



**Butler County School District**

**FINANCIAL STATEMENTS**

**June 30, 2024**



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# REPORT





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## **Independent Auditor's Report**

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Butler County School District  
Morgantown, Kentucky

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Butler County School District (the "District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

#### ***Basis for Opinions***

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and select pension/OPEB information on pages 4–12 and 72–85 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate 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 February 14, 2025, on our consideration of Butler 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, L.L.C.  
Bowling Green, Kentucky  
February 14, 2025





# FINANCIAL STATEMENTS



## Management's Discussion and Analysis

**BUTLER COUNTY SCHOOL DISTRICT  
MORGANTOWN, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2024**



As management of the Butler 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 audit.

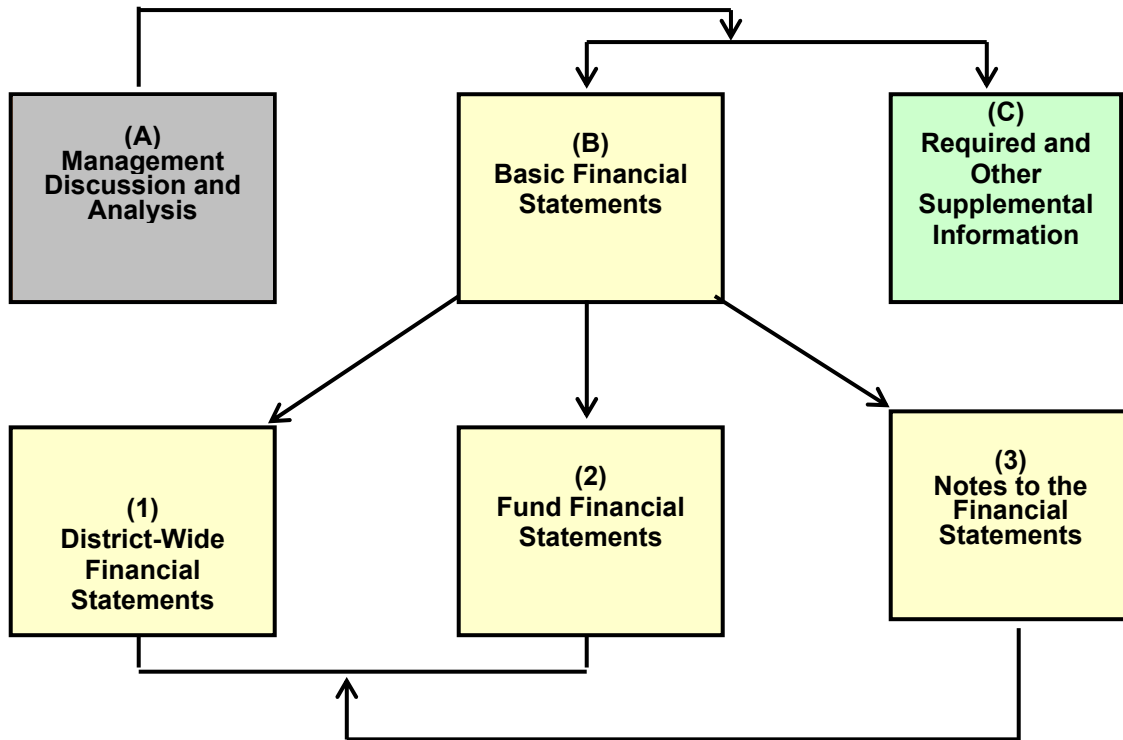
### FINANCIAL HIGHLIGHTS

- The beginning General Fund balance for the District was \$5,837,787. The ending General Fund balance was \$5,548,690.
- The beginning Special Revenue Fund balance for the District was \$166,649. The ending Special Revenue Fund balance was \$177,240.
- The beginning balance for Other Governmental Funds was \$423,701. The ending balance for Other Governmental Funds was \$469,232.
- During the 2014-2015 school year, the District was required to adopt GASB 68. This standard requires the District to accrue a liability for an estimate of the proportionate share of the County Employee's Retirement Systems (CERS) accumulated unfunded net pension liability. On June 30, 2024, the estimate of the District's portion of the unfunded pension liability is \$6,572,686. The state is responsible for funding the unfunded pension liability of the Kentucky Teachers' Retirement System (KTRS). These estimates are based on many factors. A more complete understanding of the GASB 68 and its effect on the financial statements can be obtained in Note 2 and Note 8.

Overview of the Annual Financial Report (AFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Butler County School District as a financial whole, an entire operating entity, in a manner similar to a private-sector business. The annual report consists of three parts: (A) management’s discussion and analysis (this section), (B) the basic financial statements, and (C) required and other supplemental information. The statements then proceed to provide an increasingly detailed look at specific financial activities. The District’s basic financial statements comprise three components: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Organization of the Annual Financial Report



The District-Wide Financial Statements have two sections (1) the *Statement of Net Position* and (2) the *Statement of Activities*. The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District’s finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District’s major funds with all other nonmajor funds presented in total in one column. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### 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. Notes to the financial statements can be found on pages 28 to 71.

### Reporting the School District as a Whole

One of the most important questions asked about the School District is "How did we do financially during the current fiscal year?" The *Statement of Net Position* and the *Statement of Activities*, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those positions. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as Kentucky's SEEK funding formula and its adjustments, the School District's property tax base, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental Activities** – Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extra-curricular activities. The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). Fixed assets and related debt is also supported by taxes and intergovernmental revenues.
- **Business-Type Activities** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District's food service is reported as business activities. These activities are funded through fees, federal grants, and federal commodities.

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$13,741,112 as of June 30, 2024. This was an increase of \$881,516 over the previous year.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, and furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The amount of capital assets, net of related debt was \$18,558,261. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## Management's Discussion and Analysis

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 government-wide financial statements can be found on pages 13 to 16.

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

#### Fund Financial Statements

After looking at the District as a whole, an analysis of the School District's major funds follows. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. 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. Fund accounting 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 two categories: governmental and proprietary funds. The only proprietary fund is the school food fund. A proprietary fund is sometimes referred to as an enterprise fund. It is a fund that operates like a business with sales of goods and services. All other activities of the district are included in the governmental funds. The major governmental funds for the Butler County School District are the general fund and special revenue (grants) fund.

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

**Proprietary Fund** - Proprietary fund uses the same basis of accounting as business-type activities; therefore, the statements for the proprietary fund will essentially match. The only proprietary fund is our food service operations.

The fund financial statements are on page 17 to 27.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position for the period ending June 30, 2023 & June 30, 2024

	Governmental Activities		Proprietary Business-Type Activities		District Total	
	FY2023	FY2024	FY 2023	FY 2024	FY 2023	FY 2024
Current and Other Assets	\$14,905,811	\$8,941,520	\$607,527	\$349,533	\$15,513,338	\$9,291,053
Capital Assets	\$29,997,685	\$34,170,477	\$518,249	\$554,841	\$30,515,934	\$34,725,318
<b>Total Assets</b>	<b>\$44,903,496</b>	<b>\$43,111,997</b>	<b>\$1,125,776</b>	<b>\$904,374</b>	<b>\$46,029,272</b>	<b>\$44,016,371</b>
Deferred Outflows	\$5,142,408	\$4,439,521	\$481,859	\$450,242	\$5,624,267	\$4,889,763
Long Term Liabilities	\$29,070,632	\$24,584,290	\$1,556,185	\$1,095,009	\$30,626,817	\$25,679,299
Other Liabilities (current)	\$4,005,965	\$3,005,726	\$12,039	\$41,002	\$4,018,004	\$3,046,728
<b>Total Liabilities</b>	<b>\$33,076,597</b>	<b>\$27,590,016</b>	<b>\$1,568,224</b>	<b>\$1,136,011</b>	<b>\$34,644,821</b>	<b>\$28,726,027</b>
Deferred Inflows	\$3,781,331	\$5,758,601	\$367,791	\$680,394	\$4,149,122	\$6,438,995
<b>Net Position</b>						
Net Investment in Capital Assets	\$17,976,894	\$19,388,346	\$518,249	\$554,841	\$18,495,143	\$19,943,187
Restricted	\$590,350	\$(37,009)	\$0	\$0	\$590,350	\$(37,009)
Unrestricted Fund	\$(5,379,268)	\$(5,148,436)	\$(846,629)	\$(1,016,630)	\$(6,225,897)	\$(6,165,066)
<b>Total Net Position</b>	<b>\$13,187,976</b>	<b>\$14,202,901</b>	<b>\$(328,380)</b>	<b>\$(461,789)</b>	<b>\$12,859,596</b>	<b>\$13,741,112</b>

Changes in Net Assets for June 30, 2023 and June 30, 2024

Revenues	Governmental Activities		Proprietary Business-Type Activities		District Total	
	FY2023	FY2024	FY2023	FY2024	FY2023	FY2024
Program Revenues						
Charges for Services	\$213,497	\$235,874	\$94,590	\$85,439	\$308,087	\$321,313
Operating Grants and Contributions	\$5,517,477	\$4,426,383	\$2,431,187	\$2,474,493	\$7,948,664	\$6,900,876
Capital Grants and Contributions	\$1,597,280	\$1,543,029			\$1,597,280	\$1,543,029
General Revenue						
Taxes						
Property Tax	\$2,229,972	\$2,501,944			\$2,229,972	\$2,501,944
Motor Vehicle Tax	\$573,552	\$543,299			\$573,552	\$543,299
Utility Tax	\$817,931	\$871,926			\$817,931	\$871,926
Other Tax	\$208,369	\$303,512			\$208,369	\$303,512
State Aid	\$15,344,151	\$19,959,110			\$15,344,151	\$19,959,110
Investment Earnings	\$242,866	\$305,235	\$27,340	\$8,442	\$270,206	\$313,677
Other Revenue	\$1,336,059	\$1,118,577	-\$106,662	-\$108,341	\$1,229,397	\$1,010,236
Gain on Sale of Assets	\$0	\$0			\$0	\$0
<b>Total Revenues</b>	<b>\$28,081,154</b>	<b>\$31,808,889</b>	<b>\$2,446,455</b>	<b>\$2,460,033</b>	<b>\$30,527,609</b>	<b>\$34,268,922</b>

## Management's Discussion and Analysis

<b>Expenses</b>	Governmental Activities		Proprietary Business-Type Activities		District Total	
	FY2023	FY2024	FY2023	FY2024	FY2023	FY2024
Instruction	\$16,495,844	\$19,169,067			\$16,495,844	\$19,169,067
Support Services						
Student Support Services	\$1,136,159	\$1,562,600			\$1,136,159	\$1,562,600
Instructional Staff	\$766,927	\$1,218,342			\$766,927	\$1,218,342
District Administration	\$975,652	\$1,031,381			\$975,652	\$1,031,381
School Administration	\$1,213,665	\$1,301,408			\$1,213,665	\$1,301,408
Business Administration	\$807,566	\$837,194			\$807,566	\$837,194
Plant Operations & Maintenance	\$2,640,102	\$2,883,950			\$2,640,102	\$2,883,950
Student Transportation	\$2,298,220	\$1,896,625			\$2,298,220	\$1,896,625
Other	\$273,353	\$207,842			\$273,353	\$207,842
Food Service Operations	\$0		\$ 2,697,234	\$ 2,599,582	\$2,697,234	\$2,599,582
Interest on Long-Term Debt	\$462,294	\$685,555			\$462,294	\$685,555
<b>Total Expenses</b>	<b>\$27,069,782</b>	<b>\$30,793,964</b>	<b>\$2,697,234</b>	<b>\$2,599,582</b>	<b>\$29,767,016</b>	<b>\$33,393,546</b>

- The District's total revenues were \$34,268,922 and the total expenses were \$33,393,546. Revenue exceeded expenses by \$875,376.
- State revenues accounted for 63% and local taxes accounted for 13% of the revenue.
- Instruction was the major expense category and accounted for 62% of the expense.
- Food service expenses exceeded revenues by \$139,549.

Financial Analysis of the District Funds

Changes in End-of-Year Fund Balances	FY 2023	FY 2024	Amount of Change	% Change
General Fund	\$5,837,787	\$5,548,690	(\$289,097)	-5%
Special Revenue Fund	\$166,649	\$177,240	\$10,591	6%
Other Governmental Funds	\$6,219,337	\$1,256,491	(\$4,962,846)	-80%
School Food Fund	-\$328,380	-\$461,789	(\$133,409)	41%
Total	\$11,895,393	\$6,520,632	(\$5,374,761)	-45%

- The General Fund’s fund balance showed a negative change of \$289,097. This was the result of less federal money to offset higher costs.
- The Special Revenue fund had a positive change of \$10,591. The principal reason for the difference is that in FY 2002 the technology fund was transferred to the special revenue fund. This fund balance will vary from year to year depending on how much state money is received for technology and the time of year received. This is because all other Fund 2 projects must be zero’d out at end-of-year. The only fund left in the Special Revenue fund is technology at year end.
- Other Governmental Fund’s fund balance decreased by \$4,962,846. This was due to a construction project that is near completion.
- The School Food Fund’s fund balance had a \$133,409 decrease. This was primarily the result of purchasing equipment and major repairs.

Comments on General Fund and Special Revenue Budget Comparisons

- The District’s General Fund total revenues for the fiscal year ended June 30, 2024, net of interfund transfers, were \$15,287,209. This is \$140,656 more than was budgeted in the final working budget. The District budgets for its local revenues (taxes, earned interest, and tuition) in a conservative manner.
- Expenditures were less than budgeted, primarily because of unspent contingency funds.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual fund balance being \$289,097 less than the prior year. This was primarily from a decrease in federal money and higher costs.
- The Special Revenue fund budget compared to actual will always differ slightly because the state budget report only shows current fiscal year grant awards. The Special Revenue expenditures will include current year grant expenditures and previous year grant expenditures that were not completed at the end of the previous year.



**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

By June 30, 2024, the district had invested \$34,725,318 in capital assets. This included land, school buildings, athletic facilities, maintenance facilities, computer equipment and administrative offices. The cumulative total initial cost of assets was \$66,931,222 with accumulated depreciation of \$32,205,904.

**SUMMARY OF CAPITAL ASSETS**

CAPITAL ASSETS (net of depreciation)	Governmental Activities		Proprietary Business-Type Activities		District Total	
	FY2023	FY2024	FY2023	FY2024	FY2023	FY2024
Land and improvements	\$671,564	\$642,509	\$0	\$0	\$671,564	\$642,509
Construction in Progress	\$2,385,298	\$7,469,292	\$0	\$0	\$2,385,298	\$7,469,292
Buildings	\$24,981,902	\$23,911,212	\$0	\$0	\$24,981,902	\$23,911,212
Equipment & Furniture	\$1,958,921	\$2,147,464	\$518,249	\$554,841	\$2,477,170	\$2,702,305
<b>Total Assets</b>	<b>\$29,997,685</b>	<b>\$34,170,477</b>	<b>\$518,249</b>	<b>\$554,841</b>	<b>\$30,515,934</b>	<b>\$34,725,318</b>

**Long-Term Debt**

At year-end, the district had \$16.17 million in general obligation bonds outstanding. This was a decrease of 9% from last year.

**BUDGETARY IMPLICATIONS**

It is extremely important that the district continue to budget very conservatively. The district receives approximate 63% of its new general fund revenue each year through the state funding formula (SEEK). On occasions, there have been adjustments that caused a very significant decrease in the funding. The SEEK forecasts from the state should be considered only an estimate of state revenue. If the state does not get the revenue from taxing sources, an adjustment will be made to the funding formula. The district should always be prepared for such reductions in funding.

Approximately 13% of the general fund revenue is from local property tax. The major portion of the tax revenue does not come to the district until the fifth-seventh months. This means the general fund’s beginning fund balance must be used to absorb much of the first four months of expenditures. Provisions must always be made to have a significant fund beginning balance to start each year. The district has an ending fund balance of \$5,548,690 as a beginning balance for next year.

## Management's Discussion and Analysis

By law, the budget must have a minimum 2 % contingency. The beginning fund balance for beginning the fiscal year is \$5,548,690, well above the minimum state requirement. Significant Board action that impacts finances includes additional spending on proposed construction projects and general fund matching dollars for other grants. Many other grants are funded on a reimbursement basis. This requires the district to pay the expenses of the grant and then apply for reimbursement. At year-end, the District's General Fund was due \$243,049 from the special revenue grant fund. The district must continue to monitor the grants constantly and get reimbursements in a timely manner. The district must also maintain a significant cash balance in order to pay the expenses of these grants while waiting for reimbursements.

### DISTRICT CHALLENGES FOR THE FUTURE

The primary challenges for Butler County Schools are to continue to maintain a healthy General Fund balance, ensure student learning, and maintain the average daily attendance count.

With inflation and the overall increase in goods and payroll, the administration of the district has to focus on the finances of the district as a whole. It has been the district's stance to reduce expenditures and be more efficient with expenses, with as little impact on student achievement as possible. One aspect of daily operations that the district has focused on to cut cost has been utilities. Currently the Butler County School District is one of the most efficient school district in the State of Kentucky based on its' kw usage per square foot. In FY2019 all lighting was changed to LED which should make all the schools Energy Star buildings once again and provide a significant savings in energy cost.

The second challenge is to ensure that all students learn at high levels. Maintaining and improving student achievement is essential to the future well-being of our students and our community. Butler County Schools, in cooperation with parents and community, must ensure that all students demonstrate proficient academic performance, as well as positive social and emotional development and growth.

The third challenge mentioned is preserving the average daily attendance count. The district receives funding through the SEEK formula based on this count. History reflects a decrease in enrollment or at best maintaining the previous year's count. Therefore, growth within the district is limited. It is vital that our schools have high attendance percentages and that parents and students continue to choose Butler County Schools when they could be attending elsewhere. Maintaining excellence and emphasizing serving the public are the main factors influencing the district's challenge.

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information they should be directed to Travis Johnson, Director of Financial Services (270) 526-5624, PO Box 339, 203 North Tyler St., Morgantown, KY, 42261 or e-mail at [Travis.Johnson@butler.kyschools.us](mailto:Travis.Johnson@butler.kyschools.us).

**Butler County School District**  
**Statement of Net Position**

<i>June 30, 2024</i>	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash	\$ 4,842,618	\$ 103,196	\$ 4,945,814
Investments	2,899,687	-	2,899,687
Accounts receivable:			
Taxes	158,222	-	158,222
Interest	16,679	-	16,679
Accounts	13,898	-	13,898
Intergovernmental	483,952	155,009	638,961
Inventory	-	58,975	58,975
Prepaid expenses	526,464	8,792	535,256
Non-depreciable capital assets	7,815,928	-	7,815,928
Depreciable capital assets	57,727,197	1,388,097	59,115,294
Less: accumulated depreciation	(31,372,648)	(833,256)	(32,205,904)
Net OPEB Asset	117,861	23,561	141,422
<b>Total assets</b>	<b>43,229,858</b>	<b>904,374</b>	<b>44,134,232</b>
<b>Deferred Outflows of Resources</b>			
Deferred loss on debt refundings	98,536	-	98,536
OPEB related	2,701,164	122,456	2,823,620
Pension related	1,639,821	327,786	1,967,607
<b>Total deferred outflows of resources</b>	<b>4,439,521</b>	<b>450,242</b>	<b>4,889,763</b>
<b>Liabilities</b>			
Accounts payable	944,297	41,002	985,299
Accrued liabilities	480,943	-	480,943
Unearned revenue	52,573	-	52,573
Accrued interest	193,357	-	193,357
Long-term obligations:			
Due within one year:			
Outstanding bonds	1,099,399	-	1,099,399
Other	48,673	-	48,673
Compensated absences	186,484	-	186,484
Due beyond one year:			
Outstanding bonds	15,067,658	-	15,067,658
Other	135,677	-	135,677
Compensated absences	681,139	-	681,139
Net OPEB liability	3,340,000	-	3,340,000
Net pension liability	5,477,677	1,095,009	6,572,686
<b>Total liabilities</b>	<b>27,707,877</b>	<b>1,136,011</b>	<b>28,843,888</b>

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

**Butler County School District**  
**Statement of Net Position**

<i>June 30, 2024</i>	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Deferred Inflows of Resources</b>			
OPEB related	4,491,475	427,090	4,918,565
Pension related	1,267,126	253,304	1,520,430
<b>Total deferred inflows of resources</b>	<b>5,758,601</b>	<b>680,394</b>	<b>6,438,995</b>
<b>Net Position (Deficit)</b>			
Net investment in capital assets	19,388,346	554,841	19,943,187
Restricted for:			
Capital projects	(629,218)	-	(629,218)
Grant programs	177,240	-	177,240
Student activities	386,770	-	386,770
District activities	27,189	-	27,189
Debt service	1,010	-	1,010
Unrestricted (deficit)	(5,148,436)	(1,016,630)	(6,165,066)
<b>Total net position (deficit)</b>	<b>\$ 14,202,901</b>	<b>\$ (461,789)</b>	<b>\$ 13,741,112</b>

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

**Butler County School District**  
**Statement of Activities**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<i>For the year ended June 30, 2024</i>							
<b>Governmental Activities:</b>							
Instruction	\$ 19,169,067	\$ 226,410	\$ 3,402,642	\$ 87,066	\$ (15,452,949)	\$ -	\$ (15,452,949)
Support Services:							
Student	1,562,600	-	241,870	-	(1,320,730)	-	(1,320,730)
Instructional staff	1,218,342	-	313,898	-	(904,444)	-	(904,444)
District administration	1,031,381	-	32,000	-	(999,381)	-	(999,381)
School administration	1,301,408	-	-	-	(1,301,408)	-	(1,301,408)
Business	837,194	-	20,000	-	(817,194)	-	(817,194)
Plant operations and maintenance	2,883,950	9,464	157,668	-	(2,716,818)	-	(2,716,818)
Student transportation	1,896,625	-	67,361	-	(1,829,264)	-	(1,829,264)
Other	207,842	-	190,944	-	(16,898)	-	(16,898)
Building acquisition and construction	-	-	-	819,950	819,950	-	819,950
Interest on long-term debt	685,555	-	-	636,013	(49,542)	-	(49,542)
<b>Total governmental activities</b>	<b>30,793,964</b>	<b>235,874</b>	<b>4,426,383</b>	<b>1,543,029</b>	<b>(24,588,678)</b>	<b>-</b>	<b>(24,588,678)</b>
<b>Business-Type Activities:</b>							
Food services	2,599,582	85,439	2,474,493	-	-	(39,650)	(39,650)
<b>Total business-type activities</b>	<b>2,599,582</b>	<b>85,439</b>	<b>2,474,493</b>	<b>-</b>	<b>-</b>	<b>(39,650)</b>	<b>(39,650)</b>
<b>Total school district</b>	<b>\$ 33,393,546</b>	<b>\$ 321,313</b>	<b>\$ 6,900,876</b>	<b>\$ 1,543,029</b>	<b>(24,588,678)</b>	<b>(39,650)</b>	<b>(24,628,328)</b>

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

**Butler County School District  
Statement of Activities**

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
<i>For the year ended June 30, 2024</i>	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>General Revenues</b>			
Taxes:			
Property	2,501,944	-	2,501,944
Motor vehicle	543,299	-	543,299
Utilities	871,926	-	871,926
Unmined minerals	1,665	-	1,665
Other	301,847	-	301,847
State aid	19,959,110	-	19,959,110
Investment earnings	305,235	8,442	313,677
Other	1,010,236	6,140	1,016,376
Transfers	108,341	(108,341)	-
<b>Total general revenues and transfers</b>	<b>25,603,603</b>	<b>(93,759)</b>	<b>25,509,844</b>
Change in net position (deficit)	1,014,925	(133,409)	881,516
Net position (deficit) - beginning of year	13,187,976	(328,380)	12,859,596
Net position (deficit) - end of year	<b>\$ 14,202,901</b>	<b>\$ (461,789)</b>	<b>\$ 13,741,112</b>

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

**Butler County School District  
Balance Sheet  
Governmental Funds**

<i>June 30, 2024</i>	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Construction Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Cash	\$ 2,893,857	\$ 13,757	\$ 1,470,740	\$ 464,264	\$ 4,842,618
Investments	2,894,719	-	-	4,968	2,899,687
Accounts receivable:					
Taxes	158,222	-	-	-	158,222
Interest	16,679	-	-	-	16,679
Accounts	13,898	-	-	-	13,898
Intergovernmental	-	483,952	-	-	483,952
Due from other funds	243,049	-	-	-	243,049
Prepaid expenses	45,178	-	-	-	45,178
<b>Total assets</b>	<b>\$ 6,265,602</b>	<b>\$ 497,709</b>	<b>\$ 1,470,740</b>	<b>\$ 469,232</b>	<b>\$ 8,703,283</b>

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

**Butler County School District**  
**Balance Sheet**  
**Governmental Funds**

<i>June 30, 2024</i>	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Construction Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 235,969	\$ 24,847	\$ 683,481	\$ -	\$ 944,297
Accrued liabilities	480,943	-	-	-	480,943
Due to other funds	-	243,049	-	-	243,049
Unearned revenue	-	52,573	-	-	52,573
<b>Total liabilities</b>	<b>716,912</b>	<b>320,469</b>	<b>683,481</b>	<b>-</b>	<b>1,720,862</b>
<b>Fund Balances</b>					
Restricted	-	177,240	787,259	469,232	1,433,731
Committed	364,637	-	-	-	364,637
Nonspendable	45,178	-	-	-	45,178
Unassigned	5,138,875	-	-	-	5,138,875
<b>Total fund balances</b>	<b>5,548,690</b>	<b>177,240</b>	<b>787,259</b>	<b>469,232</b>	<b>6,982,421</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,265,602</b>	<b>\$ 497,709</b>	<b>\$ 1,470,740</b>	<b>\$ 469,232</b>	<b>\$ 8,703,283</b>

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



**Butler County School District**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Position**

<i>June 30,</i>	2024
Total fund balances – governmental funds	\$ 6,982,421
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$65,543,125 and the accumulated depreciation is (\$31,372,648).	34,170,477
Prepaid expenses are not financial resources and therefore are not reported as assets in the governmental funds.	(45,178)
Governmental funds record losses on debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are included on the government-wide financial statements as a deferred outflow of resources.	98,536
Special revenue funds record expenditures when paid. Prepaid items are included on the government-wide financial statements as a prepaid expenditures.	526,464
Deferred outflows and inflows of resources related to pensions are applicable to future periods, therefore, are not reported in the funds statements.	372,695
Deferred outflows and inflows of resources related to OPEBs are applicable to future periods, therefore, are not reported in the funds statements.	(1,790,311)
Long-term liabilities, including bonds payable and accrued interests, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Bonds payable	(16,167,057)
Other debt	(184,350)
Accrued interest on the bonds	(193,357)
Net OPEB liability	(3,222,139)
Net pension liability	(5,477,677)
Compensated absences	(867,623)
<b>Total net position – governmental activities</b>	<b>\$ 14,202,901</b>

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

**Butler County School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**

<i>For the year ended June 30, 2024</i>	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Construction Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
From local sources:					
Taxes:					
Property	\$ 2,136,973	\$ -	\$ -	\$ 364,971	\$ 2,501,944
Motor vehicle	543,299	-	-	-	543,299
Utilities	871,926	-	-	-	871,926
Unmined minerals	1,665	-	-	-	1,665
Other	301,847	-	-	-	301,847
Tuition and fees	7,793	-	-	218,617	226,410
Earnings on investments	222,361	7,001	75,617	7,257	312,236
Other local revenue	111,018	49,093	-	674,186	834,297
Intergovernmental - state	16,673,928	1,084,896	-	1,455,963	19,214,787
Intergovernmental - federal	234,496	3,372,459	-	-	3,606,955
<b>Total revenues</b>	<b>21,105,306</b>	<b>4,513,449</b>	<b>75,617</b>	<b>2,720,994</b>	<b>28,415,366</b>
<b>Expenditures</b>					
Current:					
Instruction	12,082,608	3,421,063	-	811,959	16,315,630
Support services:					
Student	1,262,948	241,870	-	-	1,504,818
Instructional staff	635,046	313,898	-	32,194	981,138
District administration	938,675	32,000	-	-	970,675
School administration	1,206,821	-	-	-	1,206,821
Business	791,036	20,000	-	-	811,036
Plant operations and maintenance	2,224,831	157,668	-	10,376	2,392,875

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

**Butler County School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**

<i>For the year ended June 30, 2024</i>	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Construction Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Student transportation	2,045,568	67,361	-	-	2,112,929
Other	-	190,944	-	-	190,944
Debt service:					
Principal	-	-	-	1,568,031	1,568,031
Interest	-	-	-	626,168	626,168
Building acquisition and construction	-	-	5,083,994	-	5,083,994
<b>Total expenditures</b>	<b>21,187,533</b>	<b>4,444,804</b>	<b>5,083,994</b>	<b>3,048,728</b>	<b>33,765,059</b>
Excess (deficiency) of revenues over	(82,227)	68,645	(5,008,377)	(327,734)	(5,349,693)
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	205,698	41,033	-	1,558,186	1,804,917
Operating transfers out	(412,568)	(99,087)	-	(1,184,921)	(1,696,576)
<b>Total other financing sources (uses)</b>	<b>(206,870)</b>	<b>(58,054)</b>	<b>-</b>	<b>373,265</b>	<b>108,341</b>
Net change in fund balances	(289,097)	10,591	(5,008,377)	45,531	(5,241,352)
Fund balances - beginning of year	5,837,787	166,649	5,795,636	423,701	12,223,773
Fund balances - end of year	\$ 5,548,690	\$ 177,240	\$ 787,259	\$ 469,232	\$ 6,982,421

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

**Butler County School District**  
**Reconciliation of the Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**to the Statement of Activities**

<i>Year ended June 30,</i>	2024
Total net change in fund balances - governmental funds	\$ (5,241,352)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays, (\$5,618,635) exceeds depreciation expense, (\$1,445,843), in the period.	4,172,792
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,568,031
The issuance of a debt is shown as an other financing source in the governmental funds, but the proceeds increase long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The district repaid (\$52,212) in debt in the current year.	52,212
Governmental funds report District pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	
District pension contributions	600,940
Cost of benefits earned net of employee contributions	(443,241)
Governmental funds report District OPEB contributions as expenditures. However, in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense.	
District OPEB contributions	251,596
Cost of benefits earned net of employee contributions	315,023
Expenditures reported in the fund financial statements are recognized when the current financial resource is used. However, expenses in the Statement of Activities are recognized when they are incurred.	(261,076)
Change in net position - governmental activities	\$ 1,014,925

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

**Butler County School District**  
**Statement of Net Position**  
**Proprietary Fund**

<i>June 30, 2024</i>	<b>Enterprise Fund Food Service</b>
<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 103,196
Accounts receivable	
Intergovernmental	155,009
Prepaid Expenses	8,792
Inventory	58,975
<hr/>	
Total current assets	325,972
<hr/>	
<b>Non-Current Assets</b>	
Net OPEB asset	23,561
Fixed assets - net	554,841
<hr/>	
Total assets	904,374
<hr/>	
<b>Deferred Outflows of Resources</b>	
OPEB related	122,456
Pension related	327,786
<hr/>	
Total deferred outflows of resources	450,242
<hr/>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	41,002
<hr/>	
Total current liabilities	41,002
<hr/>	
<b>Long-Term Liabilities</b>	
Net pension liability	1,095,009
<hr/>	
Total long-term liabilities	1,095,009
<hr/>	
Total liabilities	1,136,011
<hr/>	

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

**Butler County School District**  
**Statement of Net Position**  
**Proprietary Fund**

	<b>Enterprise Fund Food Service</b>
<i>June 30, 2024</i>	
<hr/>	
<b>Deferred Inflows of Resources</b>	
OBEP related	427,090
Pension related	253,304
<hr/>	
Total deferred inflows of resources	680,394
<hr/>	
<b>Net Position (Deficit)</b>	
Net investment in capital assets	554,841
Unrestricted (deficit)	(1,016,630)
<hr/>	
Total net position (deficit)	\$ (461,789)
<hr/> <hr/>	

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

**Butler County School District**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Fund**

<i>Year ended June 30, 2024</i>	<b>Enterprise Fund Food Service</b>
<hr/>	
<b>Operating Revenues</b>	
Lunchroom sales	\$ 85,439
<hr/>	
Total operating revenues	85,439
<hr/>	
<b>Operating Expenses</b>	
Salaries and wages	922,360
Contract services	164,153
Materials and supplies	1,434,734
Other operating expenses	15,687
Depreciation expense	62,648
<hr/>	
Total operating expenses	2,599,582
<hr/>	
Operating loss	(2,514,143)
<hr/>	
<b>Non-Operating Revenues</b>	
State grants	212,570
Federal grants	2,171,510
Donated commodities	90,413
Interest revenue	8,442
Misc. revenue	6,140
<hr/>	
Total non-operating revenues	2,489,075
<hr/>	
Income before transfers	(25,068)
<hr/>	
Transfers	(108,341)
<hr/>	
Change in net position	(133,409)
<hr/>	
Net position (deficit) - beginning of year	(328,380)
<hr/>	
Net position (deficit) - end of year	\$ (461,789)
<hr/> <hr/>	

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

**Butler County School District**  
**Statement of Cash Flows**  
**Proprietary Fund**

<i>Year ended June 30, 2024</i>	<b>Enterprise Fund Food Service</b>
<hr/>	
<b>Cash flows from operating activities</b>	
Cash received from user charges	\$ 85,439
Cash payments to employees for services	(864,655)
Cash payments for contract services	(164,153)
Cash payments to suppliers for goods and services	(1,338,770)
Cash payments for other operating expenses	(15,687)
<hr/>	
Net cash used in operating activities	(2,297,826)
<hr/>	
<b>Cash flows from noncapital financing activities</b>	
Indirect cost transfer to general fund	(108,341)
Nonoperating grants received	2,179,351
Other income	6,140
<hr/>	
Net cash provided by noncapital financing activities	2,077,150
<hr/>	
<b>Cash flows from capital and related financing activities</b>	
Acquisition of capital assets	(99,240)
<hr/>	
Net cash used by capital and related financing activities	(99,240)
<hr/>	
<b>Cash flow from investing activities</b>	
Interest on investments	8,442
<hr/>	
Net cash provided by investing activities	8,442
<hr/>	
Net decrease in cash	(311,474)
<hr/>	
Cash - beginning of year	414,670
<hr/>	
Cash - end of year	\$ 103,196
<hr/> <hr/>	

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



**Butler County School District**  
**Statement of Cash Flows**  
**Proprietary Fund**

<i>Year ended June 30, 2024</i>	<b>Enterprise Fund Food Service</b>
<b>Reconciliation Of Operating Loss To Net Cash Used In Operating Activities</b>	
Operating loss	\$ (2,514,143)
Adjustments To Reconcile Operating Loss To Net Cash Provided By (Used In)	
Operating Activities:	
Depreciation	62,648
Commodities received	90,413
On-behalf payments received	198,222
OPEB contributions in excess of pension expense	(64,006)
Pension contributions in excess of pension expense	(76,511)
Changes in assets and liabilities:	
Inventories	(14,620)
Prepaid assets	(8,792)
Accounts payable	28,963
Net cash used In operating activities	\$ (2,297,826)

**Noncash Activities**

- The food service fund received \$90,413 of donated commodities from the federal government.
  
- The District received on-behalf payments of \$132,808 relating to insurance benefits.
  
- The District reclassified \$120,110 related to pension expense to deferred outflows of resources.
  
- The District reclassified \$122,455 related to OPEB expense to deferred outflows of resources.

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

## Butler County School District Notes to the Financial Statements

### NOTE 1: DESCRIPTION OF THE ENTITY

#### ***Reporting Entity***

The Butler County Board of Education (the "Board"), a five member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Butler County School District (the "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 of the funds relevant to the operation of the Butler County School District. The financial statements presented herein do not include funds of groups and organizations which, although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc., except for the funds administered as custodial funds.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. The criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization and there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or the nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be incomplete. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applied to governmental units.

#### ***Blended Component Unit***

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements as a blended component unit:

**Butler County School District Finance Corporation** — The Butler County Board of Education resolved to authorize the establishment of the Butler County School District Finance Corporation (a nonprofit, nonstock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Butler County Board of Education also comprise the Corporation's Board of Directors.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Basis of Presentation***

**Government-Wide Financial Statements** — The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the District, except for fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange

## Butler County School District Notes to the Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Basis of Presentation (Continued)*

transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

**Fund Financial Statements** — Fund financial statements report detailed information about the District's funds, including fiduciary funds. Separate statements for each fund category — governmental, proprietary and fiduciary — are presented. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The District has the following funds:

#### **Governmental Fund Types**

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 unassigned fund balances are considered as resources available for use. The general fund is a major fund.

The *Special Revenue Fund* accounts for proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes other than debt service or capital projects. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the schedule of expenditures of federal awards. The special revenue fund is a major fund.

The *Special Revenue District Activity Fund* is used to account for proceeds collected by the District's individual schools which are not raised by students or parents and are swept to the District's finance office. Funds can be spent on operating expenses as directed by the District's schools.

## Butler County School District Notes to the Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Basis of Presentation (Continued)*

##### **Governmental Fund Types (Continued)**

The *Special Revenue Student Activity Fund* is used to account for student activity funds of the District's individual schools. The student funds are maintained in accordance with the Uniform Program of Accounting for School Activity Funds, which is performed by the District.

*Capital Projects Funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations or other governments.

The *Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund* receives those funds designated by the state as capital outlay funds and is restricted for use in financing projects identified in the District's facility plan and certain operating costs.

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 are restricted for use in financing projects identified in the District's facility plan.

The *Construction Fund* accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. The construction fund is a major fund.

The *Debt Service Fund* is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest and other debt related costs.

##### **Proprietary Fund Types**

###### *Enterprise Fund*

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

##### **Fiduciary Fund Types (includes custodial and private purpose trust funds)**

Fiduciary funds account for assets held by the District in a trustee's capacity or in a custodial capacity for others that cannot be used to support the District's own programs. Custodial funds are purely custodial and do not involve measurement of results of operations. District has no fiduciary funds.

###### *Custodial Funds*

Custodial funds are used to report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private purpose trust funds.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Basis of Presentation (Continued)***

**Fiduciary Fund Types (Continued)**

*Private Purpose Trust Fund*

The *Private Purpose Trust Fund* are used to report trust arrangements under which principal and income benefit individuals and the District's operations.

***Measurement Focus and Basis of Accounting***

**Government-Wide, Proprietary and Fiduciary Fund Financial Statements** – The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary and fiduciary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

**Governmental Fund Financial Statements** – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This approach differs from the manner in which the government-wide financial statements are prepared. The governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the fund balance. On this basis of accounting, revenues are recognized when they become measurable and available as assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The records of the District and the budgetary process are based on the modified accrual basis of accounting. This practice is the accounting method prescribed by the Committee for School District Audits. The District is required by state law to adopt annual budgets for the general fund, special revenue fund and capital projects funds.

***Budgetary Information***

Budget information is presented for the General Fund and other funds with a Board approved budget. This budgetary data is prepared on the modified accrual basis of accounting. Budgetary revenues represent original estimates modified for any adjustments approved by the Board during the fiscal year. Budgetary expenditures represent original appropriations adjusted for transfers and additional appropriations approved during the fiscal year. Once the budget is approved, it can be amended by approval of the Board.

## Butler County School District Notes to the Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to compensated absences, pension liability, and OPEB liability.

#### ***Investments***

Investments consist of nonparticipating interest bearing contracts (certificates of deposit) which are reported at cost.

#### ***Inventory***

Supplies and materials are charged to expenditures when purchased (purchases method) with the exception of the proprietary funds and transportation of supplies in the General Fund, which record inventory at the lower of cost, determined by first-in first-out ("FIFO") method, or net realizable value.

#### ***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

#### ***Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000 with the exception of real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

**Butler County School District**  
**Notes to the Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Capital Assets (Continued)***

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	10-12 years
Furniture and fixtures	7 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

***Deferred Inflow and Outflows of Resources – Debt Related***

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. The deferred outflows of resources reported in this year’s financial statements include the deferred amount arising from the refunding of bonds. The amount by which the reacquisition price of the refunding debt exceeds the carrying amount of the refunded debt is being amortized over the remaining life of the refunding bonds as part of interest expense. No deferred outflows of resources affect the governmental funds financial statements in the current year. The deferred inflows of resources reported in the financial statements include the deferred gain on debt defeasance. Th deferred gain is being amortized over the remaining life of the bond as part of other revenues.

***Deferred Inflows and Outflows of Resources – Pension Related***

The District’s statement of net position and proprietary funds statements of net position report a separate section for deferred inflows and outflows of resources related to pension which includes only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions, and differences between projected and actual earnings on plan investments. Deferred outflows include resources for the District’s contributions made subsequent to the measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. Deferred inflows of resources also include changes in the proportion and differences between employee contributions and the proportion share of contributions in the cost sharing plan. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The District will not recognize the related revenues until they are available (collected not later than 60 days after the end of the District’s fiscal year) under the modified accrual basis of accounting. No deferred inflows of resources affect the governmental funds financial statements in the current year.

## Butler County School District Notes to the Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Deferred Inflows and Outflows of Resources – OPEB Related***

The District's statement of net position and proprietary funds statements of net position report a separate section for deferred inflows and outflows of resources related to OPEB which includes only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions, and differences between projected and actual earnings on plan investments. Deferred outflows include resources for the District's contributions made subsequent to the measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. Deferred inflows of resources also include changes in the proportion and differences between employee contributions and the proportion share of contributions in the cost-sharing plan. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The District will not recognize the related revenues until they are available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting. No deferred inflows of resources affect the governmental funds financial statements for the current year.

#### ***Net Pension Liability***

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS)/Teachers Retirement System of the State of Kentucky (KTRS) and additions to/deductions from CERS/KTRS fiduciary net position have been determined on the same basis as they are reported by CERS/KTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The District proportionate share of pension amounts were further allocated to each participating employer based on the contributions paid by each employer. Pension investments are reported at fair value. Note 8 provides further detail on the net pension liability.

#### ***Net Other Post-Employment Benefits (OPEB) Liability***

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Certified Employees Retirement System (CERS)/Teachers Retirement System of the State of Kentucky (KTRS) and additions to/deductions from CERS/KTRS fiduciary net position have been determined on the same basis as they are reported by CERS/KTRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The District's proportionate share of OPEB amounts were further allocated to each participating employer based on the contributions paid by each employer. OPEB investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. Note 9 provides further detail on the net OPEB liability.



## Butler County School District Notes to the Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Post-Employment Health Care Benefits***

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 advanced-funded on an actuarially determined basis through the CERS and the KTRS plans.

#### ***Unearned Revenue***

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

#### ***Compensated Absences***

The District uses the vesting method to compute compensated absences for sick leave. Sick leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits at termination. The District records a liability for accumulated unused sick leave when earned for all employees with more than five years of service.

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

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the funds from which the employees will be paid.

#### ***Accrued Liabilities***

All payables and accrued liabilities are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds.

#### ***Long-Term Obligations***

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

## Butler County School District Notes to the Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Leases**

Lease contracts that provide the District with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

#### **Net Position**

The District classifies its net position into the following three categories:

*Net investment in capital assets* - This represents the District's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

*Restricted* - The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

*Unrestricted* - The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

#### **Property Taxes**

Property taxes collected are recorded as revenues in the fund for which they were levied. The assessment date of the property taxes is January 1 of each year. The levy is normally set during the September board meeting. Assuming property tax bills are mailed timely, the collection date is the period from September 15 through December 31. Collections from the period September 15 through November 1 receive a two percent discount. The due date is the period from November 2 through December 31 in which no discount is allowed. Property taxes received subsequent to December 31 are considered to be delinquent and subject to a lien being filed by the County Attorney.

## Butler County School District Notes to the Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Revenues — Exchange and Non-exchange Transactions**

Revenues resulting from exchange transactions are those 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. Assets from property taxes are normally recognized when an enforceable legal claim arises. However, for the District, an enforceable legal claim arises after the period for which taxes are levied. Property taxes receivable are recognized in the same period that the revenues are recognized. The property taxes are normally levied in September.

On the modified accrual basis of accounting, assets and revenues from property taxes are 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. Revenues from non-exchange transactions must also be available before they can be recognized.

#### ***Interfund Activity***

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and as non-operating revenues/expenses in proprietary funds.

#### ***Interfund Balances***

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

#### ***Contributions of Capital***

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

## Butler County School District Notes to the Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Encumbrances***

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded as reservations of budget, is employed as an extension of the statutory required budgetary process. At year-end, outstanding encumbrances represent material purchase commitments for goods and services which were ordered, budgeted, and appropriated, but had not been received or completed at date. Although encumbrances lapse at year-end, it is the intention to substantially honor these encumbrances under authority provided in the subsequent year's budget. Note 7 provides further detail on the District's encumbrances.

#### **Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

#### **Subsequent Events**

The District has evaluated subsequent events through the date the financial statements were available to be issued, February 14, 2025, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

#### ***Recent Issued and Adopted Accounting Pronouncements***

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The implementation of this standard was not significant to the District.

**Butler County School District**  
**Notes to the Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Recent Accounting Pronouncements***

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The District is evaluating the requirements of the above statements.

**NOTE 3: CASH AND INVESTMENTS**

***Deposits***

At June 30, 2024, the carrying amounts of the District's deposits and investments in certificate of deposits was \$7,845,501 and the bank balances were \$8,633,118 which were covered by federal depository insurance or by collateral held by the bank's agent in the District's name.

The carrying amounts of deposits are reflected in the financial statements in cash and investments as follow:

<i>June 30,</i>	<i>2024</i>
Governmental funds	\$ 4,842,618
Proprietary funds	103,196
	\$ 4,945,814

***Custodial Credit Risk Deposits***

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. However, the District is required by state statute that bank deposits must be collateralized. The District's bank balance of \$8,633,118 was not exposed to custodial credit risk as of June 30, 2024.

***Investments***

The District's investments, nonparticipating interest bearing contracts (certificates of deposit) which are stated at cost, at June 30, 2024 are as follows:

<i>June 30, 2024</i>			
<b>Investments</b>	<b>Rating</b>	<b>Maturities</b>	<b>Cost</b>
Certificate of deposit	N/R	2/15/2025	82,823
Certificate of deposit	N/R	12/4/2024	213,996
Certificate of deposit	N/R	11/17/2024	519,580
Certificate of deposit	N/R	11/17/2024	519,580
Certificate of deposit	N/R	11/17/2024	519,580
Certificate of deposit	N/R	11/17/2024	519,580
Certificate of deposit	N/R	11/17/2024	519,580
Savings Account	N/R	N/A	4,968
			\$ 2,899,687

**Butler County School District**  
**Notes to the Financial Statements**

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

*Interest Rate Risk*

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk*

Under Kentucky Revised Statutes Section 66.480, the District is authorized to invest in obligations of the United States and its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or of its agencies, obligations of any corporation of the United States government, certificates of deposit, commercial paper rated in one of the three highest categories by nationally recognized rating agencies and securities in mutual funds shall be eligible investments pursuant to this section. The District has no investment policy that would further limit its investment choices.

**NOTE 4: INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at June 30, 2024 consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 243,049

The amount represents interfund loans between the General Fund and Special Revenue Fund that are necessary to fulfill the current cash requirements of the Special Revenue Fund.

**Butler County School District**  
**Notes to the Financial Statements**

**NOTE 5: CAPITAL ASSETS**

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

<i>June 30, 2024</i>	<b>Capital Cost</b>			<b>Ending Balance</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements/ Reclassifications</b>	
<b>Governmental Activities:</b>				
Capital assets that are not depreciated:				
Land	\$ 346,636	\$ -	\$ -	\$ 346,636
Construction in progress	2,385,298	5,083,994	-	7,469,292
<b>Total non-depreciable historical cost</b>	<b>2,731,934</b>	<b>5,083,994</b>	<b>-</b>	<b>7,815,928</b>
Capital assets that are depreciated:				
Land improvements	715,057	-	47,413	667,644
Buildings and improvements	49,635,501	37,895	21,202	49,652,194
Technology equipment	1,432,165	-	19,430	1,412,735
Vehicles	3,202,879	258,811	162,369	3,299,321
General	2,497,056	237,935	39,688	2,695,303
<b>Total depreciable historical cost</b>	<b>57,482,658</b>	<b>534,641</b>	<b>290,102</b>	<b>57,727,197</b>
Less accumulated depreciation for:				
Land improvements	390,129	29,055	47,413	371,771
Buildings and improvements	24,653,599	1,108,585	21,202	25,740,982
Technology equipment	1,186,409	26,295	19,430	1,193,274
Vehicles	2,438,731	132,314	162,369	2,408,676
General	1,548,039	149,594	39,688	1,657,945
<b>Total accumulated depreciation</b>	<b>30,216,907</b>	<b>1,445,843</b>	<b>290,102</b>	<b>31,372,648</b>
<b>Total depreciable historical cost, net</b>	<b>27,265,751</b>	<b>(911,202)</b>	<b>-</b>	<b>26,354,549</b>
<b>Governmental activities, capital assets, net</b>	<b>\$ 29,997,685</b>	<b>\$ 4,172,792</b>	<b>\$ -</b>	<b>\$ 34,170,477</b>

**Butler County School District  
Notes to the Financial Statements**

**NOTE 5: CAPITAL ASSETS (CONTINUED)**

<i>June 30, 2024</i>	Capital Cost			Ending Balance
	Beginning Balance	Additions	Retirements/ Reclassifications	
<b>Business-Type Activities:</b>				
Technology equipment	\$ 1,005	\$ -	\$ -	\$ 1,005
General	1,312,098	99,240	24,246	1,387,092
Total depreciable historical cost	1,313,103	99,240	24,246	1,388,097
Less accumulated depreciation for:				
Technology equipment	1,005	-	-	1,005
General	793,849	62,648	24,246	832,251
Total accumulated depreciation	794,854	62,648	24,246	833,256
Business-type activities, capital assets, net	\$ 518,249	\$ 36,592	\$ -	\$ 554,841

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 470,359
Support services:	
Student	1,974
District administration	57,950
School administration	46,826
Facilities operations	713,477
Student transportation	134,267
Other	20,990
Total depreciation expense	\$ 1,445,843



**Butler County School District  
Notes to the Financial Statements**

**NOTE 6: LONG-TERM OBLIGATIONS**

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

<b>Issue Date</b>	<b>Proceeds</b>	<b>Rates</b>
2011	\$ 5,640,000	1.00% - 2.75%
2013 KISTA	257,353	2.000%
2014	1,915,000	2.00% - 3.50%
2015	2,635,000	1.75% - 3.25%
2016 KISTA	178,209	2.000% - 2.625%
2016	3,525,000	1.00% - 2.75%
2018	1,630,000	2.00% - 3.50%
2019 KISTA	268,314	3.00%
2020 KISTA	184,476	2.00%
2021 KISTA	95,733	1.25-1.5%
2021	525,000	2.20%
2022 KISTA	350,769	3.00%
2023	8,545,000	4.00-4.60%

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

The District has entered into "participation agreements" with the School Facility Construction Commission (SFCC). 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 amounts 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.

On March 8, 2023, the District issued \$8,545,000 in Series 2023 Revenue Bonds with interest rates ranging from 4.0% to 4.50% to finance various District projects.

**Butler County School District**  
**Notes to the Financial Statements**

**NOTE 6: LONG-TERM OBLIGATIONS (CONTINUED)**

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the 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	Butler County School District		School Facilities Construction Committee		Total Debt Service
	Interest	Principal	Interest	Principal	
2024—2025	\$ 534,975	\$ 1,046,485	\$ 32,039	\$ 52,914	\$ 1,666,413
2025—2026	510,505	1,072,414	30,667	54,793	1,668,379
2026—2027	481,583	856,181	29,068	56,892	1,423,724
2027—2028	459,167	773,065	27,301	59,081	1,318,614
2028—2029	435,009	804,094	25,422	46,724	1,311,249
2029—2030	409,037	808,954	23,871	48,619	1,290,481
2030—2031	381,246	822,833	22,189	50,644	1,276,912
2031—2032	352,497	852,963	20,376	52,801	1,278,637
2032—2033	322,420	859,883	18,482	55,117	1,255,902
2033—2034	291,704	692,383	16,482	57,617	1,058,186
2034—2035	266,400	714,770	14,368	60,230	1,055,768
2035—2036	240,343	746,691	12,233	53,309	1,052,576
2036—2037	218,293	669,423	10,682	30,577	928,975
2037—2038	192,041	697,525	9,459	32,475	931,500
2038—2039	164,665	725,550	8,160	34,450	932,825
2039—2040	136,168	748,497	6,782	36,503	927,950
2040—2041	104,957	781,270	5,230	38,730	930,187
2041—2042	72,353	813,413	3,584	36,587	925,937
2042—2043	36,762	816,934	1,938	43,066	898,700
	\$ 5,610,125	\$ 15,303,328	\$ 318,333	\$ 901,129	\$ 22,132,915

Maturities of other debt which consists of notes from direct borrowings are as follows for the fiscal years ending:

<i>June 30,</i>	
2025	\$ 48,673
2026	44,003
2027	44,003
2028	44,003
2029	3,668
<b>Total</b>	<b>\$ 184,350</b>

**Butler County School District**  
**Notes to the Financial Statements**

**NOTE 6: LONG-TERM OBLIGATIONS (CONTINUED)**

Changes in long-term obligations are as follows:

<i>June 30, 2024</i>	<b>Balance July 01, 2023</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2024</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities:</b>					
Bonds payable	\$ 17,772,488	\$ -	\$ (1,568,031)	\$ 16,204,457	\$ 1,099,399
Less: (discounts) and premiums - net	(43,973)	-	6,573	(37,400)	-
<b>Total bonds payable</b>	<b>17,728,515</b>	<b>-</b>	<b>(1,561,458)</b>	<b>16,167,057</b>	<b>1,099,399</b>
<b>Other Liabilities:</b>					
Compensated absences	829,497	118,891	(80,765)	867,623	186,484
Other-notes from direct borrowings	236,562	-	(37,342)	199,220	48,673
<b>Total other liabilities</b>	<b>1,066,059</b>	<b>118,891</b>	<b>(118,107)</b>	<b>1,066,843</b>	<b>235,157</b>
<b>Total long-term liabilities</b>	<b>\$ 18,794,574</b>	<b>\$ 118,891</b>	<b>\$ (1,679,565)</b>	<b>\$ 17,233,900</b>	<b>\$ 1,334,556</b>

**NOTE 7: FUND BALANCES**

The Board follows GASB Statement Number 54. Under this statement, fund balance is separated into five categories, as follows:

*Nonspendable fund balances* are 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. The District did had \$45,178 in nonspendable fund balance at June 30, 2024.

*Restricted fund balances* arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2024, the District had \$177,240 restricted in the special revenue fund for technology and local grants, \$386,770 restricted in the student activity fund for student activities, \$27,189 restricted in the district activity fund for district activities, \$1,010 restricted in the debt service fund for debt service, \$54,263 restricted in the FSPK fund for future capital projects, and \$787,259 restricted in the construction fund for future capital projects.

**NOTE 7: FUND BALANCES (CONTINUED)**

*Committed fund balances* are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had the following commitments at June 30, 2024: \$100,000 for future construction, \$175,000 for compensated absences and \$89,637 for SBDM allocation.

*Assigned fund balances* are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. The amount assigned related to encumbrances at June 30, 2024 was \$10,262. Assigned fund balances also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

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

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations using restricted funds first, followed by committed funds, assigned funds and then unassigned funds. Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. Encumbrances remaining open at the end of the fiscal year are automatically rebudgeted in the following fiscal year. Encumbrances are considered a managerial assignment of fund balance at June 30, 2024 in the governmental funds balance sheet.

**NOTE 8: PENSION PLANS**

**Pensions**

Butler County School District participates in the Teachers' Retirement System of the State of Kentucky (KTRS), a blended component unit of the Commonwealth of Kentucky and the County Employees' Retirement System (CERS), a blended component unit of the Commonwealth of Kentucky. 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 KTRS and the CERS and additions to/deductions from KTRS's and CERS's fiduciary net position have been determined on the same basis as they are reported by KTRS and CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**General Information about the KTRS Pension Plan**

**Plan Description**

The KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through 990 of the Kentucky Revised Statutes (KRS). KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS is a cost-sharing multiple-employer defined benefit 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.

**NOTE 8: PENSION PLANS (CONTINUED)**

**Plan Description (Continued)**

KRS 161.250 provides that the general administration and management of KTRS, and the responsibility for its proper operation, is vested in a board of trustees. The board of trustees consists of the chief state school officer, the State Treasurer, two trustees appointed by the governor, and seven elected trustees. Four of the elected trustees are active teachers, two are not members of the teaching profession, and one is an annuitant of the retirement system.

Any regular or special teacher or professional occupying a position requiring certification or graduation from a four year college or university is eligible to participate in the system. KTRS issues a publicly available financial report that can be found on the KTRS website.

**Benefits Provided**

KTRS provides retirement, medical, disability, annual cost of living adjustments, and death benefits to plan members. Plan members are divided into the following two categories:

For Members Hired Before July 1, 2008:

Members become vested when they complete 5 years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

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

Members receive monthly payments equal to 2% (service prior to July 1, 1983) and 2.5% (service after July 1, 1983) of their final average salaries for each year of credited service. Members hired on or 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 10 years. New members hired after July 1, 2002 who retires with 10 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 10 years. In addition, members who retire July 1, 2004 and later with more than 30 years of service will have a multiplier for all years over 30 or 3%.

The final average salary is the member's five highest annual salaries except members at least age 55 with 27 or more years of service may use their three highest annual salaries. For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.

For Members Hired Before July 1, 2008 and Before January 1, 2022:

Members become vested when they complete 5 years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

- 1.) Attain age 60 and complete 5 years of Kentucky service, or
- 2.) Complete 27 years of Kentucky service, or
- 3.) Attain age 55 and complete 10 years of Kentucky service.

The annual retirement allowance for members is equal to: (a) 1.7% of final average salary for each year of credited service if their service is 10 years or less; (b) 2.0% of final average salary for each year of

**NOTE 8: PENSION PLANS (CONTINUED)**

**Benefits Provided (continued)**

credited service if their service is greater than 10 years but no more than 20 years; (c) 2.3% of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) 2.5% of final average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; (e) 3.0% of final average salary for years of credited service greater than 30 years.

The final average salary is the member's 5 highest annual salaries except members at least age 55 with 27 or more years of service may use their 3 highest annual salaries. For all members, 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.

For Members Hired On or After January 1, 2022 (TRS 4):

To qualify for monthly retirement benefits, payable for life, members must either:

- 1.) Attain age 57 and complete ten years of Kentucky service, or
- 2.) Attain age 65 and complete five years of Kentucky service.

**Foundational Benefit:** The annual foundational benefit for members is equal to service times a multiplier times final average salary. The final average salary is the member's five highest annual salaries. The annual foundational benefit is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 30 years of service.

The multiplier for members is shown in the following table:

Age	Years of Service			
	5-9.99	10-19.99	20-29.99	30 or more
57-60		1.70%	1.95%	2.20%
61		1.74%	1.99%	2.24%
62		1.78%	2.03%	2.28%
63		1.82%	2.07%	2.32%
64		1.86%	2.11%	2.36%
65 and over	1.90%	1.90%	2.15%	2.40%

**Supplemental Benefit:** The annual supplemental benefit is equal to the account balance that includes member and employer contributions and interest credited annually on June 30. Options include annuitizing the balance or receiving the balance or a portion thereof as a lump sum either at the time of retirement or at a later date.

For members who began participating prior to January 1, 2022, KTRS also provides disability benefits for vested members at the rate of 60% of the final average salary. TRS (4) members, will receive a disability benefit to be determined by the board through administrative regulation.

A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing members and \$5,000 for retired or disabled members who began participating before January 1, 2022.

**Butler County School District**  
**Notes to the Financial Statements**

**NOTE 8: PENSION PLANS (CONTINUED)**

**Benefits Provided (continued)**

For TRS 4 members, the life insurance benefit payable upon the death of a member is \$5,000 for active contributing members and \$10,000 for retired or disabled workers.

Cost of living increases are 1.5% annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

**Contributions**

Contribution rates are established by Kentucky Revised Statutes. For members who began participating before January 1, 2022, KTRS members are required to contribute 12.855% of their salaries to the system. For members employed by local school districts, the State (as a non-employer contributing entity) contributes 13.105% of salary for those who joined before July 1, 2008 and 14.105% for those joined on or after July 1, 2008, and before January 1, 2022. Other participating employers are required to contribute the percentage contributed by members plus an additional 3.25% of members' gross salaries.

For TRS 4 members, members contribute 14.75% of their salaries to the system. Employers of members, including the state (as a non-employer contributing entity), contribute 10.75% of salary.

The member and employer contributions consist of retirement annuity contributions and OPEB contributions to the health and life insurance trusts. The member postemployment health insurance contribution is 3.75% of salary. The employer postemployment health contribution is 0.75% of member salaries. Also, employers (other than the state) contribute 3% of members' salaries and the state contributes the net cost of health insurance premiums for new retirees after June 30, 2010, in the non-Medicare eligible group. If a member leaves covered employment before accumulating five years of credited service, accumulated member contributions to the retirement trust are refunded with interest upon the member's request.

**Pension Liabilities and Pension Expense**

At June 30, 2024, the amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth of Kentucky (State) 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 net pension liability	\$	-
State's proportionate share of the net pension liability associated with the District		44,642,724
<hr/>		
Total	\$	<u>44,642,724</u>

The net pension liability 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 June 30, 2022 rolled forward to June 30, 2023 using standard update procedures.

**Butler County School District**  
**Notes to the Financial Statements**

**NOTE 8: PENSION PLANS (CONTINUED)**

***Pension Liabilities and Pension Expense (continued)***

For the year ended June 30, 2024, the District recognized pension expense of \$5,929,670 and revenue of \$5,929,670 for support provided by the State in the government wide financial statements and pension expense of \$2,685,318 and revenue of \$2,685,318 for support provided by the State in the fund statements.

**Actuarial Assumptions**

A summary of the actuarial assumptions as of the latest actuarial valuation follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age
Investment rate of return	7.10% net of pension plan investment expense, including inflation
Projected salary increases	3.00 - 7.50%, including inflation
Inflation rate	2.50%
Post-retirement adjustment	1.50%
Municipal bond index rate	3.66%
Single equivalent interest rate	7.10%

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 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.

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 KTRS's investment consultant, are summarized in the following table:



**Butler County School District  
Notes to the Financial Statements**

**NOTE 8: PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (continued)**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large cap U.S. Equity	35.4%	5.00%
Small cap U.S. Equity	2.6%	5.50%
Developed International Equity	15.7%	5.50%
Emerging Markets Equity	5.3%	6.10%
Fixed Income	15.0%	1.90%
High Yield Bonds	5.0%	3.80%
Other Additional Categories	5.0%	3.60%
Real Estate	7.0%	3.20%
Private Equity	7.0%	8.00%
Cash	2.0%	1.60%
<b>Total</b>	<b>100.0%</b>	

**Discount Rate**

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

**Pension Plan Fiduciary Net Position**

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

**NOTE 8: PENSION PLANS (CONTINUED)**

**General Information about the CERS Pension Plan**

**Plan Description**

CERS was established by KRS 78.520. The District contributes to the Non-Hazardous CERS plan, a cost-sharing multiple-employer defined benefit pension plan that covers all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in CERS. CERS was established to provide retirement, disability, and death benefits to system members.

The responsibility of the general administration and operation of the CERS plan is vested in the CERS board of trustees. The CERS board of trustees consists of nine members. Six trustees are appointed by the governor and three are elected by CERS members (active, inactive, and/or retired). CERS issues a publicly available financial report that can be obtained at [www.kyret.ky.gov](http://www.kyret.ky.gov).

**Benefits Provided**

CERS provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Prior to July 1, 2009, Cost of Living Adjustments (COLAs) were provided to retirees annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. After July 1, 2009, the COLAs were limited to 1.50%. In 2013, the General Assembly created a new law to govern how COLAs will be granted. The language included stated COLAs will only be granted in the future if the System's Boards determine that asset of the Systems are greater than 100% of the actuarial liabilities and legislation authorizes the use of surplus funds for the COLA; or the General Assembly fully prefunds the COLA or directs the payment of funds in the year the COLA is provided. No COLA has been granted since July 1, 2011.

*Tier 1* - Non-Hazardous Tier 1 plan members who began participating prior to September 1, 2008, are required to contribute 5% of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

*Tier 2* - Non-Hazardous Tier 2 plan members, who began participating on, or after, September 1, 2008, and before January 1, 2014, are required to contribute 6% of their annual creditable compensation, while 1% of these contributions are deposited in an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see Kentucky Administrative Regulation 105 KAR 1:420). These members are classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% Health Insurance contribution (HIC) to the 401(h) account is non-refundable and is forfeited.

**NOTE 8: PENSION PLANS (CONTINUED)**

**Benefits Provided (continued)**

*Tier 3* - Non-Hazardous Tier 3 plan members who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members contribute 5% of their monthly creditable compensation, which is deposited into their account, and an additional 1% which is deposited to an account created for payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see 105 KAR1:420), which is not refundable. Tier 3 member accounts are also credited with an employer pay credit in the amount of 4% of the member's monthly creditable compensation. The employer pay credit amount is deducted from the total employer contribution rate paid on the member's monthly creditable compensation. If a vested (60 months of service) member terminates employment and applies to take a refund, the member is entitled to the members contributions (less HIC) plus employer pay credit plus interest (for both employee contributions and employer pay). If a non-vested (less than 60 months) member terminates employment and applies to take a refund, the member is entitled to receive employee contributions (less HIC) plus interest (on employee contributions only).

**Contributions**

Employers participating in the CERS are required to contribute at an actuarially determined rate per KRS 78.635. The CERS board of trustees establishes the employer contribution rate based on KRS 78.454(33). The KERS Non-Hazardous employer contribution rate shall include, (1) the normal cost contribution and (2) the prorated amount of the actuarially accrued liability assigned to each individual nonhazardous employer in accordance with KRS 61.565(1)(d). The normal contribution and past service contribution rates shall be determined by the KRS Board on the basis of the last annual valuation preceding July 1 of a new biennium. The KRS Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS Board. For the fiscal year ended June 30, 2024, participating employers contributed a percentage of each employee's creditable compensation. The actuarially determined rate set by the Boards for the fiscal year ended June 30, 2024 was 23.34%.

***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 of \$6,572,686 for its proportionate share of the net pension liability. The net pension liability 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 June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The District's proportion of the net pension liability was based on the District's share of 2023 contributions to the pension plan relative to the 2023 contributions of all participating employers, actuarially determined. At June 30, 2023, the District's proportion was 0.102434%

**Butler County School District**  
**Notes to the Financial Statements**

**NOTE 8: PENSION PLANS (CONTINUED)**

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

For the year ended June 30, 2024, the District recognized pension expense of \$463,500. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following source:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 340,255	\$ 17,860
Net difference between projected and actual investment earnings on pension plan investments	710,036	799,691
Change of assumptions	-	602,391
Changes in proportion and differences between employer contributions and proportionate share of contribution	196,266	100,488
District contributions subsequent to the measurement date	721,050	-
<b>Total</b>	<b>\$ 1,967,607</b>	<b>\$ 1,520,430</b>

\$721,050 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Year ended June 30:</i>	
2025	\$ (198,197)
2026	(158,775)
2027	146,729
2028	(63,630)
Thereafter	-

**NOTE 8: PENSION PLANS (CONTINUED)**

**Actuarial Assumptions**

The total pension liability, net pension liability, and sensitivity information as of June 30, 2023 were based on an actuarial valuation date of June 30, 2022. The total pension liability was rolled-forward from the valuation date (June 30, 2022) to the plan’s fiscal year ending June 30, 2023, using generally accepted actuarial principles.

There have been no changes in actuarial assumptions since June 30, 2022. The actuarial assumptions are:

Inflation	2.50%
Payroll Growth Rate	2.00%
Salary Increases	3.30% to 10.30%, varies by service
Investment Rate of Return	6.50%

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

**Long-Term Expected Rate of Return**

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate 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 are summarized in the table below.

**Butler County School District  
Notes to the Financial Statements**

**NOTE 8: PENSION PLANS (CONTINUED)**

**Long-Term Expected Rate of Return (Continued)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
<b>Equity</b>		
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
<b>Fixed Income</b>		
Core Fixed Income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
<b>Inflation Protected</b>		
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
<b>Expected Real Return</b>	<b>100.0%</b>	<b>5.75%</b>
<b>Long Term Inflation Assumption</b>		<b>2.50%</b>
<b>Expected Nominal Return for Portfolio</b>		<b>8.25%</b>

**Discount Rate**

The projection of cash flows used to determine the discount rate of 6.50% for CERS Non-hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018) over the remaining 28 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the Annual Comprehensive Financial Report (ACFR).

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
District's proportionate share of the net pension liability	\$ 8,298,413	\$ 6,572,686	\$ 5,138,542

**NOTE 8: PENSION PLANS (CONTINUED)**

**Pension Plan Fiduciary Net Position**

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

***Deferred Compensation Plans***

The District offers its employees to defer compensation in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plans, available to all employees, permit 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. Entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities in the financial statements.

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**General Information about the KTRS OPEB Plan**

**Plan Description**

District employees, in positions requiring a four-year degree are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (TRS)—a cost-sharing multiple-employer defined benefit OPEB plan with a special funding situation established to provide retirement, health and life insurance benefits for specified employees of local school districts and other public educational agencies in the state. TRS was created by the 1938 General Assembly and is governed by KRS Chapter 161 Sections 220 through 990. TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained on the TRS website.

KRS 161.250 provides that the general administration and management of TRS, and the responsibility for its proper operation, is vested in a board of trustees. The Board of Trustees consists of the chief state school officer, the state treasurer, two trustees appointed by the governor and seven elected trustees. Four of the elected trustees are active teachers, two are not members of the teaching profession, and one is an annuitant of the system.

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

***Health Insurance Trust***

**Plan Description**

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

**Butler County School District**  
**Notes to the Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Benefits Provided**

To be eligible for medical benefits, the member must have retired either for service or disability and a required amount of service credit. The TRS medical plan offers members who are not eligible for Medicare and under age 65 coverage through the Kentucky Employees Health Plan (KEHP) administered by the Kentucky Department of Employee Insurance. Once retired members and eligible spouses attain age 65 or are eligible for Medicare, coverage is obtained through the Medicare Eligible Health Plan (MEHP) administered by TRS.

**Contributions**

The member and employer contributions consist of retirement annuity contributions and OPEB contributions to the medical and life insurance trusts. The member postemployment medical contribution is 3.75% of salary. The employer postemployment medical contribution is 0.75% of member salaries. Also, employers (other than the state) contribute 3% of members' salaries and the state contributes the net cost of health insurance premiums for new retirees after June 30, 2010, in the non-Medicare eligible group. If a member leaves covered employment before accumulating five years of credited service, accumulated member contributions to the retirement trust are refunded with interest upon the member's request.

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

At June 30, 2024, the District reported a liability of \$3,340,000 for its proportionate share of collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions 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 0.137128%.

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	\$	3,340,000
State's proportionate share of the net OPEB liability associated with the District		<u>2,815,000</u>
Total	\$	<u><u>6,155,000</u></u>



**Butler County School District**  
**Notes to the Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)**

For the year ended June 30, 2024, the District recognized OPEB expense of (\$51,000), which included \$1,000 related to changes in proportion and differences between employer contributions and proportionate share of contributions. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 1,132,000
Changes of assumptions	759,000	-
Net difference between projected and actual earnings on OPEB plan investments	62,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,016,000	1,223,000
District contributions subsequent to measurement date	251,596	-
<b>Total</b>	<b>\$ 2,088,596</b>	<b>\$ 2,355,000</b>

Of the total amount reported as deferred outflows of resources related of OPEB, \$251,596 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:

<i>Year ended June 30,</i>	
2025	\$ (188,000)
2026	(156,000)
2027	53,000
2028	(11,000)
2029	(98,000)
Thereafter	(118,000)

**Butler County School District**  
**Notes to the Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Actuarial Assumptions**

A summary of the actuarial assumptions as of the latest actuarial valuation follows.

Valuation Date	June 30, 2022
Investment Rate of Return	7.10%, net of OPEB plan investment expense, including inflation
Projected Salary Increases	3.00% - 7.50%, including wage inflation
Inflation Rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	3.66%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including price inflation
Healthcare Cost Trends:	
Medical trend	6.75% for FYE 2023 decreasing to an ultimate rate of 4.50% by FYE 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 June 30, 2022 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 healthcare cost trend rate assumption was updated for the June 30, 2022 valuation and was shown as an assumption change in the Total OPEB Liability (TOL) roll forward while the change in initial per capita claims costs were included with the experience in the TOL roll forward. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

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.

**Butler County School District  
Notes to the Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Actuarial Assumptions (Continued)**

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
U.S. Large cap Equity	35.4%	5.00%
U.S. Small cap Equity	2.6%	5.50%
Developed International Equity	15.0%	5.50%
Emerging Markets Equity	5.0%	6.10%
Fixed Income	9.0%	1.90%
High Yield Bonds	8.0%	3.80%
Other Additional Categories	9.0%	3.70%
Real Estate	6.5%	3.20%
Private Equity	8.5%	8.00%
Cash	1.0%	1.60%
<b>Total</b>	<b>100.0%</b>	

**Discount Rate**

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

**Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Discount Rate**

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 a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current discount rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the collective net OPEB liability	\$ 4,296,000	\$ 3,340,000	\$ 2,550,000

**Butler County School District  
Notes to the Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Sensitivity of the District’s Proportionate Share of the collective net OPEB Liability to Changes in the Healthcare Cost Trends Rates**

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

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the collective net OPEB liability	\$ 2,404,000	\$ 3,340,000	\$ 4,505,000

**OPEB Plan Fiduciary Net Position**

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

***Life Insurance Trust***

**Plan Description**

TRS administers the Life Insurance Plan as provided by KRS 161.655 to provide life insurance benefits to retired and active 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 for members who are retired for service or disability and \$2,000 for active contributing members who began participating before January 1, 2022. For TRS 4 members, the life insurance benefit payable upon the death of a member is \$5,000 for active contributing members and \$10,000 for retired or disabled members.

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

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 net OPEB liability, the related Commonwealth of Kentucky (state) support, and the total portion of the net OPEB liability that was associated with the District were as follows:

**Butler County School District**  
**Notes to the Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

District's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the District		70,000
Total	\$	70,000

**Actuarial Assumptions**

A summary of the actuarial assumptions as of the latest actuarial valuation is shown below.

Valuation Date	June 30, 2022
Investment Rate of Return	7.10%, net of OPEB plan investment expense, including inflation
Projected Salary Increases	3.00% - 7.50%, including wage inflation
Inflation Rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	3.66%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including price inflation

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards set-backs and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 valuation were based on the results for 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 Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

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.

**Butler County School District  
Notes to the Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Long Term Expected Rate of Return (Continued)**

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return</b>
U.S. Equity	40.00%	5.20%
International Equity	15.00%	5.50%
Emerging Markets Equity	5.00%	6.10%
Fixed Income	21.00%	1.90%
Real Estate	7.00%	3.20%
Private Equity	5.00%	8.00%
Additional Categories	5.00%	4.00%
Cash	2.00%	1.60%
<b>Total</b>	<b>100.00%</b>	

**Discount Rate**

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

**OPEB Plan Fiduciary Net Position**

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

**General Information about the County Employees Retirement System’s (CERS) OPEB Plan**

**Plan Description**

The District’s employees are provided OPEB under the provisions of Kentucky Revised Statutes, the Kentucky Retirement Systems (KRS) board administers the CERS Insurance Fund. The KRS Insurance Fund is a cost sharing, multiple employer defined benefit OPEB plan which provides group health insurance benefits for plan members that are all regular full-time members employed in non-hazardous duty positions of the District. OPEB may be extended to beneficiaries of the plan members under certain circumstances. The CERS Insurance Fund is included in a publicly available financial report that can be obtained at [www.kyret.ky.gov](http://www.kyret.ky.gov).

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Benefits Provided**

The Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. Premium payments are submitted to DEI and Humana. The Kentucky Public Pension Authority (KPPA) board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

**Contributions**

Employers participating in the KRS Insurance Fund contribute a percentage of each employee's creditable compensation. The actuarially determined rates set by the KRS board is a percentage of each employee's creditable compensation. For the year ended June 30, 2024, the required contribution was 0.00% of each employee's covered payroll. Contributions from the District to the KRS Insurance Fund for the year ended June 30, 2024, were \$0. The KRS board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS board. Employees qualifying as Tier 2 or Tier 3 of the CERS plan members contribute 1% of creditable compensation to an account created for the payment of health insurance benefits.

**Implicit Subsidy**

The fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB No. 75 requires that the liability associated with this implicit subsidy is included in the calculation of the total OPEB liability.

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

At June 30, 2024, the District reported an asset of (\$141,422) for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2023 using standard update procedures. The District's proportion of the net OPEB liability was based on the District's share of 2023 contributions to the OPEB plan relative to the 2023 contributions of all participating employers, actuarially determined. At June 30, 2023, the District's proportion was 0.102430%.

For the year ended June 30, 2024, the District recognized OPEB expense of (\$271,055).

**Butler County School District**  
**Notes to the Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 98,592	\$ 2,008,047
Net difference between projected and actual investment earnings on OPEB plan investments	264,665	297,487
Change of assumptions	278,308	193,953
Changes in proportion and differences between employer contributions and proportionate share of contribution	93,459	64,078
<u>District contributions subsequent to the measurement date</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b>\$ 735,024</b>	<b>\$ 2,563,565</b>

For the year ended June 30, 2024, \$0 was reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability 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 OPEB expense as follows:

<u>Year ended June 30,</u>	
2025	\$ (450,281)
2026	(564,924)
2027	(441,263)
2028	(372,073)



**Butler County School District  
Notes to the Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Actuarial Assumptions**

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2023 were based on an actuarial valuation date of June 30, 2022. The total OPEB liability was rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles. The following actuarial assumptions were used in performing the actuarial valuation as of June 30, 2023:

Inflation	2.50%
Payroll Growth Rate	2.00%
Salary Increase	3.30% to 10.30%, varies by service for CERS non-hazardous
Investment Rate of Return	6.50%
 Healthcare Trend Rates (Pre-65)	 Initial trend starting at 6.80% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Healthcare Trend Rates (Post-65)	Initial trend starting at 8.50% in 2025, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Mortality (Pre-retirement)	PUB-2010 General Mortality table, for the Non-hazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.
Mortality (Post-retirement; non-disabled)	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.
Mortality (Post-retirement; disabled)	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.

**Long-Term Expected Rate of Return**

The long-term (10-year) expected rates of return was determined by using a building-block method in which best-estimated ranges of expected future real rate 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 are summarized in the tables below.

**Butler County School District**  
**Notes to the Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Long-Term Expected Rate of Return (Continued)**

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

**Discount Rate**

Single discount rates of 5.93% for the non-hazardous system were used to measure the total OPEB liability as of June 30, 2023. The single discount rates are 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. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the Plan's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the Plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the ACFR.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy.

**Butler County School District**  
**Notes to the Financial Statements**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the net OPEB liability as of June 30, 2024, calculated using the discount rate of 5.93%, as well as what the District's proportionate share of the 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:

	<b>1% Decrease (4.93%)</b>	<b>Current Discount Rate (5.93%)</b>	<b>1% Increase (6.93%)</b>
District's proportionate share of the collective net OPEB liability	\$ 265,394	\$ (141,422)	\$ (482,081)

**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 are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease</b>	<b>Current Healthcare Rate</b>	<b>1% Increase</b>
District's proportionate share of the collective net OPEB liability	\$ (453,281)	\$ (141,422)	\$ 241,668

**OPEB Plan Fiduciary Net Position**

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

**NOTE 10: CONTINGENCIES**

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

**Butler County School District**  
**Notes to the Financial Statements**

**NOTE 11: RISK MANAGEMENT**

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

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

**NOTE 12: LITIGATION**

The District is subject to various other 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 13: EXCESS EXPENDITURES OVER APPROPRIATIONS**

The District has one fund with a deficit net position, Food Service \$(461,789). Also, the District has three funds with excess current year expenditures over current year appropriated revenues, General Fund \$(289,097), Construction Fund \$(5,008,377), and Food Service \$(133,409).

**NOTE 14: FUND TRANSFERS**

Fund transfers for the year ended June 30, 2024 consist of the following:

Type	From Fund	To Fund	Purpose	Amount
Operating	General Fund	Debt Service	Debt service	\$ 373,265
Operating	FSPK	Debt Service	Debt service	990,033
Operating	SEEK	Debt Service	Debt service	194,888
Operating	General Fund	Special Revenue Fund	Matching	39,303
Operating	Special Revenue Fund	General fund	Indirect costs	97,357
Operating	Food service	General fund	Indirect costs	108,341
Operating	Special Revenue Fund	Special Revenue Fund	To Flex Focus	1,730

**Butler County School District**  
**Notes to the Financial Statements**

**NOTE 15: ON-BEHALF PAYMENTS**

The District receives on-behalf payments from the State of Kentucky for items including pension, technology, health care costs, operating costs, and debt service. The amount received for the fiscal year ended June 30, 2024, was \$6,526,825. These payments were recorded as follows:

*Year ended June 30, 2024*

<b>Fund</b>	<b>Amount</b>
General fund	\$ 5,692,590
Food service fund	198,222
Debt service fund	636,013
<b>Total</b>	<b>\$ 6,526,825</b>

*Year ended June 30, 2024*

Technology	\$ 81,361
Health Insurance less Federal Reimbursements	2,765,391
Life Insurance	3,635
Administrative Fees	29,248
HRA/Dental/Vision Insurance	99,925
SFCC Debt Service	636,013
KTRS	2,911,252
<b>Total</b>	<b>\$ 6,526,825</b>

**Butler County School District**  
**Budgetary Comparison Schedule for the General Fund**

<i>For the Year ended June 30, 2024</i>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variances</b>
	<b>Original</b>	<b>Final</b>		<b>Final to Actual</b>
<b>Revenues</b>				
Local and intermediate sources	\$ 3,730,000	\$ 4,137,021	\$ 4,196,882	\$ 59,861
State programs	11,221,770	10,981,338	11,062,701	81,363
Federal programs	150,000	234,496	234,496	-
<b>Total revenues</b>	<b>15,101,770</b>	<b>15,352,855</b>	<b>15,494,079</b>	<b>141,224</b>
<b>Expenditures</b>				
Current:				
Instruction	8,971,824	8,507,238	8,356,459	150,779
Support services:				
Student	735,321	839,321	839,737	(416)
Instructional staff	452,667	417,677	411,050	6,627
District administration	4,856,606	5,162,889	844,542	4,318,347
School administration	861,544	794,544	786,341	8,203
Business	542,209	550,209	556,640	(6,431)
Plant operations and maintenance	1,709,086	2,064,086	2,050,009	14,077
Student transportation	1,692,513	1,810,503	1,731,528	78,975
<b>Total expenditures</b>	<b>19,821,770</b>	<b>20,146,467</b>	<b>15,576,306</b>	<b>4,570,161</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(4,720,000)</b>	<b>(4,793,612)</b>	<b>(82,227)</b>	<b>4,711,385</b>
<b>Other Financing Sources (Uses)</b>				
Bond proceeds	-	-	-	-
Operating transfers- net	(280,000)	(206,302)	(206,870)	(568)
<b>Total other financing sources (uses)</b>	<b>(280,000)</b>	<b>(206,302)</b>	<b>(206,870)</b>	<b>(568)</b>

**Butler County School District  
Budgetary Comparison Schedule for the General Fund**

<i>For the Year ended June 30, 2024</i>	<u>Budgeted Amounts</u>		Actual	<u>Variances</u>	
	Original	Final		Final to Actual	
Net change in fund balance	(5,000,000)	(4,999,914)	(289,097)	4,710,817	
Fund balance - beginning of year	5,000,000	5,000,000	5,837,787	837,787	
Fund balance - end of year	\$ -	\$ 86	\$ 5,548,690	\$ 5,548,604	

**Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

Inflows/revenues:

Actual amounts (budgetary basis) \$ 15,494,079

Differences - budget to GAAP:

On-behalf payments recorded under GAAP basis not included in budgeted amounts 5,611,227

Total revenues as reported on statement of revenues, expenditures and changes in fund balances - governmental funds \$ 21,105,306

Outflows/expenditures:

Actual amounts (budgetary basis) \$ 15,576,306

Differences - budget to GAAP:

On-behalf payments recorded under GAAP basis not included in budgeted amounts 5,611,227

Total expenditures as reported on statement of revenues, expenditures and changes in fund balances - governmental funds \$ 21,187,533

**Butler County School District**  
**Budgetary Comparison Schedule for the Special Revenue Fund**

<i>For the Year ended June 30, 2024</i>	Budgeted Amounts			Variances
	Original	Final	Actual	Final to Actual
<b>Revenues</b>				
Local and intermediate sources	\$ 6,225	\$ 6,225	\$ 56,094	\$ 49,869
State programs	1,658,677	1,632,468	1,084,896	(547,572)
Federal programs	1,884,709	1,849,936	3,372,459	1,522,523
<b>Total revenues</b>	<b>3,549,611</b>	<b>3,488,629</b>	<b>4,513,449</b>	<b>1,024,820</b>
<b>Expenditures</b>				
Current:				
Instruction	2,816,438	2,902,876	3,421,063	(518,187)
Support services:				
Student	197,751	184,868	241,870	(57,002)
Instructional staff	337,222	304,162	313,898	(9,736)
District administration	-	-	32,000	(32,000)
Business	20,000	20,000	20,000	-
Plant operations and maintenance	42,373	40,598	157,668	(117,070)
Student Transportation	-	-	67,361	(67,361)
Other	190,827	190,827	190,944	(117)
<b>Total expenditures</b>	<b>3,604,611</b>	<b>3,643,331</b>	<b>4,444,804</b>	<b>(801,473)</b>
<b>Deficiency of revenues over expenditures</b>	<b>(55,000)</b>	<b>(154,702)</b>	<b>68,645</b>	<b>223,347</b>



**Butler County School District**  
**Budgetary Comparison Schedule for the Special Revenue Fund**

<i>For the Year ended June 30, 2024</i>	<u>Budgeted Amounts</u>		Actual	<u>Variances</u>
	Original	Final		Final to Actual
<b>Other Financing Sources (Uses)</b>				
Operating transfers- net	55,000	154,702	(58,054)	(212,756)
Total other financing sources (uses)	55,000	154,702	(58,054)	(212,756)
Net change in fund balance	-	-	10,591	10,591
Fund balance-beginning of year	-	-	166,649	166,649
Fund balance-end of year	\$ -	\$ -	\$ 177,240	\$ 177,240

**Butler County School District**

**Schedule of the District's Proportionate Share of the Net Pension Liability and  
Schedule of District's Contributions – Kentucky Teachers' Retirement System**

<b>Schedule of the District's Proportionate Share of the Net Pension Liability-KTRS</b>										
<i>As of June 30,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	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	\$ 44,642,724	\$ 43,599,802	\$ 34,676,613	\$ 38,008,918	\$ 35,699,828	\$ 34,480,165	\$ 72,155,366	\$ 81,992,305	\$ 63,337,573	\$ 55,715,269
District's covered payroll	\$ 10,276,738	\$ 9,904,379	\$ 9,903,732	\$ 8,322,568	\$ 9,041,888	\$ 9,030,488	\$ 8,980,086	\$ 9,168,765	\$ 8,815,621	\$ 8,486,385
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	57.68%	56.41%	65.59%	58.27%	58.80%	59.30%	39.83%	35.22%	42.49%	45.59%

<b>Schedule of District Contributions-KTRS</b>										
<i>For the years ended June 30,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 10,447,044	\$ 10,276,738	\$ 9,904,379	\$ 9,903,732	\$ 8,322,568	\$ 9,041,888	\$ 9,030,488	\$ 8,980,086	\$ 9,168,765	\$ 8,815,621
Contributions as a percentage of covered payroll	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%

**Butler County School District**

**Schedule of the District's Proportionate Share of the Net Pension Liability and  
Schedule of District's Contributions – Kentucky Teachers' Retirement System**

**Changes of Benefit Terms**

2022: A new benefit tier was added for members joining the system on and after January 1, 2022.

**Changes of Assumptions**

2023: No changes in assumptions.

2022: No changes in assumptions.

2021: In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50% to 7.10% and the price inflation assumption was lowered from 3.00% to 2.50%. In addition, the calculation of the SEIR results in an assumption change from 7.50% to 7.10%.

2020: No changes in assumptions.

2019: No changes in assumptions.

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

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

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

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

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

**Butler County School District**

**Schedule of the District's Proportionate Share of the Net Pension Liability and  
Schedule of District's Contributions – County Employees Retirement System**

<b>Schedule of the District's Proportionate Share of the Net Pension Liability-CERS</b>										
<i>As of June 30,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.102434%	0.098035%	0.102895%	0.995760%	0.097788%	0.097318%	0.100967%	0.100580%	0.099603%	0.099177%
District's proportionate share of the net pension liability	\$ 6,572,686	\$ 7,086,963	\$ 6,560,363	\$ 7,637,397	\$ 6,877,474	\$ 5,926,963	\$ 5,909,909	\$ 4,952,158	\$ 4,282,443	\$ 3,218,000
District's covered payroll	\$ 2,981,058	\$ 2,303,906	\$ 1,883,297	\$ 2,816,197	\$ 2,511,922	\$ 2,844,779	\$ 2,434,082	\$ 2,467,004	\$ 2,559,734	\$ 2,326,909
District's proportionate share of the net pension liability as a percentage of its covered payroll	220.48%	307.61%	348.34%	271.20%	273.79%	208.35%	242.80%	200.74%	167.30%	138.30%
Plan fiduciary net position as a percentage of the total pension liability	57.48%	52.42%	57.33%	47.81%	53.80%	53.54%	53.30%	55.50%	59.97%	66.80%

<b>Schedule of District's Contributions-CERS</b>										
<i>For the Years Ended June 30,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 695,779	\$ 539,114	\$ 398,694	\$ 543,526	\$ 484,801	\$ 411,924	\$ 352,455	\$ 344,147	\$ 317,919	\$ 297,379
Contributions in relation to the contractually required contribution	695,779	539,114	398,694	543,526	484,801	411,924	352,455	344,147	317,919	297,379
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,981,058	\$ 2,303,906	\$ 1,883,297	\$ 2,816,197	\$ 2,511,922	\$ 2,844,779	\$ 2,434,082	\$ 2,467,004	\$ 2,559,734	\$ 2,326,909
Contributions as a percentage of covered payroll	23.34%	23.40%	21.17%	19.30%	19.30%	14.48%	14.48%	13.95%	12.42%	12.78%

**Butler County School District**

**Schedule of the District's Proportionate Share of the Net Pension Liability and  
Schedule of District's Contributions – County Employees Retirement System**

**Changes of Benefit Terms**

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

2023: No changes in benefit terms

2022: No changes in benefit terms

2021: No changes in benefit terms.

2020: No changes in benefit terms.

2019: No changes in benefit terms.

2018: No changes in benefit terms.

2017: No changes in benefit terms.

2016: No changes in benefit terms.

2015: No changes in benefit terms.

**Changes of Assumptions**

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

2023: During the 2023 legislative session, House Bill 506 was enacted which reinstated the Partial Lump-Sum Optional Form of payment for members who retire on and after January 1, 2024, as well as adjusted the minimum required separation period before a retiree may become reemployed. The total pension liability as of June 30, 2023 was determined with these updates in mind, however it is estimated these updates will not have a significant impact on the total pension liability of the plans.

2022: No changes in assumptions.

2021: During the 2021 legislative session, Senate Bill 169 was enacted which increased disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total pension liability as of June 30, 2021 is determined using these updated benefit provisions.

2020: During the 2020 legislative session, Senate Bill 249 was enacted which changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. Additionally, House Bill 271 was enacted which removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse. It also increased benefits for a very small number of beneficiaries. This did not have a material (or measurable) impact on the liability of the plans and therefore, no adjustment was made to the Total Pension Liability to reflect this legislation.

**Butler County School District**

**Schedule of the District's Proportionate Share of the Net Pension Liability and  
Schedule of District's Contributions – County Employees Retirement System**

2019: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The Total Pension liability as of June 30, 2019 is determined using these updated assumptions.

2018: During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The Total Pension Liability as of June 30, 2018 is determined using these updated benefit provisions.

2017: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial 2018 (Continued): assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total Pension Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

2016: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total Pension Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

2015: No changes in assumptions.

**Butler County School District**  
**Schedule of the District's Proportionate Share of the**  
**Collective Net OPEB Liability and Schedule of District's Contributions –**  
**Kentucky Teachers' Retirement System – Medical Insurance Fund**

<b>Schedule of the District's Proportionate share of the Collective Net OPEB Liability - KTRS</b>							
<i>As of June 30,</i>	2024	2023	2022	2021	2020	2019	2018
District's proportion of the collective net OPEB liability	0.137128%	0.184849%	0.141746%	0.143726%	0.139537%	0.136298%	0.141149%
District's proportionate share of the collective net OPEB liability	3340000	\$ 4,589,000	\$ 3,041,000	\$ 3,627,285	\$ 4,084,000	\$ 4,729,000	\$ 5,033,000
District's covered payroll	\$ 10,276,738	\$ 9,904,379	\$ 9,903,732	\$ 8,322,568	\$ 9,041,888	\$ 9,030,488	\$ 8,980,086
District's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	32.50%	46.33%	30.71%	43.58%	45.17%	52.37%	56.05%
Plan fiduciary net position as a percentage of the total OEPB liability	52.97%	47.75%	51.74%	39.05%	32.58%	25.50%	21.18%
<b>Schedule of the District's Contributions - KTRS</b>							
<i>For the Years Ended June 30,</i>	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 251,596	\$ 245,311	\$ 240,716	\$ 238,843	\$ 240,773	\$ 230,335	\$ 230,029
Contributions in relation to the contractually required contribution	251,596	245,311	240,716	238,843	240,773	230,335	230,029
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 10,447,044	\$ 10,276,738	\$ 9,904,379	\$ 9,903,732	\$ 8,322,568	\$ 9,041,888	\$ 9,030,488
Contributions as percentage of covered payroll	2.41%	2.39%	2.43%	2.41%	2.89%	2.55%	2.55%

**Butler County School District  
Schedule of the District's Proportionate Share of the  
Collective Net OPEB Liability and Schedule of District's Contributions –  
Kentucky Teachers' Retirement System – Medical Insurance Fund**

**Changes of Benefit Terms**

2023: No changes of benefit terms.

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

2021: No changes of benefit terms.

2020: No changes of benefit terms.

2019: No changes of benefit terms.

2018: No changes of benefit terms.

2017: With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired 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.

**Changes of Assumptions**

2022: The health care trend rates were updated to reflect future anticipated experience.

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 8.00% for the Health Trust and 7.50% for the Life Trust to 7.10%. The price inflation assumption was lowered from 3.00% to 2.50%. The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.



**Butler County School District**  
**Schedule of the District's Proportionate Share of the**  
**Collective Net OPEB Liability and Schedule of District's Contributions –**  
**Kentucky Teachers' Retirement System – Life Insurance Fund**

<b>Schedule of the District's Proportionate share of the Collective Net OPEB Liability - KTRS</b>							
<i>As of June 30,</i>	2024	2023	2022	2021	2020	2019	2018
District's proportion of the collective net OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 10,276,738	\$ 9,904,379	\$ 9,903,732	\$ 8,322,568	\$ 9,041,888	\$ 9,030,488	\$ 8,980,086
District's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total OEPB liability	76.91%	73.97%	89.15%	71.57%	73.40%	75.00%	79.99%
<b>Schedule of the District's Contributions - KTRS</b>							
<i>For the Year Ended June 30,</i>	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 10,447,044	\$ 10,276,738	\$ 9,904,379	\$ 9,903,732	\$ 8,322,568	\$ 9,041,888	\$ 9,030,488
Contributions as percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Butler County School District  
Schedule of the District's Proportionate Share of the  
Collective Net OPEB Liability and Schedule of District's Contributions –  
Kentucky Teachers' Retirement System – Life Insurance Fund**

**Changes of Benefit Terms**

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

**Changes of 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, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 8.00% for the Health Trust and 7.50% for the Life Trust to 7.10%. The price inflation assumption was lowered from 3.00% to 2.50%. The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

**Butler County School District**  
**Schedule of the District's Proportionate Share of the**  
**Collective Net OPEB Liability and Schedule of District's Contributions –**  
**County Employees Retirement System**

<b>Schedule of District's Proportionate Share of the Collective Net OPEB Liability - CERS</b>							
<i>As of June 30,</i>	2024	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.102430%	0.098018%	0.102871%	0.995470%	0.097788%	0.097318%	0.100967%
District's proportionate share of the net OPEB liability	\$ (141,422)	\$ 1,934,399	\$ 1,934,399	\$ 2,403,757	\$ 1,644,330	\$ 1,727,791	\$ 2,029,782
District's covered payroll	\$ 2,303,906	\$ 1,883,297	\$ 2,816,197	\$ 2,511,922	\$ 2,844,779	\$ 2,434,082	\$ 2,467,004
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	-6.14%	102.71%	68.69%	95.69%	57.80%	70.98%	82.28%
Plan fiduciary net position as a percentage of the total OPEB liability	-39.05%	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%
<b>Schedule of District Contributions - CERS</b>							
<i>For the years ended June 30,</i>	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 113,044	\$ 113,044	\$ 165,571	\$ 134,078	\$ 119,592	\$ 133,605	\$ 114,395
Contributions in relation to the contractually required contribution	113,044	113,044	165,571	134,078	119,592	133,605	114,395
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,981,058	\$ 2,303,906	\$ 1,883,297	\$ 2,816,197	\$ 2,511,922	\$ 2,844,779	\$ 2,434,082
Contributions as a percentage of covered payroll	3.79%	4.91%	8.79%	4.76%	4.76%	5.26%	4.70%

**Butler County School District**  
**Schedule of the District's Proportionate Share of the**  
**Collective Net OPEB Liability and Schedule of District's Contributions –**  
**County Employees Retirement System**

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

**Changes of Benefit Terms**

No changes of benefit terms.

**Changes of Assumptions**

2023: The single discount rates used to calculate the total OPEB liability within the plan changed since the prior year. Additional information regarding the single discount rates is provided in Note 9 of the financial statements. During the 2023 legislative session, House Bill 506 was enacted which reinstated the Partial Lump-Sum Optional Form of payment for members who retire on and after January 1, 2024, as well as adjusted the minimum required separation period before a retiree may become reemployed. The total pension liability as of June 30, 2023 was determined with these updates in mind, however it is estimated these updates will not have a significant impact on the total pension liability of the plans.

2022: The single discount rates used to calculate the total OPEB liability within the plan changed since the prior year. Additional information regarding the single discount rates is provided in Note 11 of the financial statements. During the 2022 legislative session, Senate Bill 209 was enacted which increased the insurance dollar contribution for members hired on or after July 1, 2023 by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA. The total OPEB liability as of June 30, 2022 is determined using these updated benefit provisions.

2021: During the 2021 legislative session, Senate Bill 169 was enacted which increased disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2021 is determined using these updated benefit provisions.

2020: During the 2020 legislative session, Senate Bill 249 was enacted which changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of Total OPEB Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020.

2019: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The Total Pension liability as of June 30, 2019 is determined using these updated assumptions.

**Butler County School District**  
**Schedule of the District's Proportionate Share of the**  
**Collective Net OPEB Liability and Schedule of District's Contributions –**  
**County Employees Retirement System**

2018: There have been no changes in actuarial assumptions since June 30, 2017 (other than the blended discount rate used to calculate the total OPEB liability). However, during the 2018 legislative session, House Bill 185 was enacted, which update the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2018 is determined using the updated benefit provisions.

2017: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total OPEB Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25%.

**Butler County School District  
Combining Balance Sheet  
Nonmajor Governmental Funds**

<i>June 30, 2024</i>	<b>FSPK Fund</b>	<b>Debt Service Fund</b>	<b>Student Activity Fund</b>	<b>District Activity Fund</b>	<b>Total Other Governmental Funds</b>
<b>Assets</b>					
Cash	\$ 54,263	\$ 1,010	\$ 381,802	\$ 27,189	\$ 464,264
Investments	-	-	4,968	-	4,968
<b>Total assets</b>	<b>\$ 54,263</b>	<b>\$ 1,010</b>	<b>\$ 386,770</b>	<b>\$ 27,189</b>	<b>\$ 469,232</b>
<b>Liabilities and Fund Balances</b>					
<b>Fund Balances</b>					
Restricted					
Capital projects	\$ 54,263	\$ -	\$ -	\$ -	\$ 54,263
Debt service	-	1,010	-	-	1,010
Student activities	-	-	386,770	-	386,770
District activities	-	-	-	27,189	27,189
<b>Total fund balances</b>	<b>54,263</b>	<b>1,010</b>	<b>386,770</b>	<b>27,189</b>	<b>469,232</b>
<b>Total liabilities and fund balances</b>	<b>\$ 54,263</b>	<b>\$ 1,010</b>	<b>\$ 386,770</b>	<b>\$ 27,189</b>	<b>\$ 469,232</b>

**Butler County School District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**

<i>For the year ended June 30, 2024</i>	<b>Seek Capital Outlay Fund</b>	<b>FSPK Fund</b>	<b>Debt Service Fund</b>	<b>Student Activity Fund</b>	<b>District Activity Fund</b>	<b>Total Other Governmental Funds</b>
<b>Revenues</b>						
From local sources:						
Taxes:						
Property	\$ -	\$ 364,971	\$ -	\$ -	\$ -	\$ 364,971
Tuition and fees	-	-	-	218,617	-	218,617
Earnings on investments	-	-	-	7,257	-	7,257
Other local revenue	-	-	-	645,341	28,845	674,186
Intergovernmental - state	194,888	625,062	636,013	-	-	1,455,963
<b>Total revenues</b>	<b>194,888</b>	<b>990,033</b>	<b>636,013</b>	<b>871,215</b>	<b>28,845</b>	<b>2,720,994</b>
<b>Expenditures</b>						
Instruction	-	-	-	810,303	1,656	811,959
Support services:						
Student	-	-	-	-	-	-
Instructional staff	-	-	-	32,194	-	32,194
Plant operations and maintenance	-	-	-	10,376	-	10,376
Debt service:						
Principal	-	-	1,568,031	-	-	1,568,031
Interest	-	-	626,168	-	-	626,168
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>2,194,199</b>	<b>852,873</b>	<b>1,656</b>	<b>3,048,728</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>194,888</b>	<b>990,033</b>	<b>(1,558,186)</b>	<b>18,342</b>	<b>27,189</b>	<b>(327,734)</b>

**Butler County School District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**

<i>For the year ended June 30, 2024</i>	<b>Seek Capital Outlay Fund</b>	<b>FSPK Fund</b>	<b>Debt Service Fund</b>	<b>Student Activity Fund</b>	<b>District Activity Fund</b>	<b>Total Other Governmental Funds</b>
<b>Other Financing Sources (Uses)</b>						
Operating transfers-in	-	-	1,558,186	-	-	1,558,186
Operating transfers-out	(194,888)	(990,033)	-	-	-	(1,184,921)
<b>Total other financing sources (uses)</b>	<b>(194,888)</b>	<b>(990,033)</b>	<b>1,558,186</b>	<b>-</b>	<b>-</b>	<b>373,265</b>
Net change in fund balances	-	-	-	18,342	27,189	45,531
Fund balances - beginning of year	-	54,263	1,010	368,428	-	423,701
Fund balances - end of year	\$ -	\$ 54,263	\$ 1,010	\$ 386,770	\$ 27,189	\$ 469,232



**Butler County School District**  
**Combining Statement of School Activity Funds**

<i>Year ended June 30, 2024</i>	<b>Cash July 1, 2023</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Cash June 30, 2024</b>	<b>Accounts Receivable</b>	<b>Accounts Payable</b>	<b>Fund Balance June 30, 2024</b>
Butler County High School	\$ 226,187	\$ 583,460	\$ 570,872	\$ 238,775	\$ -	\$ -	\$ 238,775
Butler County Middle School	58,808	136,123	147,252	47,679	-	-	47,679
North Butler Elementary School	33,884	41,696	29,258	46,322	-	-	46,322
Morgantown Elementary School	49,549	112,262	107,817	53,994	-	-	53,994
<b>Total</b>	<b>\$ 368,428</b>	<b>\$ 873,541</b>	<b>\$ 855,199</b>	<b>\$ 386,770</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 386,770</b>

**Butler County School District**  
**Statement of School Activity Funds**  
**Butler County High School**

<i>Year ended June 30, 2024</i>	<b>Cash</b>	<b>Cash</b>	<b>Cash</b>	<b>Cash</b>	<b>Accounts</b>	<b>Accounts</b>	<b>Fund Balance</b>
	<b>July 1, 2023</b>	<b>&amp; Transfers In</b>	<b>&amp; Transfers Out</b>	<b>June 30, 2024</b>	<b>Receivable</b>	<b>Payable</b>	<b>June 30, 2024</b>
General	\$ 1,459	\$ 11,533	\$ 11,784	\$ 1,208	\$ -	\$ -	\$ 1,208
Student Fund	2,011	1,481	1,287	2,205	-	-	2,205
Faculty Fund	347	658	950	55	-	-	55
PBIS	3,244	-	-	3,244	-	-	3,244
ROTC	3,949	390	752	3,587	-	-	3,587
Cheerleaders	4,624	38,154	37,173	5,605	-	-	5,605
Tree Scape Fund	426	-	-	426	-	-	426
STEAM Club	3,324	6,283	6,381	3,226	-	-	3,226
Sources of Strength	-	-	-	-	-	-	-
Athletics	38,616	129,073	126,493	41,196	-	-	41,196
Football Jr. Pro	5,508	16,421	13,961	7,968	-	-	7,968
Basketball Jr. Pro	513	17,290	17,780	23	-	-	23
Cheer Jr. Pro	19	-	-	19	-	-	19
Jr. Pro Volleyball	-	3,005	2,528	477	-	-	477
Boys Basketball	7,385	20,248	15,147	12,486	-	-	12,486
Soccer Jr. Pro	3,094	-	-	3,094	-	-	3,094
Band	10,980	9,871	17,307	3,544	-	-	3,544
Choir	409	8,576	7,168	1,817	-	-	1,817
Archery	12,083	39,748	42,479	9,352	-	-	9,352
Softball	15,041	5,937	12,278	8,700	-	-	8,700
Football	5,461	16,289	13,331	8,419	-	-	8,419
Girls Basketball	2,124	8,383	8,358	2,149	-	-	2,149
Volleyball	2,482	12,045	8,705	5,822	-	-	5,822

**Butler County School District**  
**Statement of School Activity Funds**  
**Butler County High School**

	Cash	Cash	Cash	Cash	Accounts	Accounts	Fund Balance
<i>Year ended June 30, 2024</i>	<b>July 1, 2023</b>	<b>Receipts &amp; Transfers In</b>	<b>Disbursements &amp; Transfers Out</b>	<b>June 30, 2024</b>	<b>Receivable</b>	<b>Payable</b>	<b>June 30, 2024</b>
Golf/boys	6,263	1,866	2,829	5,300	-	-	5,300
Soccer	6,437	5,169	6,376	5,230	-	-	5,230
Baseball	14,767	19,669	15,800	18,636	-	-	18,636
Track	1,667	13,437	12,861	2,243	-	-	2,243
Library Supplies	742	242	597	387	-	-	387
FCS	5,548	10,741	8,402	7,887	-	-	7,887
TASA Grant	31	-	-	31	-	-	31
Brick Fundraiser	1,141	-	-	1,141	-	-	1,141
Calculators	545	1,735	1,919	361	-	-	361
Business & Office	1,027	30	-	1,057	-	-	1,057
Yearbook	3,099	4,435	5,701	1,833	-	-	1,833
Class of 2023	8,250	-	8,250	-	-	-	-
Class of 2024	-	7,199	7,186	13	-	-	13
Jr/Sr Class	-	6,815	2,332	4,483	-	-	4,483
FFA	16,444	44,712	36,206	24,950	-	-	24,950
FCCLA	8,582	36,089	39,949	4,722	-	-	4,722
Beta Club	1,459	5,219	3,303	3,375	-	-	3,375
Drama	2,190	2,590	2,066	2,714	-	-	2,714
Foreign Language	316	280	334	262	-	-	262
BC Drug Free	57	-	10	47	-	-	47
FBLA	6,117	2,467	5,630	2,954	-	-	2,954
Chess Club	-	311	-	311	-	-	311
FCA	1,374	250	64	1,560	-	-	1,560
TSC Grant	14	-	-	14	-	-	14
Student Council	422	-	188	234	-	-	234

**Butler County School District**  
**Statement of School Activity Funds**  
**Butler County High School**

<i>Year ended June 30, 2024</i>	<b>Cash</b>	<b>Cash</b>	<b>Cash</b>	<b>Cash</b>	<b>Accounts</b>	<b>Accounts</b>	<b>Fund Balance</b>
	<b>July 1, 2023</b>	<b>Receipts &amp; Transfers In</b>	<b>Disbursements &amp; Transfers Out</b>	<b>June 30, 2024</b>	<b>Receivable</b>	<b>Payable</b>	<b>June 30, 2024</b>
Rental	158	100	226	32	-	-	32
Project Prom	3,258	14,769	14,561	3,466	-	-	3,466
Region 4 KATFACS	2,281	190	-	2,471	-	-	2,471
Pep Club	158	-	-	158	-	-	158
Renaissance Leadership	6,761	32,091	33,552	5,300	-	-	5,300
Region 4 FCCLA	-	10,748	1,747	9,001	-	-	9,001
Art Club	2,500	-	-	2,500	-	-	2,500
Tennis Trip	421	-	-	421	-	-	421
District Activity Account	-	31,384	31,384	-	-	-	-
Startup Change	-	1,000	1,000	-	-	-	-
TSA	140	-	-	140	-	-	140
Dance Team	919	-	-	919	-	-	919
	\$ 226,187	\$ 598,923	\$ 586,335	\$ 238,775	\$ -	\$ -	\$ 238,775

**Butler County School District**  
**Schedule of Expenditures of Federal Awards**

*For the Year ended June 30, 2024*

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Agriculture</b>				
Child Nutrition Cluster				
Direct Program				
Food Distribution Program - noncash	10.555	-	\$ -	\$ 90,413
Passed-Through State Department of Education:				
School Breakfast Program	10.553	7760005 24	-	605,033
National School Lunch Program	10.555	7750002 24	-	1,248,767
National School Summer Meals Program	10.559	7740023 24	-	<u>313,584</u>
Subtotal				2,257,797
State Administrative Expense (SAE) Funds	10.560	7700001 23	-	4,126
<b>Total U.S. Department of Agriculture</b>				<b>2,261,923</b>
<b>U.S. Department of Defense</b>				
Direct Program				
NJROTC	12.000	-	-	81,294
<b>Total U.S. Department of Defense</b>				<b>81,294</b>
<b>U.S. Department of Education</b>				
Passed-Through State Department of Education:				
Title I, Part A				
Title I - Grants to Local Educational Agencies - 2023	84.010	3100002 22	-	1,839
Title I - Grants to Local Educational Agencies - 2024	84.010	3100002 23	-	697,186
School Improvement (Part A)	84.010	3100002 21	-	<u>23,843</u>
Subtotal				722,868
Special Education Cluster				
Special Education Grants to States - 2023	84.027	3810002 22	-	31,496
Special Education Grants to States - 2024	84.027	3810002 23	-	585,865
Special Education Preschool Grants -2023	84.173	3800002 22	-	564
Special Education Preschool Grants - 2024	84.173	3800002 23	-	<u>30,326</u>
Subtotal				648,251
Rural Education - 2024	84.358	3140002 23	-	61,930

*See accompanying notes to the Schedule of Expenditures of Federal Awards.*

**Butler County School District**  
**Schedule of Expenditures of Federal Awards**

*For the Year ended June 30, 2024*

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
English Language Acquisition State Grants - 2023	84.365	3300002 22	-	6,330
English Language Acquisition State Grants - 2024	84.365	3300002 23	-	<u>7,710</u>
Subtotal				14,040
Career and Technical Education - Basic Grants to States - 2024	84.048	3710002 23	-	20,169
Supporting Effective Instruction State Grant - 2023	84.367	3230002 22	-	1,730
Supporting Effective Instruction State Grant - 2024	84.367	3230002 23	-	<u>98,886</u>
Subtotal				100,616
Student Support and Academic Enrichment Program - 2024	84.424	3420002 23	-	59,114
COVID-19 Education Stabilization Fund				
ESSER II Funds State Set-Aside	84.425D	4300002 21	-	11,192
Educational Cooperative ARP ESSER Deeper Learning	84.425U	4300002 21	-	14,200
GEER II Funds Career to Cradle FRYSC	84.425C	4300002 21	-	14,316
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	4300002 21	-	1,363,779
COVID-19 AR ESSER Funds 20%	84.425U	4300002 21	-	(20,950)
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	4300002 21	-	76,041
COVID-19 ARP ESSER Homeless Children and Youth	84.425W	4980002 21	-	<u>2,138</u>
Subtotal				1,460,716
<b>Total U.S. Department of Education</b>				<b>3,087,704</b>

*See accompanying notes to the Schedule of Expenditures of Federal Awards.*

## Butler County School District Schedule of Expenditures of Federal Awards

*For the Year ended June 30, 2024*

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Social Services</b>				
Passed-Through State Department of Social Services:				
CCDF Cluster				
COVID-19 ARPA - Child Care and Development Block Grant	93.575	562J	-	13,787
COVID-19 ARPA - Child Care and Development Block Grant	93.575	562K	-	<u>150,000</u>
Subtotal				163,787
Passed-Through State Workforce Cabinet:				
Adult Education - Basic Grants to States				
Adult Education - Professional Development	84.002	373K	-	32,816
Community Based Work Transition - 2024	84.002	371K	-	2,300
Recruitment and Retention and Results - 2024	84.002	365K	-	<u>4,558</u>
Subtotal				39,674
<b>Total U.S. Department of Social Services</b>				<b>203,461</b>
<b>Total Expenditures of Federal Awards</b>				<b>\$ 5,634,382</b>

*See accompanying notes to the Schedule of Expenditures of Federal Awards.*

**Butler County School District**  
**Notes to the Schedule of Expenditures of Federal Awards**

**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal grant activity of Butler County School District (the “District”) under 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

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

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

Nonmonetary assistance is reported in the schedule of fair value of the goods received.

**NOTE 3: INDIRECT COST RATE**

The District has elected to use indirect cost rates as defined by the grantor in the following programs:

Child Nutrition Cluster

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

**NOTE 4: LOANS AND LOAN GUARANTEES**

The District did not have any loans or loan guarantee programs required to be reported on the schedule.

**NOTE 5: SUBRECIPIENTS**

The District did not provide federal funds to subrecipients for the fiscal year ended June 30, 2024.



# Butler County School District Summary Schedule of Prior Audit Findings

## *Butler County Board Of Education*

P.O. Box 339  
MORGANTOWN, KENTUCKY 42261  
Phone 270-526-5624 Fax 270-526-5625

### OFFICE OF THE SUPERINTENDENT

#### 2023-001 Capital Assets

Criteria and Condition: Internal controls should be in place that provide reasonable assurance that capital assets recorded are complete. During our audit procedures on the District's capital assets, we noted the District's June 30, 2023 general ledger had capital assets recorded, however the capital assets recorded was not complete

Cause: Certain internal controls were not in place to prevent or detect and correct misstatements relating to capital asset additions.

Effect: The District did not have buses provided by KISTA funding recorded on the general ledger.

Recommendation: We recommend the District implement a process to capture all capital asset additions in order to reflect the correct cost of capital assets.

Current Status: Internal controls were reviewed and corrected. Procedures for recording capital assets correctly are now in place.

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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***

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Butler County School District  
Morgantown, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits as defined in the *Independent Auditor’s Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Butler County School District (the “District”) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Butler County School District’s basic financial statements, and have issued our report thereon dated February 14, 2025.

**Report on Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

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

We noted certain matters that we reported to management of the District in a separate letter dated February 14, 2025.

### **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.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, L.L.C.  
Bowling Green, Kentucky  
February 14, 2025



**CARR, RIGGS & INGRAM, L.L.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**

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Butler County School District  
Morgantown, Kentucky

**Report on Compliance for Each Major Federal Program**

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

We have audited Butler County School District's (the "District") 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 District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

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

### Report on Internal Control over Compliance

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

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

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, L.L.C.  
Bowling Green, Kentucky  
February 14, 2025

**Butler County School District  
Schedule of Findings and Questioned Costs**

**Section I — Summary of Auditor’s Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance (2 CFR 200.516(a))  Yes  None reported

Identification of major Federal programs:

<b>Federal Assistance Listing Numbers</b>	<b>Name of Federal Program or Cluster</b>
84.027; 84.173	Special Education Cluster
10.553/10.555/10.559	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee?  Yes  No

**Butler County School District  
Schedule of Findings and Questioned Costs**

**Section II — Financial Statement Findings**

None reported.

**Section III — Federal Award Findings and Questioned Costs**

None reported.





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Kentucky State Committee for School District Audits  
Members of the Board of Education  
Butler County School District  
Morgantown, Kentucky

In planning and performing our audit of the financial statements of the Butler County School District (the "District") for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the District's system of internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and 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. A separate report dated February 14, 2025 contains our report on the District's internal control. This letter does not affect our report dated February 14, 2025 on the financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and recommendations 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.

This communication is intended solely for the information and use of the District, Kentucky State Committee for School Districts Audits, and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, L.L.C.  
Bowling Green, Kentucky  
February 14, 2025

## Butler County School District Comments and Recommendations

### Prior Year Findings

#### **North Butler Elementary School**

Prior year findings were corrected.

#### **Butler County Middle School**

Prior year findings were corrected.

#### **Morgantown Elementary School**

Prior year findings were corrected.

#### **Central Office**

Prior year findings were corrected.

## Butler County School District Comments and Recommendations

### Current Year Findings

#### North Butler Elementary School

- During our sampling procedures over cash receipts, we noted one receipt selected for testing lacked the receipt number on the deposit slip. We recommend all deposit slips be identified by receipt number in accordance with Redbook.

#### Central Office

- During our walkthrough procedures we noted a bank statement reconciliation that lacked documentation of review. We recommend all reconciliations have documentation of the review.
- During our walkthrough procedures we noted a journal entry that did not have a documented approval. We recommend all journal entries be approved by authorized District personnel.

## Butler County School District Client Responses



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ROBERT TUCK,  
SUPERINTENDENT

### North Butler Elementary Schools

- As recommended all deposit slips will be identified by receipt number in accordance with Redbook.

### Central Office

- As recommended all Journal Entries will have a documented approval by authorized District personnel.
- As recommended all reviews of the bank reconciliations will be documented.

JOSH BELCHER, ASSISTANT SUPERINTENDENT, PUPIL PERSONNEL DIRECTOR • DONNA ANNIS, SUPERVISOR OF INSTRUCTION, COMMUNITY SUPPORT •  
TRAVIS JOHNSON, CHIEF FINANCIAL OFFICER, EDUCATIONAL FOUNDATION • RYAN EMMICK, TRANSPORTATION DIRECTOR, MAINTENANCE DIRECTOR, SAFE SCHOOLS  
JIMMY FELTY, DISTRICT TECHNOLOGY COORDINATOR, ENERGY MANAGER • TIM WILSON, DISTRICT ASSESSMENT COORDINATOR, ELL/MIGRANT SERVICES  
KAITLIN HARRISON, SCHOOL NUTRITION DIRECTOR • MYRA SWIFT, DIRECTOR OF SPECIAL EDUCATION, RTI/HEALTH SERVICES



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