-	190,018	114,493	407,425	711,936
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ -	\$ 190,018	\$ 116,174	\$ 407,425	\$ 713,617

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

	SEEK CAPITAL OUTLAY FUND	FSPK BUILDING FUND	DEBT SERVICE FUND	DISTRICT ACTIVITY FUND	STUDENT ACTIVITY FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES:						
From local sources:						
Taxes:						
Property	\$ -	\$ 1,921,350	\$ -	\$ -	\$ -	\$ 1,921,350
Earnings on investments	-	-	-	-	-	-
Other student activity income	-	-	-	21,262	916,894	938,156
Intergovernmental - State	227,853	196,816	241,756	-	-	666,425
TOTAL REVENUES	<u>227,853</u>	<u>2,118,166</u>	<u>241,756</u>	<u>21,262</u>	<u>916,894</u>	<u>3,525,931</u>
Expenditures:						
Instruction	-	-	-	11,784	856,523	868,307
Instructional Support	-	-	-	3,386	-	3,386
Student transportation	-	-	-	-	-	-
Community Service	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service	-	-	1,384,930	-	-	1,384,930
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>1,384,930</u>	<u>15,170</u>	<u>856,523</u>	<u>2,256,623</u>
Excess (Deficit) of Revenues over Expenditures	227,853	2,118,166	(1,143,174)	6,092	60,371	1,269,308
OTHER FINANCING SOURCES (USES):						
Operating transfers in	-	-	1,062,051	-	-	1,062,051
Operating transfers out	(227,853)	(2,118,166)	-	-	-	(2,346,019)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(227,853)</u>	<u>(2,118,166)</u>	<u>1,062,051</u>	<u>-</u>	<u>-</u>	<u>(1,283,968)</u>
Net Change in Fund Balances	-	-	(81,123)	6,092	60,371	(14,660)
Fund balance - beginning of year	-	-	271,141	108,401	347,054	726,596
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,018</u>	<u>\$ 114,493</u>	<u>\$ 407,425</u>	<u>\$ 711,936</u>

BOURBON COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 SCHOOL ACTIVITY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

	Deposits Held in Custody for Students June 30, 2023	Revenues	Expenses	Deposits Held in Custody for Students June 30, 2024
Bourbon County High School	\$ 242,338	\$ 665,654	\$ 623,475	\$ 284,517
Bourbon County Middle School	78,002	188,942	171,330	95,614
Cane Ridge Elementary	10,162	21,611	23,315	8,458
Bourbon Central Elementary	11,656	28,868	26,742	13,782
North Middleton Elementary	<u>4,896</u>	<u>11,819</u>	<u>11,661</u>	<u>5,054</u>
	<u>\$ 347,054</u>	<u>\$ 916,894</u>	<u>\$ 856,523</u>	<u>\$ 407,425</u>

BOURBON COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
BOURBON COUNTY HIGH SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

ACCOUNTS:	Deposits Held in Custody for Students June 30, 2023	Revenues	Expenses	Deposits Held in Custody for Students June 30, 2024
YOUTH SERVICE CENTER	\$ 403	\$ 501	\$ 250	\$ 654
ARCHERY	9,947	32,229	18,087	24,089
YOUNG WOMEN LEADERSHIP	92	-	-	92
SOPHMORE COLLEGE FIELD TRIP	139	-	-	139
FUNDRAISER KYVL DATABASE	193	-	-	193
FRESHMEN COLLEGE FIELD TRIP	14	-	-	14
WALK IN EVENTS	100	-	-	100
JUNIOR COLLEGE FIELD TRIP	56	-	-	56
RECYCLING CLUB	230	-	54	176
BASKETBALL CONCESSION	-	9,637	9,635	2
ADVANCED PLACEMENT	4,351	1,375	1,301	4,425
ACADEMIC TEAM	533	-	-	533
ART CLUB	265	2,053	947	1,371
BASEBALL	20,592	40,894	31,188	30,298
BOYS BASKETBALL	4,539	40,384	41,722	3,201
GIRLS BASKETBALL	16,188	37,435	38,327	15,296
CHEERLEADING	2,777	38,939	41,716	-
ATHLETIC PROMOTION	20,382	23,788	34,924	9,246
BEST PRACTICE SCHOOL	221	-	-	221
FOOTBALL	4,140	51,510	50,822	4,828
TRACK	2,183	31,571	33,754	-
GOLF	8	-	8	-
BOYS SOCCER	4,135	14,851	15,631	3,355
BOYS TENNIS	133	6,065	4,374	1,824
GIRLS SOFTBALL	13,202	24,590	18,753	19,039
HEALTH SCIENCE	893	1,842	1,495	1,240
SOFTDRINK ACCOUNT	263	216	-	479
DISTRICT CONCESSIONS	-	-	-	-
GIRLS SOCCER	15,118	10,652	21,680	4,090
DISTRICT SOFTBALL	-	-	-	-
DISTRICT BASEBALL	-	-	-	-
BASS FISHING	2,984	51	538	2,497
CROSS COUNTRY	51	36,911	27,048	9,914
TESTING SUPPLIES	20	-	-	20
REGION/DIST/BASKETBALL	-	11,733	11,733	-
FEES	-	15	-	15
COLLEGE CLASSES	-	-	-	-
GERMAN	6	-	-	6
DANCE	5,101	14,721	9,170	10,652
COUNSELORS GROUP	-	770	629	141
BETA	-	3,067	2,885	182
WBBA	136	-	-	136
SMALL ENGINES	-	-	-	-
FOODS	1,071	3,381	1,395	3,057
VOLLEYBALL	4,133	19,046	21,961	1,218

BOURBON COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
BOURBON COUNTY HIGH SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

ACCOUNTS:	Deposits Held in Custody for Students June 30, 2023	Revenues	Expenses	Deposits Held in Custody for Students June 30, 2024
DRAMA CLASS	\$ 12	\$ -	\$ -	\$ 12
ENGLISH	242	-	-	242
WRESTLING REGION TOURNEY	-	-	-	-
SKILLS USA	393	-	-	393
ENGLISH 101 FIELD TRIP	190	-	-	190
DANCE MAROON	-	1,565	1,565	-
FFA	1,353	20,085	18,377	3,061
FFA FARM	29,729	47,447	35,365	41,811
FFA SENIOR TRIP	-	24,748	24,648	100
FFA TRACTOR	-	-	-	-
FFA AG MARKET	155	9,682	8,496	1,341
FCCLA/ FHA	316	1,278	1,070	524
ART DEPT	7	-	-	7
HOMECOMING	-	-	-	-
HORTICULTURE	18,479	16,802	17,761	17,520
2019 SENIOR CLASS TRIP	343	-	-	343
POWDER PUFF FOOTBALL	576	-	64	512
STERLING HEALTHCARE	-	3,000	600	2,400
JOURNALISM	16	63	54	25
SPC ED TRANSITION SERV	172	-	-	172
NAHS (ART)	16	-	-	16
NATIONAL HONOR SOCIETY	722	2,330	1,793	1,259
OFFICE/ INTEREST	8,613	14,756	12,518	10,851
PSAT	115	-	-	115
SPECTRUM CLUB	45	-	-	45
PE	-	-	-	-
PROM	10,829	8,303	9,844	9,288
SCHOOL PLAY	17,513	8,027	6,088	19,452
HUMANITIES	-	-	-	-
SHH/ SPANISH CLUB	651	-	-	651
STUDENT INCENTIVES	97	543	200	440
STUDENT GOVERNMENT	17	-	-	17
VO AG MECHANICS	2,640	11,291	8,962	4,969
ANIMAL SCIENCE	693	-	-	693
MSD COMMUNITY BASE	-	6	-	6
SENIOR GAMES	-	-	-	-
Y CLUB	34	6,998	6,653	379
SPANISH FIELD TRIP	-	-	-	-
PROJECT GRAD CLASS 2024	2	3,195	3,068	129
SPECIAL ED CLASS TRIPS	-	-	-	-

BOURBON COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
BOURBON COUNTY HIGH SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

ACCOUNTS:	Deposits Held in Custody for Students June 30, 2023	Revenues	Expenses	Deposits Held in Custody for Students June 30, 2024
FLORAL DESIGN	\$ -	\$ -	\$ -	\$ -
TRAP TEAM	-	-	-	-
FACULTY CLUB SOCIAL	2	-	-	2
PEP CLUB	1,558	295	276	1,577
YEARBOOK ACCOUNT	1,136	275	-	1,411
FCA	924	-	150	774
WRESTLING	702	7,423	7,040	1,085
SMOKE & PAY	-	245	-	245
STUDENT PARKING	-	35	-	35
SPRAY PAINTING	-	-	-	-
SWIMMING	589	600	1,189	-
SCIENCE & ENVIRONMENT	-	360	150	210
PENNIES FOR PATIENTS	87	-	-	87
CATS- STUDENTS REWARDS	-	-	-	-
DECA	-	-	-	-
HOSA	545	1,409	1,355	599
CHORUS	185	-	-	185
KEY CLUB	2,864	3,459	2,566	3,757
PARIS ROTARY INTERACT CLU	680	765	54	1,391
BOWLING	3,249	4,259	6,368	1,140
E-SPORTS	-	600	216	384
GIRLS GOLF	-	2,053	1,686	367
FRIENDS OF RACHEL	-	-	-	-
BOYS & GIRLS BB CAMP	-	-	-	-
UNCLAIMED MONIES	-	-	-	-
PLAN B GIRLS CHRISTMAS TO	-	-	-	-
PLAN B CONCESSIONS MONEY	-	-	-	-
GIRLS TENNIS	-	-	-	-
COLONELETTE SCHOLARSHIP	-	-	-	-
WLC	-	-	-	-
BCHS PRESCHOOL	-	-	-	-
COFFEE FUND MSD ROOM	562	3,441	3,183	820
BCHS BAND	-	-	-	-
RISE	479	-	-	479
WOMEN IN AG	-	-	-	-
CHILD DEV	-	-	-	-
RESTITUTION	211	-	-	211
BACK PACK FUND	-	-	-	-
LIBRARY- DIST ACTIVITY	-	104	104	-
PICTURE DISTRICT	-	705	705	-

BOURBON COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
BOURBON COUNTY HIGH SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

ACCOUNTS:	Deposits Held in Custody for Students June 30, 2023	Revenues	Expenses	Deposits Held in Custody for Students June 30, 2024
FEE-BASIC DISTRICT	\$ (4)	\$ -	\$ -	\$ (4)
FEE- VO DISTRICT	-	-	-	-
FEE- ART	-	1,265	1,265	-
FEE- BATTERIES DISTRICT	-	-	-	-
FEE- CULINARY DISTRICT	-	-	-	-
FEE- FASHION- DISTRICT	-	-	-	-
FEE- HORTICULTURE	-	-	-	-
FEE- PARKING DISTRICT	-	-	-	-
FEE- SCIENCE	-	-	-	-
FEE- TEXTBOOK DISTRICT	-	15	15	-
FUNDRAISING DISTRICT	-	-	-	-
FEE- WOMEN IN AG	-	-	-	-
GENERAL ATHLETIC FUND	-	-	-	-
TOTALS	<u>\$ 242,338</u>	<u>\$ 665,654</u>	<u>\$ 623,475</u>	<u>\$ 284,517</u>

BOURBON COUNTY BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2024

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Name of Grant - Grant ID No.</i>	<i>Federal Expenditures(\$)</i>
Passed Through Kentucky Department of Education			
United States Department of Agriculture			
Child Nutrition Cluster-Cluster			
National School Lunch Program (NSLP)			
National School Lunch Program (NSLP)	10.555	4000823 COMMODITIES	136,042
School Breakfast Program	10.553	7760005-23	96,887
School Breakfast Program	10.553	7760005-24	373,663
National School Lunch Program (NSLP)	10.555	7750002-23	271,875
National School Lunch Program (NSLP)	10.555	7750002-24	973,087
National School Lunch Program (NSLP)	10.555	9980000-23	83,645
Summer School Feeding Program	10.559	7740023-23	38,974
Summer School Feeding Program	10.559	7740023-24	6,203
Summer School Feeding Program	10.559	7690024-23	4,033
Summer School Feeding Program	10.559	7690024-24	639
Total Child Nutrition Cluster-Cluster			1,985,048
Child and Adult Care Food Program	10.558	7790021-23	29,415
Child and Adult Care Food Program	10.558	7790021-24	104,022
Child and Adult Care Food Program	10.558	7800016-23	2,028
Child and Adult Care Food Program	10.558	7800016-24	7,181
Total Child and Adult Care Food Program			142,646
Child Nutrition Discretionary Grant	10.579	7840027-21	75,000
State Administrative Expenses for Child Nutrition	10.560	7700001-21	3,753
Total United States Department of Agriculture			2,206,447
United States Department of Education			
Special Education Cluster (IDEA)-Cluster			
Special Education - Grants to States (IDEA, Part B)	84.027	3810002-21	1,493
Special Education - Grants to States (IDEA, Part B)	84.027	3810002-22	407,588
Special Education - Grants to States (IDEA, Part B)	84.027	3810002-23	18,270
Total Special Education - Grants to States (IDEA, Part B)			427,351
Special Education - Preschool Grants (IDEA Preschool)			
Special Education - Preschool Grants (IDEA Preschool)	84.173	3800002-22	4,692
Special Education - Preschool Grants (IDEA Preschool)	84.173	3800002-21	5
Special Education - Preschool Grants (IDEA Preschool)	84.173	3800002-23	40,044
Total Special Education - Preschool Grants (IDEA Preschool)			44,741
Total Special Education Cluster (IDEA)-Cluster			472,092
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)			
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	3100002-21	406
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	310000-22	55,797
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	310000-23	549,469
Total Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)			605,672

The accompanying notes are an integral part of this schedule

BOURBON COUNTY BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2024

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Name of Grant - Grant ID No.</i>	<i>Federal Expenditures(\$)</i>
<i>Migrant Education — State Grant Program (Title 1, Part C of ESEA)</i>			
Migrant Education — State Grant Program (Title 1, Part C of ESEA)	84.011	3110002-22	66,128
Migrant Education — State Grant Program (Title 1, Part C of ESEA)	84.011	3110002-23	170,913
<i>Total Migrant Education — State Grant Program (Title 1, Part C of ESEA)</i>			<u>237,041</u>
 <i>Career and Technical Education--Basic Grants to States (Perkins V)</i>			
Career and Technical Education--Basic Grants to States (Perkins V)	84.048	3710002-23	27,513
<i>Total Career and Technical Education--Basic Grants to States (Perkins V)</i>			<u>27,513</u>
 <i>Twenty-First Century Community Learning Centers</i>			
Twenty-First Century Community Learning Centers	84.287	3400002-21	25,676
Twenty-First Century Community Learning Centers	84.287	3400002-22	353,851
<i>Total Twenty-First Century Community Learning Centers</i>			<u>379,527</u>
 <i>English Language Acquisition State Grants</i>			
English Language Acquisition State Grants	84.365	3300002-22	889
English Language Acquisition State Grants	84.365	3300002-23	16,917
<i>Total English Language Acquisition State Grants</i>			<u>17,806</u>
 <i>Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)</i>			
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	3230002-22	1,799
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	3230002-23	88,818
<i>Total Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)</i>			<u>90,617</u>
 <i>Comprehensive Literacy Development</i>			
Comprehensive Literacy Development	84.371	3220002-19	1,125
Comprehensive Literacy Development	84.371	3220002-21	101,346
Comprehensive Literacy Development	84.371	3220002-22	57,613
Comprehensive Literacy Development	84.371	3220002-23	271,226
<i>Total Comprehensive Literacy Development</i>			<u>431,310</u>
 <i>Student Support and Academic Enrichment Program</i>			
Student Support and Academic Enrichment Program	84.424	3420002-22	28,678
Student Support and Academic Enrichment Program	84.424	3420002-23	12,479
<i>Total Student Support and Academic Enrichment Program</i>			<u>41,157</u>

The accompanying notes are an integral part of this schedule

BOURBON COUNTY BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2024

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Name of Grant - Grant ID No.</i>	<i>Federal Expenditures(\$)</i>
Education Stabilization Fund (ESF)			
Education Stabilization Fund (ESF)	84.425U	COVID-19 ESSER III--4300002-21	803,648
Education Stabilization Fund (ESF)	84.425C	COVID-19 GEER II--4000002-20	3,484
Education Stabilization Fund (ESF)	84.425D	COVID-19 ESSER FUND II DIRECT-4200002-21	-368
Education Stabilization Fund (ESF)	84.425U	COVID-19 ARP ESSER-4300005-21	118,071
Education Stabilization Fund (ESF)	84.425U	DEEPER LEARNING GRANT--563I	24,468
Education Stabilization Fund (ESF)	84.425W	COVID-19 ARP ACT HOMELESS CHILDREN & YOUTH--4980002-21	20,394
Total Education Stabilization Fund (ESF)			<u>969,697</u>
Pass thru Berea College			
<i>Gaining Early Awareness and Readiness for Undergraduate Programs</i>			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	GEAR UP 4.0 YR 2--614F	2,272
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	GEAR UP 4.0 YR 2--614I	1,330
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	GEAR UP 4.0 YR 2--614J	3,081
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	GEAR UP 4.0 YR 2--614K	5,752
<i>Total Gaining Early Awareness and Readiness for Undergraduate Programs</i>			<u>12,435</u>
Pass thru Workforce Development Cabinet			
<i>Adult Education--Basic Grants to States</i>			
Adult Education--Basic Grants to States	84.002	365K	3,000
Adult Education--Basic Grants to States	84.002	464J	-116
Adult Education--Basic Grants to States	84.002	337K	97
Adult Education--Basic Grants to States	84.002	380K	2,800
Adult Education--Basic Grants to States	84.002	464K	31,300
<i>Total Adult Education--Basic Grants to States</i>			<u>37,081</u>
Total Department of Education			<u>3,321,948</u>
Direct Thru US Department of Health and Human Services			
<i>Head Start</i>			
Head Start	93.600	HEAD START--655J	39,384
Head Start	93.600	HEAD START--655G	244,463
Head Start	93.600	HEAD START--655K	1,886,075
<i>Total Head Start</i>			<u>2,169,922</u>

The accompanying notes are an integral part of this schedule

BOURBON COUNTY BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2024

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Name of Grant - Grant ID No.</i>	<i>Federal Expenditures(\$)</i>
<i>CCDF Cluster-Cluster</i>			
Child Care and Development Block Grant			
Child Care and Development Block Grant	93.575	COVID-19 CARES CHILDCARE START UP--658FP	1,497
Child Care and Development Block Grant	93.575	COVID-19 ARPA CHILD CARE SUSTAINMENT--576I	485,385
<i>Total CCDF Cluster-Cluster</i>			<u>486,882</u>
<i>Total Department of Health and Human Services</i>			<u><u>2,656,804</u></u>
<i>Total Expenditures of Federal Awards</i>			<u><u>\$ 8,185,199</u></u>

The accompanying notes are an integral part of this schedule

The accompanying notes are an integral part of this schedule

**BOURBON COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024**

NOTE 1- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Bourbon County School District under the programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance). Because the schedule presents only a selected portion of operations of the Bourbon County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 1) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- 2) Bourbon County School District did not elect to use the 10% de minimus indirect cost rate.

NOTE 3 – FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2024, the District received food commodities totaling \$136,042.

NOTE 4 – SUBRECIPIENTS

The District did not pass through any federal awards to a subrecipient in the current fiscal year.

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**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***

To the Kentucky State Committee for School District Audits
Members of the Board of Education
Bourbon County School District
Paris, KY 40361

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bourbon County School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Bourbon County School District's basic financial statements, and have issued our report thereon dated October 31, 2024.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 may exist that have not been identified.

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management for the District in a separate letter dated October 31, 2024.

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.

Summers, McCrary & Sparks, PSC

Lexington, KY
October 31, 2024

SUMMERS, MCCRARY & SPARKS, P.S.C.
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To the Kentucky State Committee for School District Audits
Members of the Board of Education
Bourbon County School District
Paris, KY 40361

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Bourbon County School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Bourbon County School District's major federal programs for the year ended June 30, 2024. The Bourbon County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Kentucky State Committee for School District Audits, in the *Auditor Responsibilities, Cost Principles, and Audit Requirements* sections contained in the Kentucky Public School District's Audit Contract and Requirements. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Bourbon County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the audit requirements prescribed by Kentucky State Committee for School District Audits, in the *Auditor Responsibilities, Cost Principles, and Audit Requirements* sections contained in the Kentucky Public School District's Audit Contract and Requirements 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 Bourbon County School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the audit requirements prescribed by Kentucky State Committee for School District Audits, in the *Auditor Responsibilities, Cost Principles, and Audit Requirements* sections contained in the Kentucky Public School District's Audit Contract and Requirements, we:

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

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

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the 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.

Summers, McCrary & Sparks, PSC

Lexington, KY
October 31, 2024

**BOURBON COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Financial Statement Findings

No findings in the current year

Federal Award Findings and Questioned Costs

No findings in the current year.

**BOURBON COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section II – Financial Statement Findings

No findings in the prior year.

Section III – Federal Award Findings and Questioned Costs

No findings in the prior year.

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Members of the Board of Education
Bourbon County School District
Paris, Kentucky

In planning and performing our audit of the financial statements of Bourbon County 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 financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated October 31, 2024 on the financial statements of the Bourbon County School District

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various district personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Respectfully,

Summers, McCrary & Sparks, PSC

Summers, McCrary & Sparks, PSC
Lexington, Kentucky
October 31, 2024

**BOURBON COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2024**

BOARD

Comment: During the testing of payroll, we found the District's current method for accumulating the approved extended days for personnel in the District is not documented in a format similar to the District Single Salary Schedule. We recommend the District create an extended days salary schedule that includes all positions that receive extended days.

Response: The district will create an extended day schedule per position and have it approved by the board.

SCHOOL ACTIVITY FUNDS

BOURBON COUNTY HIGH SCHOOL

Comment: During our review of A/P and A/R, we found two unrecorded payables. We recommend the bookkeeper review the "Appendix D: Monthly Reports" section of the "Redbook", which states for payables, this report should only list unpaid invoices dated on or before the end of the month.

Response: The bookkeeper has received Redbook Training and better understands the end of year process on the recording of AR and AP at the end of the year.

Comment: During our testing of the annual financial report, we noted one account that ended the year with a negative balance. We recommend the School Treasurer review the "Reporting" section of the "Redbook", which states individual school activity accounts shall not end the fiscal year with a negative balance.

Response: The issue has been corrected in the current year.

Comment: During our testing of the annual financial report, we noted the reconciled cash balance does not tie to the annual financial report. We recommend the bookkeeper review Appendix D – Recommended Report Review Procedures of the "Redbooks", which says to compare and reconcile the ending balance per the reconciliation with the ending balance stated by the bank.

Response: The issue has been corrected in the current year.

**BOURBON COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2024**

STATUS OF PRIOR YEAR COMMENTS

BOARD

No comments in prior year.

SCHOOL ACTIVITY FUNDS

No comments in prior year.