

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT**

**REPORT ON AUDIT OF COMPREHENSIVE  
ANNUAL FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES**

**FOR THE YEAR ENDED JUNE 30, 2024**

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cloverport Independent School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Cloverport Independent School District (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 Cloverport Independent School District as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 Commission for School District Audits in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audits Contracts and Requirements. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, 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 - Unaudited on pages 4 through 9; the budgetary comparison information on pages 51 through 53; and the pension and other post-employment benefit schedules and notes on pages 54 through 65 be presented to supplement the basic financial statements. Such information, 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 supplementary information shown on pages 66 through 68 and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2024 on our consideration of Cloverport Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Cloverport Independent School District's internal control over financial reporting and compliance.

*Drane & Company, PLLC*

Drane & Company, PLLC  
Certified Public Accountants

Hardinsburg, Kentucky

November 13, 2024

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2024**

As management of the Cloverport Independent School District (District), we offer readers of the District's financial statements this overview and analysis of the financial activities 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 report.

**FINANCIAL HIGHLIGHTS**

- The June 30, 2024 cash balance for the District was \$3,640,536, as compared with the beginning cash balance of \$1,173,830. The ending cash balance consisted of General Fund of \$1,898,589, Special Revenue Fund of \$1,418,703, Debt Service Fund of \$342, Building Fund of \$129,953, Construction Fund of \$19,709, District Activity of \$1,297, Student Activity Fund of \$79,763, and Food Service Fund of \$92,180.
- District-wide net position increased by \$1,611,841, during the 2024 fiscal year. Long-term debt obligations had a net decrease of \$952,547.
- The General Fund had \$7,856,844 in revenue, which primarily consisted of the state program (SEEK), and property, utilities, and motor vehicle taxes, and \$7,650,511 in expenditures.
- General Fund revenue increased \$4,436,724 from last fiscal year and General Fund expenditures increased \$4,262,534.
- The financial statements reflected revenues of \$11,922,227 Inquiry of finance officer, AFR 9/27/24 from on-behalf payments from the Commonwealth of Kentucky for District employees for retirement contributions, health and life insurance, administration fees, debt service, and technology, with a like amount of expenditures recorded.
- As a result of the adoption of GASB Statement 68 and GASB Statement 75, which significantly revised accounting for pension benefits and post-employment benefits other than pensions (OPEB), unrestricted net position of the business-type activities continues to show a deficit.
- As a result of the adoption of GASB Statement 84, agency funds are now reported in the special revenue funds and GASB 87 now requires certain leases which were previously "operating" are now capitalized and amortized.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

**District-wide financial statements**

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

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

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

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

The district-wide financial statements can be found on pages 10 - 11 of this report.

### **Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been designated for specific activities or objectives. This is a state mandated uniform system 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. The funds of the District are divided into two categories: governmental and fiduciary. The only proprietary fund is the food service operations. All other activities of the District are included in the governmental funds. The basic governmental fund financial statements can be found on pages 12 - 17 of this report.

### **Notes to financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 18 - 50 of this report.

### **DISTRICT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,633,241 as of June 30, 2024.

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

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The district-wide financial statements are grouped according to governmental activities and business-type activities.



## Net Position for the Years Ended June 30, 2024 and 2023

The following table presents changes in net position for the fiscal years ended June 30, 2024 and 2023:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 20,713	\$ 21,757	\$ 20,713	\$ 21,757
General revenues:						
Property taxes	307,582	285,382	-	-	307,582	285,382
Motor vehicle taxes	54,266	54,336	-	-	54,266	54,336
Other taxes	58,215	66,986	-	-	58,215	66,986
Investment earnings (loss)	75,908	15,586	651	356	76,559	15,942
State and formula grants	9,662,953	4,472,360	350,503	352,144	10,013,456	4,824,504
Other income	1,392,087	228,539	-	208	1,392,087	228,747
<b>Total Revenues</b>	<b>11,551,011</b>	<b>5,123,189</b>	<b>371,867</b>	<b>374,465</b>	<b>11,922,878</b>	<b>5,497,654</b>
<b>Expenses</b>						
<b>Governmental Activities:</b>						
Instructional	7,614,464	2,578,839	-	-	7,614,464	2,578,839
Student support	342,320	254,799	-	-	342,320	254,799
Instructional staff support	72,227	108,995	-	-	72,227	108,995
District administration support	397,458	490,358	-	-	397,458	490,358
School administration support	286,689	175,753	-	-	286,689	175,753
Business support	550,092	422,731	-	-	550,092	422,731
Plant operation and maintenance	393,201	359,460	-	-	393,201	359,460
Student transportation	190,361	187,827	-	-	190,361	187,827
Food service operations	-	4,653	-	-	-	4,653
Community service operations	36,340	42,229	-	-	36,340	42,229
Interest on long-term debt	87,501	97,515	-	-	87,501	97,515
<b>Business-type Activities:</b>						
Food service	-	-	318,984	291,983	318,984	291,983
<b>Total Expenses</b>	<b>9,970,653</b>	<b>4,723,159</b>	<b>318,984</b>	<b>291,983</b>	<b>10,289,637</b>	<b>5,015,142</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 1,580,358</b>	<b>\$ 400,030</b>	<b>\$ 52,883</b>	<b>\$ 82,482</b>	<b>\$1,633,241</b>	<b>\$ 482,512</b>

A comparison of June 30, 2024 and 2023 government-wide net position is as follows:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 3,904,328	\$1,519,766	\$106,810	\$ 153,386	\$4,071,138	\$1,673,152
Capital assets	6,031,338	5,748,228	74,888	2,226	6,106,226	5,750,454
<b>Total Assets</b>	<b>9,935,666</b>	<b>7,267,994</b>	<b>181,698</b>	<b>155,612</b>	<b>10,177,364</b>	<b>7,423,606</b>
<b>Deferred outflows</b>	<b>510,075</b>	<b>693,696</b>	<b>55,421</b>	<b>70,910</b>	<b>565,496</b>	<b>764,606</b>
Current liabilities	2,381,680	740,476	-	-	2,381,680	740,476
Noncurrent liabilities	4,271,887	5,215,092	212,302	310,481	4,484,189	5,525,573
<b>Total Liabilities</b>	<b>6,653,567</b>	<b>5,955,568</b>	<b>212,302</b>	<b>310,481</b>	<b>6,865,869</b>	<b>6,266,049</b>
<b>Deferred inflows</b>	<b>672,776</b>	<b>467,082</b>	<b>100,853</b>	<b>44,960</b>	<b>773,629</b>	<b>512,042</b>
<b>Net Position</b>						
Net investment in capital assets	2,804,918	2,264,697	74,888	2,226	2,879,806	2,266,923
Restricted	416,945	396,435	-	-	416,945	396,435
Unrestricted	(102,465)	(1,122,092)	(150,924)	(131,145)	(253,389)	(1,253,237)
<b>Total Net Position</b>	<b>\$ 3,119,398</b>	<b>\$ 1,539,040</b>	<b>\$(76,036)</b>	<b>\$(128,919)</b>	<b>\$3,043,362</b>	<b>\$1,410,121</b>

On-behalf amounts are included in the above figures. On-behalf payments are made by the state on behalf of employees to the various agencies for health and life insurance, pension benefits, administration fees, technology, and debt service. The total on-behalf payments for 2024 and 2023 were \$1,419,326 and \$1,499,968 respectively.

### Governmental Activities

Instructional expenses comprise 56% of total governmental expenses, support services equate to 43%, and interest and other expenses make up the remaining 1%.

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

	Governmental Activities Total Cost of Services		Governmental Activities Net Cost of Services	
	2024	2023	2024	2023
Instructional	\$7,614,464	\$2,578,835	\$(5,464,731)	\$(1,396,326)
Support Services	2,232,348	1,999,918	(1,934,177)	(1,701,752)
Other	36,340	46,882	(36,340)	(46,882)
Debt Costs	87,501	97,515	(87,501)	(97,515)
<b>Total Expenses</b>	<b>\$9,970,653</b>	<b>\$4,723,150</b>	<b>\$(7,522,749)</b>	<b>\$(3,242,475)</b>

### Business-Type Activities

The business-type activity of the District consists of the food service program, which receives no support from tax revenues. The total of all revenue was \$371,867 and expenses accounted for \$318,984. Revenues consisted of \$20,713 in charges for services, \$651 in interest income, and \$350,503 in federal and state operating grants.

## **The School District's Funds**

Information about the District's major funds begins on page 12. These funds are accounted for using the modified accrual basis of accounting. Governmental funds had total revenues and other financing sources (uses) of \$11,767,119 and expenditures of \$11,057,219 resulting in a net increase in fund balances of \$709,910..

### **General Fund Budgetary Highlights**

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

The most significant fund is the General Fund. The General Fund had budgeted revenues of \$3,294,305 with actual results being \$7,856,844 for a favorable difference of \$4,562,539. Budgeted expenditures were \$3,594,231 compared to actual expenditures of \$7,650,511, for a favorable difference of \$4,056,280.

### **Future Budgetary Implications**

In Kentucky, the public school fiscal year is July 1 - June 30; other programs, i.e. some federal programs, operate on a different fiscal calendar but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for fiscal year 2023-2024 with a contingency in excess of the state minimum requirement.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Long-Term Debt**

At June 30, 2024, the school district had \$3,185,000 in bonds outstanding; of which \$1,757,103 is to be paid by the School Facilities Construction Commission (SFCC). A total of \$446,000 is due within one year, with \$101,581 due from the District and \$344,419 due from the SFCC.

### **Capital Assets**

At the end of fiscal year 2024, the District had \$6,031,338 in net capital assets of governmental activities and \$74,888 in net capital assets of business-type activities invested in a broad range of capital assets, including equipment, buses, buildings, and land. This amount represents a net increase of \$355,772. Depreciation expense for the year was \$275,946 for the governmental activities and \$3,543 for the business-type activities. Capital additions consisted of \$27,179 for building improvements, \$74,521 in vehicles and \$533,561 of new general equipment.

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

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
<b><u>Governmental Activities</u></b>				
Not Depreciated:				
Land	\$ 92,550	\$ -	\$ -	\$ 92,550
Depreciated:				
Buildings and improvements	9,265,327	27,179	-	9,292,506
Technology equipment	394,584	-	2,353	392,231
Vehicles	513,734	74,521	46,651	541,604
General equipment	459,932	457,356	9,443	907,845
Subtotal	<u>10,633,577</u>	<u>559,056</u>	<u>58,447</u>	<u>11,134,186</u>
Less accumulated depreciation:				
Buildings	3,799,223	214,818	-	4,014,041
Technology equipment	356,944	17,386	2,353	371,977
Vehicles	440,653	24,656	46,651	418,658
General equipment	381,079	19,086	9,443	390,722
Subtotal	<u>4,977,899</u>	<u>275,946</u>	<u>58,447</u>	<u>5,195,398</u>
Capital Assets - Net	<u>\$5,748,228</u>	<u>\$283,110</u>	<u>\$ -</u>	<u>\$6,031,338</u>
<b><u>Business-Type Activities</u></b>				
Depreciated:				
General equipment	\$ 282,599	\$76,205	\$34,976	\$ 323,828
Less accumulated depreciation:				
General equipment	<u>280,373</u>	<u>3,543</u>	<u>(34,976)</u>	<u>248,940</u>
Capital Assets - Net	<u>\$ 2,226</u>	<u>\$ 72,662</u>	<u>\$ -</u>	<u>\$74,888</u>

## Virtual School

During the fiscal year, the District entered into a contract with K12 to host a virtual school. As a result, its revenues more than doubled from the previous year. To achieve this change, however, an increased amount of staff time is being devoted to administration of the program, particularly in the area of payroll and benefits.

## Improvements

The District upgraded its heating, ventilation and air conditioning systems in the amount of \$457,356. These improvements were financed in part from a \$214,000 bond issue to be repaid by the School Facilities Construction Commission.

## Contacting the District's Financial Management

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

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 3,548,356	\$ 92,180	\$ 3,640,536
Accounts receivable:			
Taxes	6,730	-	6,730
Intergovernmental	143,440	-	143,440
Inventory	-	10,062	10,062
<b>Total Current Assets</b>	<b>3,698,526</b>	<b>102,242</b>	<b>3,800,768</b>
<b>Noncurrent Assets</b>			
Investments	185,849	-	185,849
Net OPEB asset	19,953	4,568	24,521
Capital assets:			
Land and construction in process	92,550	-	92,550
Other capital assets, net of depreciation	5,919,643	74,888	5,994,531
Leased equipment	19,145	-	19,145
<b>Total Noncurrent Assets</b>	<b>6,237,140</b>	<b>79,456</b>	<b>6,316,596</b>
<b>Total Assets</b>	<b>9,935,666</b>	<b>181,698</b>	<b>10,117,364</b>
<b>Deferred Outflows of Resources</b>			
Deferred amount related to pensions	174,647	38,693	213,340
Deferred amount related to OPEB	287,605	16,728	304,333
Deferred amount on bond refundings	47,823	-	47,823
<b>Total Deferred Outflows of Resources</b>	<b>510,075</b>	<b>55,421</b>	<b>565,496</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	14,875	-	14,875
Accrued payroll and related expenses	315,983	-	315,983
Unearned revenue	1,560,179	-	1,560,179
Current portion of bond obligations	450,403	-	450,403
Current portion of equipment loans	18,313	-	18,313
Current portion of equipment lease	6,094	-	6,094
Interest payable	15,833	-	15,833
<b>Total Current Liabilities</b>	<b>2,381,680</b>	<b>-</b>	<b>2,381,680</b>
<b>Noncurrent Liabilities</b>			
Noncurrent portion of bond obligations	2,750,743	-	2,750,743
Noncurrent portion of equipment loans	35,993	-	35,993
Noncurrent portion of equipment lease	12,697	-	12,697
Noncurrent portion of accrued sick leave	24,184	-	24,184
Net pension liability	927,270	212,302	1,139,572
Net OPEB liability	521,000	-	521,000
<b>Total Noncurrent Liabilities</b>	<b>4,271,887</b>	<b>212,302</b>	<b>4,484,189</b>
<b>Total Liabilities</b>	<b>6,653,567</b>	<b>212,302</b>	<b>6,865,869</b>
<b>Deferred Inflows of Resources</b>			
Deferred amount related to pensions	100,960	23,115	124,075
Deferred amount related to OPEB	571,816	77,738	649,554
<b>Total Deferred Inflows of Resources</b>	<b>672,776</b>	<b>100,853</b>	<b>773,629</b>
<b>Net Position (Deficit)</b>			
Net investment in capital assets	2,804,918	74,888	2,879,806
Restricted	416,904	-	416,904
Unrestricted	(102,424)	(150,924)	(253,348)
<b>Total Net Position (Deficit)</b>	<b>\$ 3,119,398</b>	<b>\$ (76,036)</b>	<b>\$ 3,043,362</b>

The accompanying notes are an integral part of this financial statement.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>Governmental Activities</b>							
Instruction	\$ 7,614,464	\$ -	\$ 2,149,733	\$ -	\$ (5,464,731)	\$ -	\$ (5,464,731)
Support services:							
Student	342,320	-	59,904	-	(282,416)	-	(282,416)
Instructional staff	72,227	-	37,862	-	(34,365)	-	(34,365)
District administration	397,458	-	73,572	-	(323,886)	-	(323,886)
School administration	286,689	-	45,595	-	(241,094)	-	(241,094)
Business	550,092	-	54,195	-	(495,897)	-	(495,897)
Plant operations and maintenance	393,201	-	12,484	-	(380,717)	-	(380,717)
Student transportation	190,361	-	14,559	-	(175,802)	-	(175,802)
Community services	36,340	-	-	-	(36,340)	-	(36,340)
Interest on long-term debt	87,501	-	-	-	(87,501)	-	(87,501)
<b>Total Governmental Activities</b>	<u>9,970,653</u>	<u>-</u>	<u>2,447,904</u>	<u>-</u>	<u>(7,522,749)</u>	<u>-</u>	<u>(7,522,749)</u>
<b>Business-Type Activities</b>							
Food service	318,984	20,713	350,503	-	-	52,232	52,232
<b>Total Business-Type Activities</b>	<u>318,984</u>	<u>20,713</u>	<u>350,503</u>	<u>-</u>	<u>-</u>	<u>52,232</u>	<u>52,232</u>
<b>Total Primary Government</b>	<u>\$ 10,289,637</u>	<u>\$ 20,713</u>	<u>\$ 2,798,407</u>	<u>\$ -</u>	<u>\$ (7,522,749)</u>	<u>\$ 52,232</u>	<u>\$ (7,470,517)</u>
<b>General Revenues</b>							
Taxes:							
Property					\$ 307,582	\$ -	\$ 307,582
Motor vehicle					54,266	-	54,266
Utility					58,215	-	58,215
State and formula grants					7,215,049	-	7,215,049
Investment income					75,908	651	76,559
Other income					1,392,087	-	1,392,087
<b>Total General Revenues</b>					<u>9,103,107</u>	<u>651</u>	<u>9,103,758</u>
<b>Changes in Net Position</b>					<u>1,580,358</u>	<u>52,883</u>	<u>1,633,241</u>
<b>Net Position (Deficit) - Beginning of Year</b>					<u>1,539,040</u>	<u>(128,919)</u>	<u>1,410,121</u>
<b>Net Position (Deficit) - End of Year</b>					<u>\$ 3,119,398</u>	<u>\$ (76,036)</u>	<u>\$ 3,043,362</u>

The accompanying notes are an integral part of this financial statement.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2024**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 1,898,589	\$ 1,418,703	\$ 342	\$ 230,722	\$ 3,548,356
Investments	185,849	-	-	-	185,849
Accounts receivable:					
Taxes	6,730	-	-	-	6,730
Intergovernmental	-	143,440	-	-	143,440
<b>Total Assets</b>	<u>\$ 2,091,168</u>	<u>\$ 1,562,143</u>	<u>\$ 342</u>	<u>\$ 230,722</u>	<u>\$ 3,884,375</u>
<b>Liabilities</b>					
Accounts payable	\$ 12,943	\$ 1,923	\$ -	\$ 9	\$ 14,875
Accrued payroll and related expenses	315,983	-	-	-	315,983
Unearned revenue	-	1,560,179	-	-	1,560,179
<b>Total Liabilities</b>	<u>328,926</u>	<u>1,562,102</u>	<u>-</u>	<u>9</u>	<u>1,891,037</u>
<b>Fund Balances</b>					
Restricted	185,849	41	342	230,713	416,945
Assigned	561,347	-	-	-	561,347
Unassigned	1,015,046	-	-	-	1,015,046
<b>Total Fund Balances</b>	<u>1,762,242</u>	<u>41</u>	<u>342</u>	<u>230,713</u>	<u>1,993,338</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,091,168</u>	<u>\$ 1,562,143</u>	<u>\$ 342</u>	<u>\$ 230,722</u>	<u>\$ 3,884,375</u>

**Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities**

<b>Total Governmental Fund Balances</b>	\$ 1,993,338
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets and leases used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	6,031,338
Deferred outflows and inflows of resources are applicable to future periods and therefore are not reported in the governmental funds.	(142,748)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Bond obligations	(3,201,146)
Equipment loans	(54,306)
Lease payable	(18,791)
Accrued sick leave	(24,184)
Interest payable	(15,833)
Net pension liability	(927,270)
Net OPEB liability (asset)	(521,000)
<b>Total Net Position of Governmental Activities</b>	<u>\$ 3,119,398</u>

The accompanying notes are an integral part of this financial statement.

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
From local sources:					
Property taxes	\$ 281,848	\$ -	\$ -	\$ 25,734	\$ 307,582
Motor vehicle taxes	54,266	-	-	-	54,266
Utility taxes	58,215	-	-	-	58,215
Investment gain (loss)	74,573	225	-	1,110	75,908
Other income	170,173	1,080,457	-	138,737	1,389,367
Intergovernmental - state	7,552,307	214,923	399,475	777,679	8,944,384
Intergovernmental - indirect federal	-	655,488	-	-	655,488
Intergovernmental - direct federal	43,561	19,521	-	-	63,082
<b>Total Revenues</b>	<u>8,234,943</u>	<u>1,970,614</u>	<u>399,475</u>	<u>943,260</u>	<u>11,548,292</u>
<b>Expenditures</b>					
Instruction	5,829,653	1,781,481	-	135,333	7,746,467
Support services:					
Student	242,127	113,487	-	-	355,614
Instructional staff	69,107	1,611	-	4,096	74,814
District administration	400,693	26,416	-	-	427,109
School administration	145,082	145,609	-	-	290,691
Business	367,982	124,352	-	-	492,334
Plant operations and maintenance	396,987	90,132	-	-	487,119
Student transportation	177,577	-	-	-	177,577
Building acquisition and construction				402,894	402,894
Community services	1,404	41,508	-	-	42,912
Debt service:					
Payment of principal	17,820	-	456,000	-	473,820
Payment of interest and fiscal charges	2,080	-	83,789	-	85,869
<b>Total Expenditures</b>	<u>7,650,512</u>	<u>2,324,596</u>	<u>539,789</u>	<u>542,323</u>	<u>11,057,220</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>584,431</u>	<u>(353,982)</u>	<u>(140,314)</u>	<u>400,937</u>	<u>491,072</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from issuance of debt	-	-	-	216,108	216,108
Sale of fixed assets	2,720	-	-	-	2,720
Operating transfers in	570,185	391,021	140,314	-	1,101,520
Operating transfers out	(452,097)	(37,039)	-	(612,384)	(1,101,520)
<b>Total Other Financing Sources (Uses)</b>	<u>120,808</u>	<u>353,982</u>	<u>140,314</u>	<u>(396,276)</u>	<u>218,828</u>
<b>Net Changes in Fund Balances</b>	705,239	-	-	4,661	709,900
<b>Fund Balances - Beginning of Year</b>	<u>1,057,003</u>	<u>41</u>	<u>342</u>	<u>226,052</u>	<u>1,283,438</u>
<b>Fund Balances - End of Year</b>	<u>\$ 1,762,242</u>	<u>\$ 41</u>	<u>\$ 342</u>	<u>\$ 230,713</u>	<u>\$ 1,993,338</u>

The accompanying notes are an integral part of this financial statement.



**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS WITH THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024**

**Net Changes in Fund Balances - Total Governmental Funds** \$ 709,900

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

Governmental funds report capital outlay 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 outlay (\$559,056) exceeds depreciation (\$275,946). 283,110

Repayment of bond, loan and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 473,820

Interest is recorded as an expenditure when due in the governmental funds and as it accrues in the Statement of Activities. (1,633)

Proceeds from the sale of bonds is an other financing source in governmental funds but increase liabilities in the Statement of Net Position. (216,108)

In the Statement of Activities, sick leave is measured by the amount earned during the year. In governmental funds, however, expenditures for this item are measured by the amount actually paid. 64,412

Governmental funds report pension contributions as expenditures when made. In the Statement of Net Position, pension contributions are reported as deferred outflows of resources because the reported net pension liability is measured one year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities. 266,857

**Change in Net Position of Governmental Activities** \$ 1,580,358

The accompanying notes are an integral part of this financial statement.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2024**

	<b>Enterprise Fund</b>
	<b>Food Service</b>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 92,180
Inventory	10,062
<b>Total Current Assets</b>	<b>102,242</b>
<b>Noncurrent Assets</b>	
Net OPEB asset	4,568
Capital assets	323,828
Less: accumulated depreciation	(248,940)
<b>Total Noncurrent Assets</b>	<b>79,456</b>
<b>Total Assets</b>	<b>181,698</b>
<b>Deferred Outflows of Resources</b>	
Deferred amount related to pensions	38,693
Deferred amount related to OPEB	16,728
<b>Total Deferred Outflows of Resources</b>	<b>55,421</b>
<b>Liabilities</b>	
<b>Noncurrent Liabilities</b>	
Net pension liability	212,302
<b>Total Liabilities</b>	<b>212,302</b>
<b>Deferred Inflows of Resources</b>	
Deferred amount related to pensions	23,115
Deferred amount related to OPEB	77,738
<b>Total Deferred Inflows of Resources</b>	<b>100,853</b>
<b>Net Position (Deficit)</b>	
Investment in capital assets	74,888
Unrestricted	(150,924)
<b>Total Net Position (Deficit)</b>	<b>\$ (76,036)</b>

The accompanying notes are an integral part of this financial statement.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Enterprise Fund</b>
	<b>Food Service</b>
<b>Operating Revenues</b>	
Lunchroom sales	\$ 20,713
<b>Operating Expenses</b>	
Salaries and benefits	110,308
Contract services	1,158
Materials and supplies	198,721
Depreciation	3,543
Other operating expenses	5,254
<b>Total Operating Expenses</b>	<b>318,984</b>
<b>Operating Loss</b>	<b>(298,271)</b>
<b>Non-operating Revenues</b>	
Federal grants	289,046
State grants	51,402
Interest income	651
Donated commodities	9,007
Other non-operating revenue	1,048
<b>Total Non-operating Revenues</b>	<b>351,154</b>
<b>Income Before Transfers</b>	<b>52,883</b>
<b>Operating Transfers Out</b>	-
<b>Changes in Net Position</b>	<b>52,883</b>
<b>Net Position (Deficit) - Beginning of Year</b>	<b>(128,919)</b>
<b>Net Position (Deficit) - End of Year</b>	<b>\$ (76,036)</b>

The accompanying notes are an integral part of this financial statement.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Enterprise Fund</b>
	<b>Food Service</b>
<b>Cash Flows from Operating Activities</b>	
Cash received from user charges	\$ 20,713
Cash payments to employees for services	(141,674)
Cash payments for contract services	(1,158)
Cash payments to suppliers for goods and services	(193,306)
Cash payments for other operating expenses	(5,254)
<b>Net Cash Used by Operating Activities</b>	<b>(320,679)</b>
<b>Cash Flows from Noncapital and Related Financing Activities</b>	
Federal grants	289,046
State grants	51,402
Other non-operating revenue	1,048
<b>Net Cash Provided by Noncapital and Related Financing Activities</b>	<b>341,496</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition of fixed assets	(76,205)
<b>Cash Flows from Investing Activities</b>	
Interest income	651
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(54,737)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>146,917</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 92,180</b>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</b>	
Operating loss	\$ (298,271)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	3,543
Commodities used	9,007
Net changes in assets and liabilities:	
Inventory	(3,592)
Net OPEB asset	(4,568)
Deferred outflows	15,489
Net pension liability	(31,605)
Net OPEB liability	(66,574)
Deferred inflows	55,892
<b>Net Cash Used by Operating Activities</b>	<b>\$ (320,679)</b>
<b>Schedule of Noncash Transactions</b>	
Donated commodities received from federal government	\$ 9,007
On-behalf payments for fringe benefits received from state government	18,922
<b>Total Noncash Transactions</b>	<b>\$ 27,929</b>

The accompanying notes are an integral part of this financial statement.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

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

Reporting Entity

The Cloverport Independent Board of Education (Board), a five-member group, is the level of government that has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Cloverport Independent School District (District). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental reporting entity. Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to develop policies that 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 Cloverport Independent Board of Education. The basic financial statements presented herein do not include funds of groups and organizations, such as booster clubs, Parent-Teacher Organizations, etc., which, although associated with the school system, have not originated within the Board itself.

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. In accordance with GASB 14, "The Financial Reporting Entity," as amended by GASB 39, "Determining Whether Certain Organizations Are Component Units," 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. Based on this criteria, the financial statements of the following organization are included in the accompanying basic financial statements as a blended component unit:

Cloverport Independent School District Finance Corporation - The Cloverport Independent Board of Education resolved to authorize the establishment of the Cloverport Independent School District Finance Corporation (Corporation) (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act, KRS 273, and KRS Section 58.180) as an agency for the District for financing the costs of school building facilities. The board members of the Cloverport Independent Board of Education also comprise the Corporation's Board of Directors.

Basis of Presentation

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

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 and Fiduciary 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. The focus of governmental and enterprise fund financial statements is on major funds rather than fund types. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the changes in fund balances. Proprietary funds are reported using the economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases and decreases in total net position. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The District has the following funds:

I. Governmental Funds

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

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- (B) The Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes.
1. The Special Revenue Fund includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods, as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. This is a major fund of the District.
  2. The District Activity Fund accounts for funds that support co-curricular and extra-curricular activities not raised or expended by student groups. This is not a major fund.
  3. The Student Activity Fund accounts for funds raised and expended by student groups for co-curricular and extra-curricular activities. This is not a major fund.
- (C) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
1. The Capital Outlay Fund accounts for the SEEK capital outlay allotment required by state statute to be maintained in a separate account and used for projects approved by the commissioner of education. This is not a major fund.
  2. The Building Fund accounts for the equivalent tax rate of five cents (\$0.05) as required by state statute to be placed in a separate fund for the purpose of the Facilities Support Program of Kentucky (FSPK). Additional taxes levied may also be placed in this fund. This is not a major fund.
  3. The Construction Fund accounts for the costs arising out of the construction, renovation, or remodeling of any school facilities. Project accounting is employed to maintain integrity for the various sources of funds. This is not a major fund.
- (D) The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related costs. This is a major fund.

II. Proprietary Fund (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).

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Accounting

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

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

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

Operating revenues are those revenues that are generated directly from the primary activity of the Proprietary Funds. Those revenues are primarily charges for meals and related items provided by the various schools. Nonoperating revenues of the Proprietary Funds include grants, donations, and interest income.

When both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

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.



**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds as an expense with a like amount reported as donated commodities revenue.

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

Property Taxes

Property taxes are levied by the county on behalf of the school district each October on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings, which are mailed by November 1, are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. A 2% discount is offered through November 30 and a penalty is assessed after December 31. Property taxes received after December 31 are considered to be delinquent and a lien can be filed against the property. Since the taxes are not levied and collected by the school district, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

The property tax rates assessed for the year ended June 30, 2024 were \$.741 per \$100 valuation for real, personal and tangible property and \$.569 per \$100 valuation for motor vehicles.

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

Receivables

The District recognizes revenues as receivable when they are measurable and receipt is probable. Concentration of credit risk with respect to the receivables from federal, state, and local governments is limited due to the historical stability of those institutions; therefore, no allowance for doubtful accounts is recorded.

Cash and Cash Equivalents

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

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Capital Assets

General capital assets are those assets not specifically related to activities reported in the Proprietary Fund. 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 Fund are reported both in the business-type activities column of the government-wide Statement of Net Position and in the fund financial statements.

Purchased capital assets are carried at historical cost. Where cost cannot be determined from the available records, estimated historical cost has been used to record the estimated value of the assets. Donated fixed assets are recorded at acquisition value. Improvements are capitalized, but the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

The District maintains a capitalization threshold of \$10,000 for land or building improvements and portable buildings and \$5,000 (per unit cost) for all other assets, except there is no threshold for buildings, land, and vehicles. The District does not possess any infrastructure. All reported capital assets except land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Life</u>
Technology equipment	5 years
Vehicles	5-10 years
Food service equipment	5-12 years
General equipment	5-20 years
Land improvements	10-20 years
Buildings	25-50 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables and payables. These generally arise from payments made from the General Fund on behalf of the Special Revenue Fund. The General Fund does not have the legal liability for the expenditure, so a payable from the fund having the legal liability is established at such time. Unless there are net residual amounts due between governmental and business-type activities, these amounts are eliminated in the Statement of Net Position.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of goods or services. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year. Outstanding encumbrances at year-end are included in assigned fund balance at June 30, 2024.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Budgetary Process

The Superintendent must submit the proposed budget for all funds to the Board members each year. The working budget is adopted by September 30 of each fiscal year, and amendments to the budget can be approved by the Board as needed. The budgetary data for the General Fund and Special Revenue Fund is presented on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Interfund Transfers

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues and expenses in proprietary funds.

Inventory

The only inventory maintained by the District consists of expendable supplies held for consumption and is accounted for in the Proprietary Fund. Inventory consists of donated and purchased foods held for resale and are expensed when used. Purchased food is valued at cost (first-in, first-out method) and the value of U.S. Government donated commodities is determined by the U.S. Department of Agriculture.

Prepaid Expenses

Payments made that will benefit periods beyond June 30, 2024 are recorded as prepaid expenses using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase, and an expenditure/expense is reported in the year in which services are consumed.

Pensions

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

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Post-employment Benefits Other Than Pensions (OPEB)

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

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports the deferred charge on refunding and deferred amounts related to pensions and OPEB in the government-wide Statement of Net Position in this category. A deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred amounts related to pensions include pension contributions made during the current fiscal year but applicable to a future measurement period of the net pension liability. Deferred amounts related to OPEB include medical insurance contributions made during the current fiscal year but applicable to a future measurement period of the net OPEB liability.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District reports the deferred amount related to pensions and OPEB in the government-wide Statement of Net Position in this category.

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

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Net Position

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

- Net investment in capital assets - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.
- Restricted - Restricted net position consists of restricted financial assets reduced by liabilities and deferred inflows of resources related to those assets. Limitations can be imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- Unrestricted - If an amount does not meet the definition of net investment in capital assets or restricted, it is unrestricted.

Fund Equity

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

- Nonspendable - amounts that are not in a spendable form (such as inventory and prepayments) or are required to be maintained intact.
- Restricted - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned - amounts that are available for any purpose; positive amounts are reported only in the General Fund.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

The District establishes (and modifies or rescinds) fund balance commitments by passage of a board order, which is done through motions made by the board of education members. Assigned fund balance is established by the Superintendent through adoption or amendment of the budget as intended for a specific purpose. Unassigned fund balances are reduced first, unless expenditures are incurred for a specific purpose for which fund balance has been restricted, committed, or assigned.

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

Payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements and in the Proprietary Fund financial statements. In general, payables, accrued liabilities, and long-term obligations that will be paid from governmental funds are reported on the government-wide financial statements regardless of whether they will be liquidated with current resources. However, these amounts are not recognized as liabilities in the fund financial statements until due.

**Accumulated Unpaid Sick Leave Benefits**

The District's policies regarding sick leave permit employees to accumulate earned but unused sick leave. Upon retirement from the school system, a qualified employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments. The entire compensated absence liability is reported on the government-wide financial statements.

**NOTE B - FUND BALANCES**

The assigned and restricted fund balances for the Governmental Funds were classified as follows:

	<b>Fund</b>	<b>Purpose</b>	<b>Amount</b>
<b>Assigned</b>	General	Purchase obligations	\$ 3,829
	General	Other	557,518
			<u>\$561,347</u>
<b>Restricted</b>	General	Science	\$185,849
	Special Revenue	Projects	41
	Debt Service	Debt service	342
	Building	Capital projects	129,953
	Construction	Capital projects	19,709
	District Activity	Student activities	1,297
	Student Activity	Student activities	79,754
		<u>\$416,945</u>	

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE C - CAPITAL ASSETS**

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

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
<u>Governmental Activities</u>				
Not Depreciated:				
Land	\$ 92,550	\$ -	\$ -	\$ 92,550
Depreciated:				
Buildings	9,265,327	27,179	-	9,292,506
Technology equipment	394,584	-	2,353	392,231
Vehicles	513,734	74,521	46,651	541,604
General equipment	459,932	457,356	9,443	907,845
Subtotal	<u>10,633,577</u>	<u>559,056</u>	<u>58,447</u>	<u>11,134,186</u>
Less accumulated depreciation:				
Buildings	3,799,223	214,818	-	4,014,041
Technology equipment	356,944	17,386	2,353	371,977
Vehicles	440,653	24,656	46,651	418,658
General equipment	381,079	19,086	9,443	390,722
Subtotal	<u>4,977,899</u>	<u>275,946</u>	<u>58,447</u>	<u>5,195,398</u>
Capital Assets - Net	<u>\$ 5,748,228</u>	<u>\$283,110</u>	<u>\$ -</u>	<u>\$ 6,031,338</u>
 <u>Business-Type Activities</u>				
Depreciated:				
General equipment	\$ 282,599	76,205	\$ 34,976	\$ 323,828
Less accumulated depreciation:				
General equipment	280,373	3,543	(34,976)	248,940
Capital Assets - Net	<u>\$ 2,226</u>	<u>\$ 72,662</u>	<u>\$ -</u>	<u>\$ 74,888</u>

Depreciation expense was charged to functions in the Statement of Activities as follows:

<u>Governmental Activities</u>	
Instruction	\$128,632
Support services:	
Student	3,530
Staff	1,413
District administration	14,791
School administration	987
Business	87,756
Plant operations and maintenance	11,670
Student transportation	27,084
Community service	83
	<u>\$275,946</u>
 <u>Business-Type Activities</u>	
Food service	<u>\$ 3,543</u>

In March 2022, the District entered into a lease arrangement for three copier/printers with Toshiba Corporation. The assets were placed in service in April with a present value of \$19,147 to be amortized over 63-months. The terms of the lease are stated in Note F.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE D - INVESTMENTS**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investments consist of cash and mutual funds held with J.P. Morgan. Mutual funds were valued at the daily closing price as reported by the fund (level 1), and cash approximates fair value. The District has the following recurring fair value measurements as of June 30, 2024:

<u>Description</u>	<u>(Level 1)</u>	<u>Fair Value</u>
Mutual funds	\$183,812	\$183,812
Cash		2,037
	<u>\$183,812</u>	<u>\$185,849</u>

**NOTE E - CASH AND CASH EQUIVALENTS**

At year end, the carrying amount of the District's cash and cash equivalents was \$3,640,536 and the bank balance was \$3,724,529. The bank balance was covered by federal depository insurance of \$250,000 and \$5,774,292 was pledged with securities held by the pledging banks' trust departments but not in the name of the District.

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. At year-end, the deposits of the District were either insured or collateralized with securities held by the pledging financial institution. The District has formally adopted deposit and investment policies that limit its allowable deposits or investments and address the specific types of risk to which the government is exposed.

Kentucky Revised Statute 66.480 and Board policy authorize the District to invest in direct obligations of the U.S. government; obligations backed by the full faith and credit of the U.S. government; obligations of any corporation of the U.S. government; certificates of deposit or other interest bearing accounts issued by any bank or savings and loan institution having a physical presence in Kentucky, provided that such investment is insured by the FDIC or collateralized by any obligations permitted by KRS 41.240(4); uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency; bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency; commercial paper rated in the highest category by a competent rating agency; bonds or certificates of indebtedness issued by the Commonwealth of Kentucky and of its agencies and instrumentalities; securities issued by any state or local government of the U.S., or any instrumentality of agency thereof, and rated in one of the three highest categories by a competent rating agency; certain mutual funds; certain individual equity securities; and certain individual high-quality corporate bonds.



**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE F - LONG-TERM LIABILITIES**

**Governmental Activities**

As indicated in Note C, in March 2022, the District leased equipment with a present value of \$19,147. Subject to GASB 87, the liability is amortized over 63 monthly payments of \$544 (exclusive of \$180 in maintenance and supply charges) based on an interest rate of 2.73%. The vendor retains a security interest in the equipment until termination of the lease.

On March 9, 2019, the District entered into a contract with the Kentucky Interlocal School Transportation Association (KISTA) for the acquisition of a new school bus. Principal is due annually over a 10-year period in amounts ranging from \$7,939 to \$10,156. Interest is paid semi-annually at a 3% rate. The KISTA Pool Financing retains a security interest in the vehicle until the termination of the contract.

The District is obligated to make payments in amounts sufficient to satisfy debt service requirements on revenue bonds or refunding bonds of revenue bonds issued by the Cloverport Independent School District Finance Corporation to construct or renovate school facilities. The bonds payable are collateralized by the educational facilities constructed/renovated with bond proceeds. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding. Bonds are repaid principally from state and local revenues in the Building Fund. General Fund and Capital Outlay Fund revenues are available to pay for debt service if needed.

The projects financed by bonds are the property of the Cloverport Independent School District Finance Corporation (Corporation), which leases the facilities to the District. Rental payments are equal to the amounts the Corporation pays to amortize the bonds. The instruments are revenue bonds, constitute a limited indebtedness of the Corporation, and are secured by a statutory mortgage lien and pledge of the rental income derived by the Corporation from leasing the project to the District on a year-to-year basis. Should the District fail to make its required payments, it has granted the Commission the right to request that the Kentucky Department of Education withhold sufficient funds from the District to compensate for the shortfall.

The District has “participation agreements” with the Kentucky School Facility Construction Commission (SFCC). The SFCC was created by the Kentucky Legislature for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the SFCC 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 government-wide financial statements.

The original amount of the bond issues, the issue dates, interest rates, and outstanding balances at June 30, 2024 are summarized below:

Bond Series	Interest Rates	Original Issue	Outstanding Balance
2015	2.1% to 3.3%	\$ 1,710,000	\$ 1,260,000
2016R	.95% to 2.1%	\$ 3,195,000	\$ 1,310,000
2020R	1.2%	\$ 573,000	\$ 401,000
2023	3%	\$ 214,000	\$ 214,000

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE F - LONG-TERM LIABILITIES (CONCLUDED)**

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 SFCC, at June 30, 2024 for debt service (principal and interest) are as follows:

Year Ending June 30	District		SFCC		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 101,581	\$ 41,915	\$ 344,419	\$ 38,983	\$ 446,000	\$ 80,898
2026	99,053	39,989	350,947	32,227	450,000	72,216
2027	95,163	37,398	358,837	25,249	454,000	62,647
2028	98,067	34,831	364,933	18,115	463,000	52,946
2029	129,404	32,149	51,596	10,859	181,000	43,008
2030-34	737,877	100,367	149,123	41,030	887,000	141,397
2034-38	166,752	5,503	67,248	24,031	234,000	29,534
2039-43	-	-	70,000	8,360	70,000	8,360
	<u>\$1,427,897</u>	<u>\$292,152</u>	<u>\$1,757,103</u>	<u>\$198,854</u>	<u>\$3,185,000</u>	<u>\$491,006</u>

Changes in long-term liabilities (including current portion) were as follows:

**Governmental Activities**

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due In One Year
Bond obligations	\$3,427,000	\$214,000	\$456,000	\$3,185,000	\$446,000
Premium	20,548	-	4,402	16,146	4,403
Total bonds	3,447,548	214,000	460,402	3,201,146	450,403
Equipment loans	72,126	-	17,820	54,306	18,313
Leased equipment	24,721	-	5,930	18,791	6,094
Accrued sick leave	83,401	-	59,217	24,184	-
Net pension liability	1,027,099	-	99,829	927,270	-
Net OPEB liability	1,044,349	-	523,349	521,000	-
	<u>\$5,699,244</u>	<u>\$214,000</u>	<u>\$1,166,547</u>	<u>\$4,746,697</u>	<u>\$474,810</u>

The Debt Service Fund is primarily responsible for paying bond obligations through funding from the Building Fund. The General Fund is primarily responsible for paying the lease and accrued sick leave.

**Business-Type Activities**

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due In One Year
Net pension liability	\$243,906	-	\$31,604	\$212,302	-
Net OPEB liability (asset)	66,575	-	71,143	(4,568)	-
	<u>\$310,481</u>	<u>\$ -</u>	<u>\$102,747</u>	<u>\$207,734</u>	<u>\$ -</u>

**NOTE G - DEFICIT FUND BALANCES/NET POSITION**

The proprietary fund ended the year with a deficit in net position. The governmental funds did not end the year with a deficit fund balance; however, the Capital Outlay, Construction, and District Activity Funds had operations resulting in current-year reductions of fund balance.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE H - INTERFUND ACTIVITY**

The following interfund transfers were made during the year:

<u>From Fund</u>	<u>To Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	Debt Service	\$ 61,076	Debt service
General	Special Revenue	10,203	Technology transfer
General	Special Revenue	380,818	On-behalf payments
Special Revenue	General	37,039	Reimbursement
Capital Outlay	General	176,184	Fixed assets
Building	Debt Service	140,314	Debt service
Building	General	257,913	Fixed assets
Building	Construction	206,112	Fixed assets
Construction	General	37,973	Fixed assets
		<u>\$1,307,632</u>	

Most program costs in the Special Revenue Fund must be paid for by District funds before reimbursement is requested from the federal government. The General Fund temporarily covered program expenditures, so an interfund balance resulted from the time lag between the dates expenditures were made and the date that grant funds were received. As a result, the Special Revenue Fund owed the General Fund \$- at year-end.

**NOTE I - ON-BEHALF PAYMENTS**

For the year ended June 30, 2024, payments were made for life insurance, health insurance, health reimbursement accounts, TRS retirement contributions, administrative fees, and technology by the Commonwealth of Kentucky on behalf of the District. In addition, debt service payments (principal and interest) were made by KISTA and the SFCC on behalf of the District. These on-behalf payments were recorded as intergovernmental revenue and expenses or expenditures in the government-wide, General Fund, Proprietary Fund, and Debt Service Fund financial statements.

The on-behalf payments received were as follows:

TRS retirement contributions – GASB 68	\$ 418,770
TRS retirement contributions – GASB 75	35,267
Health insurance	557,329
Life insurance	728
Administrative fee	5,820
Health reimbursement account	21,963
Federal reimbursement (paid by District)	(68,654)
Debt service (SFCC payments)	399,474
Technology (KEN, MUNIS, etc.)	<u>48,629</u>
Total On-Behalf Payments	<u>\$1,419,326</u>

The amount received for the fiscal year ended June 30, 2024 was allocated as follows:

General Fund/Governmental Activities	\$1,000,930
Proprietary Fund/Business-Type Activities	18,922
Debt Service Fund	<u>399,474</u>
Total On-Behalf Payments	<u>\$1,419,326</u>

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE J - INSURANCE AND RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, students, and guests; and natural disasters. To obtain insurance for workers' compensation, errors and omissions, general and automotive liability coverage, and other miscellaneous risks, the District purchases commercial 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.

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

**NOTE K - COMMITMENTS AND CONTINGENCIES**

The District receives funding from federal, state, and local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based on the grantor's review, the funds are considered not to have been used for the intended purpose, the grantor may request a refund of 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 contingent upon the grantors' satisfaction that the funds provided are being spent as intended, the grantors' intent to continue the programs, and the availability of funding.

Early in 2020, the United States was struck with the COVID-19 virus. It continues to impact economies around the globe. To ease the burden of the financial impact of COVID-19 on the District, the federal government disbursed funds as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). It is not possible to reliably estimate the duration and severity of the consequences of the pandemic, as well as their impact on the financial position of the District for future periods.

**NOTE L - RETIREMENT PLANS**

The District's employees are provided with two pension plans, based on each position's college degree requirement. The District also makes available 401(k) and 403(b) defined contribution pension plans for all employees. Employees are allowed to contribute to the plans up to the Internal Revenue Code maximum allowable amount. The District does not contribute to these plans.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE L - RETIREMENT PLANS (CONTINUED)**

**1. Teachers' Retirement System of Kentucky**

**General Information about the Teachers' Retirement System of Kentucky**

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

**Benefits Provided**

**Members before July 1, 2008**

Members become vested when they complete five 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 on or after July 1, 2008 and before January 1, 2022**

Members become vested when they complete five 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.

**Members on or after January 1, 2022**

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

- 1) attain age 57 and complete 10 years of Kentucky service; or
- 2) attain age 65 and complete 5 years of Kentucky service.

The annual retirement allowance, or monthly benefit payment, varies based on participation dates in the system, length of service, and other factors. For all members, final average salary is the member's five highest annual salaries, except members who began participating prior to January 1, 2022, that are at least age fifty-five with twenty-seven or more years of service, may use their three highest annual salaries. More information can be found in the publicly available financial report mentioned above.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE L - RETIREMENT PLANS (CONTINUED)**

Other Benefits

TRS provides post-employment healthcare benefits to eligible members and dependents. See Note M for more information.

For members who began participating prior to January 1, 2022, TRS also provides disability benefits for vested members at the rate of 60% of the final average salary. Members who began participating on or after January 1, 2022, 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 for members who began participating before January 1, 2022. For members who entered on or after January 1, 2022, 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.

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 (KRS). Non-university members who began participating before January 1, 2022 are required to contribute 12.855% of their salaries to the System. The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district employees hired before July 1, 2008 and 14.105% for those hired 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 members who began participating on or after January 1, 2022, non-university members contribute 14.75% of their salaries to the System. Employers of non-university members, including the Commonwealth (as a non-employer contributing entity), contribute 10.75% of salary.

Member and employer contributions consist of retirement annuity contributions and other post-employment benefit contributions to the health insurance and life insurance trusts. The member post-employment health insurance contribution is 3.75% of salary. The employer post-employment health insurance 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.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE L - RETIREMENT PLANS (CONTINUED)**

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

At June 30, 2024, the District did not report a liability for its proportionate share of the net pension liability because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. For the year ended June 30, 2024, the District recognized \$418,770 in pension expense and in revenue in the government-wide financial statements for TRS support provided by the Commonwealth. The Commonwealth's proportionate share of the TRS net pension liability that was associated with the District was \$6,962,023.

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 date of June 30, 2022. The Commonwealth's proportionate share of the net pension liability associated with the District was based on the actual liability of the employees and former employees of the District relative to the total liability for non-university employers of TRS as determined by the actuary, which accounted for 0.0409% as of June 30, 2023.

**Actuarial Assumptions** – Actuarial valuation was determined using the following actuarial assumptions:

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:	3.0 – 7.5%, including inflation
Inflation Rate:	2.5%
Post-Retirement Adjustment:	1.5%
Municipal Bond Index Rate:	3.66%
Single Equivalent Interest Rate:	7.1%

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.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE L - RETIREMENT PLANS (CONTINUED)**

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

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

For KTRS, 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 in full at the current contribution rates and the employer contributions will be made at actuarially determined contribution rates for all future fiscal years. 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. The District's proportionate share of the TRS net pension liability was \$0.

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report.

**2. County Employees Retirement System**

**General Information about the County Employees Retirement System**

Plan Description – Employees whose positions do not require a degree (classified personnel) are covered by the County Employees Retirement System (CERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Public Pensions Authority (KPPA), a component unit of the Commonwealth of Kentucky. Under the provisions of Kentucky Revised Statute Sections 78.782 and 61.645, the KPPA oversees the administration and operation of the personnel and accounting systems for the CERS. The governance of the CERS rests with a 9-member board of trustees. The KPPA issues a publicly available financial report that includes financial statements and required supplementary information for CERS. The report may be obtained by writing to the KPPA, 1260 Louisville Road, Frankfort, KY 40601 or from the KRS website at [www.kyret.ky.gov](http://www.kyret.ky.gov).



**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE L - RETIREMENT PLANS (CONTINUED)**

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

Tier 1 – Defined Benefit

Participation date:	Before September 1, 2008
Unreduced retirement:	27 years service or 65 years old
Reduced retirement:	At least 5 years service and 55 years old At least 25 years service and any age

Tier 2 – Defined Benefit

Participation date:	September 1, 2008 – December 31, 2013
Unreduced retirement:	At least 5 years service and 65 years old Age 57+ and sum of service years plus age = 87
Reduced retirement:	At least 10 years service and 60 years old

Tier 3 – Cash Balance

Participation date:	After December 31, 2013
Unreduced retirement:	At least 5 years service and 65 years old Age 57+ and sum of service years plus age = 87
Reduced retirement:	Not available

Contributions – Employees in all tiers contribute 5% of their salaries, and those in Tiers 2 and 3 contribute an additional 1% of their salaries for the insurance fund and it is non-refundable to the member. Participating employers contributed 23.34% (23.34% for pension and 0% for health insurance) of members’ non-hazardous compensation for the year ended June 30, 2024.

Medical Insurance Plan – In addition to the pension benefits described above, Kentucky Revised Statute 61.702 requires CERS to provide post-retirement healthcare benefits to eligible members and dependents. See Note M for more information.

**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 \$1,139,572 for its proportionate share of the net pension liability for CERS. 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 to the plan’s fiscal year ended June 30, 2023, using generally accepted actuarial principles. The District’s proportion of the net pension liability was based on the actual contributions of the District relative to the total contributions of all participating members of CERS during the measurement period July 1, 2022 through June 30, 2023. At June 30, 2023, the District’s proportion was 0.017760%, an increase of 0.000178% from its proportion measured at June 30, 2023.

For the year ended June 30, 2024, the District recognized pension expense of \$72,999 for CERS.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE L - RETIREMENT PLANS (CONTINUED)**

The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 58,993	\$ 3,097
Changes of assumptions	-	104,443
Net difference between projected and actual earnings on pension plan investments	-	15,544
Changes in proportion and differences between District contributions and proportionate share of contributions	37,097	991
District contributions subsequent to the measurement date	117,250	-
	\$213,340	\$124,075

\$117,250 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 ending 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:

Year Ending June 30,	Amount
2025	\$ (2,483)
2026	(39,909)
2027	25,440
2028	(11,033)

Actuarial assumptions – The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation Rate:	2.50%
Payroll Growth Rate:	2.00%
Projected Salary Increases:	3.30% to 10.30%, varies by service for CERS non-hazardous
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 non-disabled 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.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE L - RETIREMENT PLANS (CONCLUDED)**

The long-term expected rates of return were determined by using a building-block method in which best estimated ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class, as provided by KRS, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
<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%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate 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.

Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate – The following table 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 one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease 5.50%</u>	<u>Current Discount 6.50%</u>	<u>1% Increase 7.50%</u>
District’s proportionate share of the net pension liability	\$1,438,778	\$1,139,572	\$890,920

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued CERS financial report.

Pension Contributions Payable – The District’s accrued payroll and employee benefits included \$19,742 (\$16,259 employer and \$3,483 employee) of outstanding pension contributions payable to CERS for the year ended June 30, 2024.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE M - OTHER POST-EMPLOYMENT BENEFITS**

**1. Teachers' Retirement System of Kentucky Insurance Fund**

**General Information about the Teachers' Retirement System of Kentucky Insurance Fund**

Plan Description – Teaching-certified employees of the District are provided other post-employment benefits (OPEB) 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 insurance benefits for local school districts and other public educational agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

The District reports a liability, deferred outflows of resources, deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the TRS Medical Insurance Plans. Life insurance benefits are also provided, but no information is recorded in the District's financial records, as there is no statutory requirement to contribute to the TRS Life Insurance Plans. The following information is about the TRS plans.

**A) Medical Insurance Plan**

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

Benefits provided – To be eligible for medical benefits, the member must have retired either for service or disability 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 and or are eligible for Medicare, coverage is obtained through the Medicare Eligible Health Plan administered by TRS.

Contributions are made on behalf of TRS retired members toward payment of health insurance premiums. The amount of the member's contribution is based on a table approved by the TRS Board of Trustees. Retired members pay premiums in excess of the monthly contribution. The Commonwealth bears risk for excess claims expenses that exceed the premium equivalents charged for the KEHP.

Contributions – In order to fund the post-retirement healthcare benefit, 7.5% of the gross annual payroll of members is contributed – 3.75% is paid by member contributions, .75% is from Commonwealth appropriation, and 3% is from the employer. The Commonwealth contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**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 \$521,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the District's proportion was 0.021406%.

The amount recognized by the District as its proportionate share of the OPEB liability, the related Commonwealth 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	\$521,000
Commonwealth's proportionate share of the net OPEB liability associated with the District	439,000
Total	\$960,000

For the year ended June 30, 2024, the District recognized a reduction in OPEB expense of \$21,709 and revenue of \$34,186 for support provided by the Commonwealth. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 96,059
Changes of assumptions	64,582	-
Net difference between projected and actual earnings on OPEB plan investments	5,427	-
Changes in proportion and differences between District contributions and proportionate share of contributions	77,065	136,220
District contributions subsequent to the measurement date	67,085	-
	\$214,159	\$232,279

\$67,085 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 collective net OPEB liability in the year ending June 30, 2025. Deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

Year Ending June 30,	Amount
2025	\$(27,135)
2026	(19,538)
2027	(2,714)
2028	(6,512)
2029	(17,366)
Thereafter	(11,940)

Actuarial assumptions – The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

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 Trend Rates:

Medical trend:	6.75% for fiscal year 2023, decreasing to an ultimate rate of 4.5% by fiscal year 2032
Medicare Part B premiums:	1.55% for fiscal year 2023, with an ultimate rate of 4.5% by fiscal year 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 study for the system, which covered the five-year period ending June 30, 2020, adopted by the board on September 20, 2021. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2022, valuation of the health trust were based on a review of recent plan experience done concurrently with the June 30, 2022, valuation. The health care cost trend 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 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.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Large Cap Equity	35.4%	5.0%
US Small Cap Equity	2.6%	5.5%
Developed International Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	9.0%	1.9%
High Yield Bonds	8.0%	3.8%
Other Additional Categories	9.0%	3.7%
Real Estate	6.5%	3.2%
Private Equity	8.5%	8.0%
Cash	1.0%	1.6%
Total	<u>100%</u>	

Discount rate – The discount rate used to measure the total OPEB liability as of the measurement date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 74.

Sensitivity of Proportionate Share of Net OPEB Liability to Changes in the Discount Rate – The following table presents the District's proportionate share of the collective net OPEB liability of TRS, calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 6.10%	Current Discount 7.10%	1% Increase 8.10%
District's proportionate share of the collective net OPEB liability	\$671,000	\$521,000	\$398,000

Sensitivity of Proportionate Share of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following table presents the District's proportionate share of the collective net OPEB liability calculated using the healthcare cost trend rate, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

	1% Decrease	Current Rate	1% Increase
District's proportionate share of the collective net OPEB liability	\$375,000	\$521,000	\$703,000

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

**B) Life Insurance Plan**

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

Benefits provided – 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 for members who began participating before January 1, 2022. For members who entered on or after January 1, 2022, 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.

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

**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 Commonwealth of Kentucky provides the OPEB support directly to TRS on behalf of the District. For the year ended June 30, 2024, the District recognized \$1,082 in OPEB expense and in revenue in the government-wide financial statements for TRS support provided by the Commonwealth.

The Commonwealth’s proportionate share of the TRS net OPEB liability for the life insurance plan that was associated with the District was \$11,000.

Actuarial assumptions – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

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 inflation



**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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 study 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.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Geometric Real Rate of Return</u>
US Equity	40.0%	5.2%
International Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	21.0%	1.9%
Real Estate	7.0%	3.2%
Private Equity	5.0%	8.0%
Additional Categories	5.0%	4.0%
Cash	2.0%	1.6%
Total	<u>100%</u>	

Discount rate – The discount rate used to measure the total OPEB liability as of the measurement date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 74.

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

**2. County Employees Retirement System Insurance Fund**

**General Information about the County Employees Retirement System Insurance Fund**

**Medical Insurance Plan**

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

Plan Description – County Employees Retirement System (CERS) Nonhazardous Insurance Funds are cost-sharing multiple-employer defined benefit other post-employment benefits (OPEB) plans for members that cover all regular full-time members employed in nonhazardous positions of any state department, board, agency, county, city, school board, and any additional eligible local agencies electing to participate. The plan provides for health insurance benefits to plan members, and it may be extended to beneficiaries of plan members under certain circumstances. It is administered by the Kentucky Public Pensions Authority (KPPA), a component unit of the Commonwealth of Kentucky. Under the provisions of Kentucky Revised Statute Sections 78.782 and 61.645, the KPPA oversees the administration and operation of the personnel and accounting systems for the CERS. The governance of the CERS rests with a 9-member board of trustees.

The KPPA issues a publicly available financial report that includes financial statements and required supplementary information for CERS. The report may be obtained by writing to the KPPA, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601 or from the KRS website at [www.kyret.ky.gov](http://www.kyret.ky.gov).

Benefits Provided – CERS provides health insurance benefits to plan employees and beneficiaries when applicable. For members participating prior to July 1, 2003, KRS pays a percentage of the monthly premium for single coverage based upon the service credit accrued at retirement. Members participating on or after July 1, 2003, and before September 1, 2008, are required to earn at least 10 years of service credit in order to be eligible for insurance benefits at retirement. Members participating on or after September 1, 2008 are required to earn at least 15 years of service credit in order to be eligible for insurance benefits at retirement. The monthly health insurance contribution will be \$10 for each year of earned service increased by the CPI prior to July 1, 2009, and by 1.5% annually from July 1, 2009.

The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The KRS Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan.

Contributions – Employees in Tiers 2 and 3 (see Note L) contribute an additional 1% of their salaries for health insurance. This amount is credited to the Insurance Fund and is non-refundable to the member. Participating employers contributed 23.34% (23.34% for pension and 0% for health insurance) of members' non-hazardous compensation for the year ended June 30, 2024.

**OPEB Assets and 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 \$24,521 for its proportionate share of the net OPEB liability (asset) for CERS. The total OPEB liability, net OPEB liability (asset), and sensitivity information as of June 30, 2022, were based on an actuarial valuation date of June 30, 2022.

The total OPEB liability was rolled forward from the valuation date of June 30, 2022 to the plan's fiscal year ended June 30, 2022, using generally accepted actuarial principles. The District's proportion of the net OPEB liability (asset) was based on the actual contributions of the District relative to the total contributions of all participating members of CERS during the measurement period July 1, 2022 through June 30, 2023. At June 30, 2023, the District's proportion was 0.01776%, an increase of 0.000181% from its proportion measured at June 30, 2022.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

For the year ended June 30, 2024, the District recognized OPEB expense of \$(77,453) for CERS. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$17,096	\$348,169
Changes of assumptions	48,255	33,629
Net difference between projected and actual earnings on OPEB plan investments	-	5,691
Changes in proportion and differences between District contributions and proportionate share of contributions	16,814	29,786
District contributions and implicit subsidy subsequent to the measurement date	8,009	-
	\$90,174	\$417,275

\$8,009 reported as deferred outflows of resources related to OPEB resulting from District contributions and implicit subsidy subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending 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:

Year Ending June 30,	Amount
2025	\$(100,861)
2026	(95,918)
2027	(71,677)
2028	(66,655)
2029	-
Thereafter	-

Actuarial assumptions – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date:	June 30, 2022
Inflation Rate:	2.50%
Payroll Growth Rate:	2.00%
Projected Salary Increases:	3.30 – 10.30%, varies by service
Investment Rate of Return:	6.50%
Healthcare Trend Rates (under age 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 (age 65 and over):	Initial trend starting at 9.00% in 2025, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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-2020 mortality improvement scale using a base year of 2010. The mortality table used for non-disabled 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.

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 asset allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by KPPA, are summarized in the table in Note L (target allocations and real rates of return are the same for the CERS Pension and Insurance Funds).

Discount Rate – The discount rate used to measure the total OPEB liability was 5.93%. 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 was not included in the calculation of the System’s actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System’s trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. The future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

Sensitivity of Proportionate Share of Net OPEB Liability to Changes in the Discount Rate – The following table presents the District’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 5.93%, as well as what the District’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 4.93%	Current Discount 5.93%	1% Increase 6.93%
District’s proportionate share of the net OPEB liability (asset)	\$46,016	\$(24,521)	\$(83,586)

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONCLUDED)**

Sensitivity of Proportionate Share of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following table presents the District’s proportionate share of the net OPEB liability (asset) calculated using the healthcare cost trend rate, as well as what the District’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Rate	1% Increase
District’s proportionate share of the net OPEB liability	\$(78,593)	\$(24,521)	\$41,902

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued CERS financial report.

OPEB Contributions Payable – The District’s accrued payroll and employee benefits included \$322 of outstanding OPEB contributions payable to CERS for the year ended June 30, 2024.

**NOTE N - RESTRICTED NET POSITION**

Restricted net position of the Governmental Activities included \$185,849 for the science program, \$81,051 for student activities, \$149,662 for capital projects, and \$342 for debt service.

**NOTE O - NEW ACCOUNTING PRONOUNCEMENTS**

GASB 96, effective for fiscal years ending after June 15, 2022, requires that material technology subscriptions extending beyond one year are capitalized and amortized over the term of the subscription. For the fiscal year ended June 30, 2024, the District had no subscriptions subject to the pronouncement.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>			<b>Variance Favorable (Unfavorable) Final to Actual</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
From local sources:				
Property taxes	\$ 235,488	\$ 255,250	\$ 281,848	\$ 26,598
Motor vehicle taxes	60,000	60,000	54,266	(5,734)
Utility taxes	60,000	62,000	58,215	(3,785)
Investment gain (loss)	5,000	5,000	74,573	69,573
Other income	16,500	116,500	170,173	53,673
Intergovernmental - state	2,572,732	2,763,555	7,552,307	4,788,752
Intergovernmental - direct federal	26,800	32,000	43,561	11,561
<b>Total Revenues</b>	<u>2,976,520</u>	<u>3,294,305</u>	<u>8,234,943</u>	<u>4,940,638</u>
<b>Expenditures</b>				
Instruction	1,574,830	1,671,354	5,829,653	(4,158,299)
Support services:				
Student	211,189	248,952	242,127	6,825
Instructional staff	97,047	91,189	69,107	22,082
District administration	550,686	595,345	400,693	194,652
School administration	152,432	177,437	145,082	32,355
Business	233,051	234,059	367,982	(133,923)
Plant operations and maintenance	309,181	363,782	396,987	(33,205)
Student transportation	187,726	189,724	177,577	12,147
Community services	900	900	1,404	(504)
Debt service	21,489	21,489	19,899	1,590
<b>Total Expenditures</b>	<u>3,338,531</u>	<u>3,594,231</u>	<u>7,650,511</u>	<u>(4,056,280)</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>(362,011)</u>	<u>(299,926)</u>	<u>584,432</u>	<u>884,358</u>
<b>Other Financing Sources (Uses)</b>				
Sale of fixed assets	-	-	2,720	2,720
Operating transfers in	-	-	570,185	570,185
Operating transfers out	(12,989)	(12,989)	(452,098)	(12,989)
<b>Total Other Financing Sources (Uses)</b>	<u>(12,989)</u>	<u>(12,989)</u>	<u>120,807</u>	<u>559,916</u>
<b>Net Changes in Fund Balance</b>	(375,000)	(312,915)	705,239	1,444,274
<b>Fund Balance - Beginning of Year</b>	375,000	375,000	1,057,003	682,003
<b>Fund Balance - End of Year</b>	<u>\$ -</u>	<u>\$ 62,085</u>	<u>\$ 1,762,242</u>	<u>\$ 2,126,277</u>

See accompanying notes to budgetary comparison schedules.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
<b>Revenues</b>				
From local sources:				
Investment gain (loss)	\$ -	\$ -	\$ 225	\$ 225
Other income	27,000	39,392	1,080,457	1,041,065
Intergovernmental - state	209,023	197,220	214,923	17,703
Intergovernmental - indirect federal	259,566	277,701	655,488	377,787
Intergovernmental - direct federal	22,454	-	19,521	19,521
<b>Total Revenues</b>	<u>518,043</u>	<u>514,313</u>	<u>1,970,614</u>	<u>1,456,301</u>
<b>Expenditures</b>				
Instruction	396,794	377,846	1,781,481	(1,403,635)
Support services:				
Student	53,095	53,095	113,487	(60,392)
Instructional staff	-	-	1,611	(1,611)
District administration	-	-	26,416	(26,416)
School administration	-	-	145,609	(145,609)
Business	41,478	42,978	124,352	(81,374)
Plant operations and maintenance	-	25,139	90,132	(64,993)
Community services	39,665	39,665	41,508	(1,843)
<b>Total Expenditures</b>	<u>531,032</u>	<u>538,723</u>	<u>2,324,596</u>	<u>(1,785,873)</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>(12,989)</u>	<u>(24,410)</u>	<u>(353,982)</u>	<u>(329,572)</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	12,989	24,410	391,021	366,611
Operating transfers out	-	-	(37,039)	(37,039)
<b>Total Other Financing Sources (Uses)</b>	<u>12,989</u>	<u>24,410</u>	<u>353,982</u>	<u>329,572</u>
<b>Net Changes in Fund Balance</b>	-	-	-	-
<b>Fund Balance - Beginning of Year</b>	-	-	41	41
<b>Fund Balance - End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41</u>	<u>\$ 41</u>

See accompanying notes to budgetary comparison schedules.



**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO BUDGETARY COMPARISON SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE A - BASIS OF PRESENTATION**

The Budgetary Comparison Schedules for the General Fund and Special Revenue Fund present the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, and variances between the final budget and actual data.

**NOTE B - BUDGET VIOLATIONS**

No budget violations occurred for the fiscal year.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b><u>Kentucky Teachers' Retirement System</u></b>										
District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's proportionate share of the net pension liability associated with the District	\$ 6,962,023	\$ 7,214,481	\$ 6,013,158	\$ 6,680,945	\$ 6,471,627	\$ 6,182,664	\$14,698,850	\$16,945,747	\$13,545,177	\$11,265,939
District's covered payroll	\$ 1,609,674	\$ 1,673,702	\$ 1,649,664	\$ 1,677,873	\$ 1,660,820	\$ 1,598,669	\$ 1,784,297	\$ 1,921,219	\$ 1,954,742	\$ 1,721,588
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	57.684%	56.406%	65.591%	58.272%	58.765%	59.278%	39.832%	35.220%	42.492%	45.591%
<b><u>County Employees Retirement System</u></b>										
District's proportion of the net pension liability	0.017760%	0.017582%	0.016237%	0.016907%	0.023078%	0.022992%	0.026907%	0.026980%	0.023600%	0.025679%
District's proportionate share of the net pension liability	\$ 1,139,572	\$ 1,271,005	\$ 1,035,236	\$ 1,296,753	\$ 1,623,086	\$ 1,400,283	\$ 1,574,949	\$ 1,328,534	\$ 1,014,681	\$ 833,000
District's covered payroll	\$ 514,791	\$ 486,171	\$ 409,151	\$ 437,368	\$ 585,710	\$ 569,643	\$ 656,252	\$ 628,528	\$ 552,635	\$ 551,322
District's proportionate share of the net pension liability as a percentage of its covered payroll	221.37%	261.43%	253.02%	296.49%	277.11%	245.82%	239.99%	211.37%	183.61%	151.09%
Plan fiduciary net position as a percentage of the total pension liability	57.476%	52.418%	57.328%	47.814%	50.447%	53.542%	53.325%	55.503%	59.968%	66.801%

**Notes:** The data provided in this schedule is based on the measurement date of each System's net pension liability, which is as of June 30th of the prior fiscal year; therefore, the District's covered payroll above differs from the District's fiscal year payroll as reported in the Schedule of Pension Contributions.

See accompanying notes to pension and OPEB schedules.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PENSION CONTRIBUTIONS**

**Last 10 Fiscal Years**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Kentucky Teachers' Retirement System</u></b>										
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,426,175	\$ 1,609,674	\$ 1,673,702	\$ 1,649,664	\$ 1,677,873	\$ 1,660,820	\$ 1,598,669	\$ 1,784,297	\$ 1,921,219	\$ 1,954,742
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b><u>County Employees Retirement System</u></b>										
Contractually required contribution	\$ 117,250	\$ 120,461	\$ 110,750	\$ 78,966	\$ 84,412	\$ 95,002	\$ 82,484	\$ 91,547	\$ 78,063	\$ 70,461
Contributions in relation to the contractually required contribution	(117,250)	(120,461)	(110,750)	(78,966)	(84,412)	(95,002)	(82,484)	(91,547)	(78,063)	(70,461)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 502,355	\$ 514,791	\$ 486,171	\$ 409,151	\$ 437,368	\$ 585,710	\$ 569,643	\$ 656,252	\$ 628,528	\$ 552,635
Contributions as a percentage of covered payroll	23.34%	23.40%	22.78%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

**Notes:** The District is not contractually required to make contributions to the Kentucky Teachers' Retirement System; therefore, no amounts are reported.

Contractually required contributions listed above for CERS exclude the portion allocated to the CERS insurance fund.

The data provided in this schedule is based on the corresponding fiscal year and differs from the covered payroll reported in the Schedule of the Proportionate Share of the Net Pension Liability.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE  
NET OPEB LIABILITY - MEDICAL INSURANCE PLAN**

Last 7 Fiscal Years\*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>Kentucky Teachers' Retirement System</u></b>							
District's proportion of the collective net OPEB liability	0.021406%	0.030772%	0.024543%	0.025136%	0.025076%	0.024114%	0.028414%
District's proportionate share of the collective net OPEB liability	\$ 521,000	\$ 764,000	\$ 527,000	\$ 634,000	\$ 734,000	\$ 837,000	\$ 1,013,000
Commonwealth's proportionate share of the collective net OPEB liability associated with the District	\$ 439,000	\$ 251,000	\$ 428,000	\$ 508,000	\$ 593,000	\$ 721,000	\$ 828,000
District's covered payroll	\$ 1,609,674	\$ 1,673,702	\$ 1,649,664	\$ 1,677,873	\$ 1,660,820	\$ 1,598,669	\$ 1,784,297
District's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	32.37%	45.65%	31.95%	37.79%	44.20%	52.36%	56.77%
Plan fiduciary net position as a percentage of the total OPEB liability	53.00%	47.80%	51.70%	39.10%	32.60%	25.50%	21.20%
<b><u>County Employees Retirement System</u></b>							
District's proportion of the net OPEB liability	0.017760%	0.017579%	0.016234%	0.016902%	0.023072%	0.022941%	0.026907%
District's proportionate share of the net OPEB liability	\$ (29,786)	\$ 346,924	\$ 310,792	\$ 408,132	\$ 388,061	\$ 407,313	\$ 540,923
District's covered payroll	\$ 502,355	\$ 486,171	\$ 409,151	\$ 437,368	\$ 585,710	\$ 569,643	\$ 656,252
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	-5.93%	71.36%	75.96%	93.32%	66.25%	71.50%	82.43%
Plan fiduciary net position as a percentage of the total OPEB liability	104.235%	60.948%	62.907%	51.670%	60.438%	57.622%	52.394%

**Notes:** The data provided in this schedule is based on the measurement date of each System's net OPEB liability, which is as of June 30th of the prior fiscal year; therefore, the District's covered payroll reported above differs from the District's fiscal year payroll as reported in the Schedule of OPEB Contributions - Medical Insurance Plan.

\* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying notes to pension and OPEB schedules.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF OPEB CONTRIBUTIONS - MEDICAL INSURANCE PLAN**

Last 7 Fiscal Years\*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>Kentucky Teachers' Retirement System</u></b>							
Contractually required contribution	\$ 67,085	\$ 48,290	\$ 50,214	\$ 49,505	\$ 50,336	\$ 49,826	\$ 47,912
Contributions in relation to the contractually required contribution	(67,085)	(48,290)	(50,214)	(49,505)	(50,336)	(49,826)	(47,912)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,426,175	\$ 1,609,674	\$ 1,673,702	\$ 1,649,664	\$ 1,677,873	\$ 1,660,820	\$ 1,598,669
Contributions as a percentage of covered payroll	2.77%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b><u>County Employees Retirement System</u></b>							
Contractually required contribution	\$ -	\$ 17,451	\$ 20,273	\$ 19,476	\$ 20,819	\$ 30,808	\$ 26,773
Contributions in relation to the contractually required contribution	\$ -	(17,451)	(20,273)	(19,476)	(20,819)	(30,808)	(26,773)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 502,355	\$ 514,791	\$ 486,171	\$ 409,151	\$ 437,368	\$ 585,710	\$ 569,643
Contributions as a percentage of covered payroll	0.00%	3.39%	4.17%	4.76%	4.76%	5.26%	4.70%

**Notes:** Contractually required contributions listed above for CERS exclude the portion allocated to the CERS pension fund.

The data provided in this schedule is based on the corresponding fiscal year and differs from the covered payroll reported in the Schedule of Proportionate Share of the Net OPEB Liability - Medical Insurance Plan.

\* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying notes to pension and OPEB schedules.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE  
NET OPEB LIABILITY - LIFE INSURANCE PLAN**

Last 7 Fiscal Years\*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>Kentucky Teachers' Retirement System</u></b>							
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's proportionate share of the collective net OPEB liability associated with the District	\$ 11,000	\$ 12,000	\$ 6,000	\$ 15,000	\$ 14,000	\$ 12,000	\$ 11,000
District's covered payroll	\$1,609,674	\$1,673,702	\$1,649,664	\$1,677,873	\$1,660,820	\$1,598,669	\$1,784,297
District's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	76.90%	74.00%	89.20%	71.60%	73.40%	75.00%	80.00%

**Notes:** The data provided in this schedule is based on the measurement date of the System's net OPEB liability, which is as of June 30th of the prior fiscal year; therefore, the District's covered payroll reported above differs from the District's fiscal year payroll as reported in the Schedule of OPEB Contributions - Life Insurance Plan.

\* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying notes to pension and OPEB schedules.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF OPEB CONTRIBUTIONS - LIFE INSURANCE PLAN**

Last 7 Fiscal Years\*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>Kentucky Teachers' Retirement System</u></b>							
Contractually required contribution		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution		-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$2,426,175	\$1,609,674	\$1,673,702	\$1,649,664	\$1,677,873	\$1,660,820	\$1,598,669
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Notes:** The District is not contractually required to make contributions to the Kentucky Teachers' Retirement System; therefore, no amounts are reported.

The data provided in this schedule is based on the corresponding fiscal year and differs from the covered payroll reported in the Schedule of the Proportionate Share of the Net OPEB Liability - Life Insurance Plan.

\* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying notes to pension and OPEB schedules.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO PENSION AND OPEB SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE A - TEACHERS' RETIREMENT SYSTEM OF KENTUCKY**

**1. Pension Plan**

Changes in benefit terms: There were no changes in benefit terms for fiscal years 2015 through 2024, except a new benefit tier was added for members joining the system on and after January 1, 2022.

Changes in assumptions:

- 2015 - For the measurement date of June 30, 2014, the Single Equivalent Interest Rate (SEIR) was changed from 5.16% to 5.23%.
- 2016 - For the measurement date of June 30, 2015, the SEIR was changed from 5.23% to 4.88%. The Municipal Bond Index Rate (MBIR) was changed from 4.35% to 3.82%.
- 2017 - For the measurement date of June 30, 2016, the SEIR was changed from 4.88% to 4.2%. The MBIR was changed from 3.82% to 3.01%.
- 2018 - For the measurement date of June 30, 2017, the SEIR was changed from 4.2% to 4.49%. The MBIR was changed from 3.01% to 3.56%. The inflation rate was changed from 3.5% to 3%. The range for projected salary increases was changed from 4 - 8.2% to 3.5% - 7.3%. In the 2016 valuation, rates of withdrawal, retirement, disability, mortality and salary increase were adjusted to more closely reflect actual experience. In the 2016 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables projected to 2025 with projection to 2025 with projection scale BB, set forward two years for males and one year for females rather than the RP-2000 Mortality Tables projected to 2020 with projection scale AA, which was used prior to 2016.
- 2019 - For the measurement date of June 30, 2018, the SEIR was changed from 4.49% to 7.5%. The MBIR was changed from 3.56% to 3.89%.
- 2020 - For the measurement date of June 30, 2019, the MBIR was changed from 3.89% to 3.5%.
- 2021 - For the measurement date of June 30, 2020, there was no change.
- 2022 - For the measurement date of June 30, 2021, the 2020 experience study, rates of withdrawal, retirement, disability, mortality and salary increase were adjusted to more closely reflect actual experience. 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 7.5% to 7.1% and the price inflation assumption was lowered from 3% to 2.5%. The MBIR was changed from 3.5% to 2.13%. The SEIR was changed from 7.5% to 7.1%. The range for projected salary increases was changed from 3.5% - 7.3% to 3% - 7.5%.
- 2023 - For the measurement date of June 30, 2022, the MBIR was changed from 2.13% to 3.37%.



**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO PENSION AND OPEB SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE A - TEACHERS' RETIREMENT SYSTEM OF KENTUCKY (CONTINUED)**

- 2024 - For the measurement date of June 30, 2023, the MBIR was changed from 3.37% to 3.66%.

**2. Medical Insurance Plan**

Changes in benefit terms: There were no changes in benefit terms for fiscal years 2018 through 2024, except for the following:

- 2018 - For the measurement date of June 30, 2017, with the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the Kentucky Employees Health Plan (KEHP) participating members who retired prior to July 1, 2010 is restored, but the Commonwealth 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.
- 2023 - For the measurement date of June 30, 2022, a new benefit tier was added for members joining the system on and after January 1, 2022.

Changes in assumptions:

- 2018 - For the measurement date of June 30, 2017, the MBIR was changed from 3.01% to 3.56%.
- 2019 - For the measurement date of June 30, 2018, the MBIR was changed from 3.56% to 3.89%.
- 2020 - For the measurement date of June 30, 2019, the MBIR was changed from 3.89% to 3.5%.
- 2021 - For the measurement date of June 30, 2020, the MBIR was changed from 3.5% to 2.2%.
- 2022 - For the measurement date of June 30, 2021, the 2020 experience study, rates of withdrawal, retirement, disability, mortality and salary increase were adjusted to more closely reflect actual experience. 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% to 7.1% and the price inflation assumption was lowered from 3% to 2.5%. The MBIR was changed from 2.2% to 2.13%. The SEIR was changed from 8% to 7.1%. The range for projected salary increases was changed from 3.5% - 7.2% to 3% - 7.5%. Real wage growth changed from 0.5% to 0.25%, and wage inflation changed from 3.5% to 2.75%. The rates of member participation and spousal participation were adjusted to more closely reflect actual experience.
- 2023 - For the measurement date of June 30, 2022, the MBIR was changed from 2.13% to 3.37%. The health care trend rates were updated to reflect future anticipated experience.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO PENSION AND OPEB SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE A - TEACHERS' RETIREMENT SYSTEM OF KENTUCKY (CONCLUDED)**

- 2024 - For the measurement date of June 30, 2023, the MBIR was changed from 3.37% to 3.66%.

**3. Life Insurance Plan**

Changes in benefit terms: There were no changes in benefit terms for fiscal years 2018 through 2024, except for the following:

- 2023 - For the measurement date of June 30, 2022, a new benefit tier was added for members joining the system on and after January 1, 2022.

Changes in assumptions:

- 2018 - For the measurement date of June 30, 2017, the MBIR was changed from 3.01% to 3.56%.
- 2019 - For the measurement date of June 30, 2018, the MBIR was changed from 3.56% to 3.89%.
- 2020 - For the measurement date of June 30, 2019, the MBIR was changed from 3.89% to 3.5%. The inflation rate was changed from 3.5% to 3%. The range for projected salary increases was changed from 4 - 8.1% to 3.5% - 7.45%. Wage inflation was changed from 4% to 3.5%.
- 2021 - For the measurement date of June 30, 2020, the MBIR was changed from 3.5% to 2.2%. The range for projected salary increases was changed from 3.5% - 7.45% to 3.5% - 7.2%.
- 2022 - For the measurement date of June 30, 2021, the 2020 experience study, rates of withdrawal, retirement, disability, mortality and salary increase were adjusted to more closely reflect actual experience. 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 7.5% to 7.1% and the price inflation assumption was lowered from 3% to 2.5%. The MBIR was changed from 2.2% to 2.13%. The SEIR was changed from 7.5% to 7.1%. The range for projected salary increases was changed from 3.5% - 7.2% to 3% - 7.5%. Real wage growth changed from 0.5% to 0.25%, and wage inflation changed from 3.5% to 2.75%. The rates of member participation and spousal participation were adjusted to more closely reflect actual experience.
- 2023 - For the measurement date of June 30, 2022, there were no changes in assumptions.
- 2024 - For the measurement date of June 30, 2023, the MBIR was changed to 3.66%.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO PENSION AND OPEB SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE B - COUNTY EMPLOYEES RETIREMENT SYSTEM**

**1. Pension Plan**

Changes in benefit terms: There were no changes in benefit terms for fiscal years 2015 through 2024, except for the following:

- 2021 - For the measurement date of June 30, 2020, with the passage of House Bill 271, provisions were removed that reduced the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse.
- 2022 - For the measurement date of June 30, 2021, the passage of Senate Bill 169, passed during the 2021 legislative session, increased the disability benefits for members who become "total and permanently disabled" in the line of duty or as a result of a duty-related disability.
- 2024 - For the measurement date of June 30, 2023, the passage of House Bill 506, passed during the 2023 legislative session, reinstated the partial lump-sum optional form of payment for members who retire on and after January 1, 2024, with the lump-sum payment options expanded to include 48 or 60 times the member's monthly retirement allowance. It also reduced the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance from three months to one month.

Changes in assumptions:

- 2015 - For the measurement date of June 30, 2014, there was no change.
- 2016 - For the measurement date of June 30, 2015, the investment rate of return was changed from 7.75% to 7.5%. The projected salary increase was changed from 4.5% to 4%. The inflation rate was changed from 3.5% to 3.25%. The assumed rate of wage inflation was changed from 1% to 0.75%. The assumed rates of retirement, withdrawal, and disability were updated to more accurately reflect experience.
- 2017 - For the measurement date of June 30, 2016, there was no change.
- 2018 - For the measurement date of June 30, 2017, the investment rate of return was changed from 7.5% to 6.25%. The projected salary increase was changed from 4% to 3.05%. The inflation rate was changed from 3.25% to 2.3%. The payroll growth rate changed from 4% to 2%.
- 2019 - For the measurement date of June 30, 2018, there was no change.
- 2020 - For the measurement date of June 30, 2019, the projected salary increase was changed from 3.05% average to a range of 3.3% to 10.3%, depending on service.
- 2021 - For the measurement date of June 30, 2020, there was no change.
- 2022 - For the measurement date of June 30, 2021, there was no change.
- 2023 - For the measurement date of June 30, 2022, there was no change.
- 2024 - For the measurement date of June 30, 2023, the inflation rate was changed from 2.3% to 2.5%. The investment rate of return was changed from 6.25% to 6.5%.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO PENSION AND OPEB SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE B - COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)**

**2. Medical Insurance Plan**

Changes in benefit terms: There were no changes in benefit terms for fiscal years 2018 through 2024, except for the following:

- 2023 - House Bill (HB) 297 passed during the 2022 legislative session and included language allowing the Systems to provide health insurance coverage through the Kentucky Employees Health Plan (KEHP) for retired reemployed retirees who are Medicare-eligible and affected by the Medicare Secondary Payer Act. Senate Bill 209 increases the non-Medicare eligible subsidy by \$5 for each year worked beyond the defined career threshold for members eligible for the fixed-dollar retiree health subsidy. The annual increase will only occur if the most recent actuarial valuation determines the funding level of the retiree health benefits is at least 90% and will remain at that level for the year. Additionally, the bill allows members eligible for the fixed-dollar health subsidy to be reimbursed for health insurance premiums other than those administered by KPPA.
- 2024 - For the measurement date of June 30, 2023, the passage of House Bill 506, passed during the 2023 legislative session, reinstated the partial lump-sum optional form of payment for members who retire on and after January 1, 2024, with the lump-sum payment options expanded to include 48 or 60 times the member's monthly retirement allowance. It also reduced the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance from three months to one month.

Changes in assumptions:

- 2018 - For the measurement date of June 30, 2017, the investment rate of return was changed from 7.5% to 6.25%. The projected salary increase was changed from 4% to 3.05%. The inflation rate was changed from 3.25% to 2.3%. The payroll growth rate changed from 4% to 2%.
- 2019 - For the measurement date of June 30, 2018, the healthcare initial trend rates for those under age 65 changed from 7.25% to 7%, and the healthcare initial trend rates for those age 65 and over changed from 5.1% to 5%.
- 2020 - For the measurement date of June 30, 2019, the projected salary increase was changed from 3.05% average to a range of 3.3% to 10.3%, depending on service.
- 2021 - For the measurement date of June 30, 2020, the healthcare initial trend rates for those under age 65 changed from 7% to 6.4%, and the healthcare initial trend rates for those age 65 and over changed from 5% to 2.9%.
- 2022 - For the measurement date of June 30, 2021, the healthcare initial trend rates for those under age 65 changed from 6.4% to 6.3%, and the healthcare initial trend rates for those age 65 and over changed from 2.9% to 6.3%.
- 2023 - For the measurement date of June 30, 2022, the healthcare initial trend rates for those under age 65 changed from 6.3% to 6.2%, and the healthcare initial trend rates for those age 65 and over changed from 6.3% to 9.0%.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
NOTES TO PENSION AND OPEB SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE B - COUNTY EMPLOYEES RETIREMENT SYSTEM (CONCLUDED)**

- 2024 - For the measurement date of June 30, 2023, the inflation rate was changed from 2.3% to 2.5%. The investment rate of return was changed from 6.25% to 6.5%. The healthcare initial trend rates for those under age 65 changed from 6.2% to 6.8%, and the healthcare initial trend rates for those age 65 and over changed from 9.0% to 8.5%.

## **SUPPLEMENTARY INFORMATION**

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2024**

	<u>Capital Project Funds</u>			<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Building Fund</u>	<u>Capital Outlay Fund</u>	<u>Construction Fund</u>	<u>District Activity Fund</u>	<u>Student Activity Fund</u>	
<b><u>Assets</u></b>						
Cash and cash equivalents	\$ 129,953	\$ -	\$ 19,709	\$ 1,297	\$ 79,763	\$ 230,722
<b>Total Assets</b>	<u>\$ 129,953</u>	<u>\$ -</u>	<u>\$ 19,709</u>	<u>\$ 1,297</u>	<u>\$ 79,763</u>	<u>\$ 230,722</u>
<b><u>Liabilities</u></b>						
Accounts payable	-	-	-	-	9	9
<b><u>Fund Balances</u></b>						
Restricted for capital projects	\$ 129,953	\$ -	\$ 19,709	\$ -	\$ -	\$ 149,662
Restricted for student activities	-	-	-	1,297	79,754	81,051
<b>Total Fund Balances</b>	<u>129,953</u>	<u>-</u>	<u>19,709</u>	<u>1,297</u>	<u>79,754</u>	<u>230,713</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 129,953</u>	<u>\$ -</u>	<u>\$ 19,709</u>	<u>\$ 1,297</u>	<u>\$ 79,763</u>	<u>\$ 230,722</u>

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Capital Project Funds</u>			<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Building Fund</u>	<u>Capital Outlay Fund</u>	<u>Construction Fund</u>	<u>District Activity Fund</u>	<u>Student Activity Fund</u>	
<b><u>Revenues</u></b>						
From local sources:						
Property taxes	\$ 25,734	\$ -	\$ -	\$ -	\$ -	\$ 25,734
Interest income	-	-	392	-	718	1,110
Other income	-	-	-	13,024	125,713	138,737
Intergovernmental - state	645,539	132,140	-	-	-	777,679
<b>Total Revenues</b>	<b>671,273</b>	<b>132,140</b>	<b>392</b>	<b>13,024</b>	<b>126,431</b>	<b>943,260</b>
<b><u>Expenditures</u></b>						
Instruction	-	-	-	13,204	122,129	135,333
Support services:						
Instructional staff services	-	-	-	-	4,096	4,096
Building acquisition and construction	-	-	402,894	-	-	402,894
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>402,894</b>	<b>13,204</b>	<b>126,225</b>	<b>542,323</b>
<b>Excess of Revenues over Expenditures</b>	<b>671,273</b>	<b>132,140</b>	<b>(402,502)</b>	<b>(180)</b>	<b>206</b>	<b>400,937</b>
<b><u>Other Financing Sources (Uses)</u></b>						
Proceeds from issuance of debt	-	-	216,108	-	-	216,108
Operating transfers in	-	-	206,112	-	-	206,112
Operating transfers out	(604,339)	(176,184)	(37,973)	-	-	(818,496)
<b>Total Other Financing Sources (Uses)</b>	<b>(604,339)</b>	<b>(176,184)</b>	<b>384,247</b>	<b>-</b>	<b>-</b>	<b>(396,276)</b>
<b>Net Changes in Fund Balances</b>	<b>66,934</b>	<b>(44,044)</b>	<b>(18,255)</b>	<b>(180)</b>	<b>206</b>	<b>4,661</b>
<b>Fund Balances - Beginning of Year</b>	<b>63,019</b>	<b>44,044</b>	<b>37,964</b>	<b>1,477</b>	<b>79,548</b>	<b>226,052</b>
<b>Fund Balances - End of Year</b>	<b>\$ 129,953</b>	<b>\$ -</b>	<b>\$ 19,709</b>	<b>\$ 1,297</b>	<b>\$ 79,754</b>	<b>\$ 230,713</b>



**CLOVERPORT INDEPENDENT SCHOOLS**  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES**  
**SCHOOL ACTIVITY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

Accounts:	Cash				Cash		Fund
	Balances July 1, 2023	Receipts	Disbursements	Transfers In (Out)	Balances June 30, 2024	Accounts Payable	Balances June 30, 2024
Ace Academy	\$ -	\$ -	\$ -	\$ 115	\$ 115	-	\$ 115
Ace Extra	372	-	-	-	372	-	372
Aces Academic	41	-	75	191	157	-	157
Aces Baseball	6,362	-	-	-	6,362	-	6,362
ACES Organization	1,996	1,396	1,097	-	2,295	-	2,295
Aces Pep Club	118	-	-	-	118	-	118
Archery	1,683	1,132	1,906	491	1,400	-	1,400
Athletic Account	16,150	29,596	43,237	5,209	7,718	-	7,718
Athletics Wall of Fame	79	-	-	-	79	-	79
Backpack Food Program	621	-	49	-	572	-	572
Band/Music	500	-	60	-	440	-	440
Beta Club	3,146	8,896	7,038	301	5,305	-	5,305
Bishop Room	-	428	837	470	61	-	61
Booty Room	8	-	-	-	8	-	8
Boys Will Be Boys	17	-	-	-	17	-	17
Chinese Classroom	-	131	83	71	119	-	119
Clark Room	265	-	-	-	265	-	265
Cliburn Room	505	-	-	-	505	-	505
Community Education	663	10	244	301	730	-	730
Concession Stand	1,500	12,744	6,900	(5,844)	1,500	-	1,500
Cox Room	60	-	268	291	83	-	83
Cport Aces Community Service	-	1,451	1,020	-	431	-	431
Cross Country	317	-	-	191	508	-	508
Dollar General Literacy	297	-	-	-	297	-	297
Dupont Room	105	-	172	367	300	-	300
Elementary Beta Club	286	160	314	246	378	-	378
Emmick Room	237	-	-	-	237	-	237
Fall Festival	-	9,077	589	(8,488)	-	-	-
Fall Festival Donations	-	540	-	(540)	-	-	-
Family Resource	3,492	3,367	3,367	302	3,794	-	3,794
Flower Fund - Staff	156	200	273	-	83	-	83
Freeman Room	209	427	726	430	340	-	340
G Cox	196	-	129	97	164	-	164
Gifted/Talented	253	360	473	-	140	-	140
Girl Power	104	-	-	-	104	-	104
GRIT Team	359	200	-	-	559	-	559
High School Cheerleaders	671	1,329	1,179	274	1,095	-	1,095
High School Traditions	6,176	8,723	9,659	936	6,176	-	6,176
HS Boys Basketball	6,568	1,000	2,583	191	5,176	-	5,176
HS Girls Basketball	3,318	4,000	2,360	191	5,149	-	5,149
Humanitarian Scholarship	-	500	500	-	-	-	-
Junior Beta Club	789	4,212	4,287	276	990	-	990
Leadership	222	-	-	-	222	-	222
Library	168	2,796	2,809	-	155	-	155
Life Skills	2,081	770	853	32	2,030	-	2,030
Miss T Scholarship	5,650	491	200	-	5,941	-	5,941
Mitchell Butler Scholarship	-	800	800	-	-	-	-
Monarch Room	4	-	-	-	4	-	4
Moore Room	170	-	129	95	136	-	136
MS Boys Basketball	257	-	-	192	449	-	449
MS Cheerleaders	165	-	16	191	340	-	340
MS Girls Basketball	527	-	479	191	239	-	239
MS Springston	-	-	598	739	141	-	141
Operating Account	1,477	3,918	2,124	882	4,153	-	4,153
Physical Education	46	-	-	-	46	-	46
Powers Room	78	-	129	149	98	-	98
Project Graduation	577	11,511	8,437	139	3,790	-	3,790
Reading for Education	1,391	-	200	-	1,191	-	1,191
Smith Room	349	427	815	384	345	-	345
Staff Generated	586	415	761	-	240	-	240
STLP	156	2,128	2,079	271	476	-	476
Student Rewards	3,244	31	2,299	-	976	9	967
Tennis	534	-	560	192	166	-	166
Track	482	-	132	192	542	-	542
Volleyball	1,740	782	2,548	251	225	-	225
Widmer Room	-	-	188	188	-	-	-
Y Club	-	10,846	10,474	(157)	215	-	215
Yearbook	2,025	1,637	161	-	3,501	-	3,501
	<u>\$ 79,548</u>	<u>\$ 126,431</u>	<u>\$ 126,216</u>	<u>\$ -</u>	<u>\$ 79,763</u>	<u>\$ 9</u>	<u>\$ 79,754</u>

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Living Number</u>	<u>Local Code</u>	<u>Grant or Pass-Through Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Agriculture</u></b>				
<b>Passed Through Kentucky Department of Education:</b>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	208	7760005	\$ 99,293
National School Lunch Program [Cash Assistance]	10.555	208	7750002	170,824
National School Lunch Program [Noncash Assistance]	10.555	208	7750002	9,007
Total Child Nutrition Cluster				<u>279,124</u>
Child and Adult Care Food Program	10.558	208	7800016	16,678
Administrative Expenses for Child Nutrition	10.560	208	7700001	414
Administrative Expenses for Child Nutrition	10.579	208	7840027	25,000
<b>Total U.S. Department of Agriculture</b>				<u><u>321,216</u></u>
<b><u>U.S. Department of Education</u></b>				
<b>Passed Through Kentucky Department of Education:</b>				
Special Education Cluster (IDEA):				
Special Education - Grants to States	84.027A	337	3370003	\$31,129
Special Education - Preschool Grants	84.173X	343	3800003	20,117
Total Special Education Cluster (IDEA)				<u>51,246</u>
Title I Grants to Local Educational Agencies	84.010	310	3100003	9,108
Student Support and Academic Enrichment Program	84.424	552	5520003	17,192
Emergency Relief Fund (COVID-19)	84.425D	554	4200003	406,854
<b>Total U.S. Department of Education</b>				<u><u>484,400</u></u>
<b>Total Expenditures of Federal Awards (All Programs)</b>				<u><u>\$ 805,616</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

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

**NOTE A - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Cloverport Independent School 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). As the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

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

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

**NOTE C - SUBRECIPIENTS**

There were no subrecipients for federal awards during the fiscal year.

**NOTE D - INDIRECT COST RATE**

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

**NOTE E - FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the Schedule at the fair value of the commodities received.

**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***



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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  
Cloverport Independent School District  
Cloverport, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cloverport Independent School District (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 2024.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questions as item 2024-001 that we consider to be a material weakness.

## **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain additional matters that we have reported to management in a separate letter dated November 13, 2024.

## **Cloverport Independent School District's Response to Finding**

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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 result 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.

*Drane & Company, PLLC*

Drane & Company, PLLC  
Certified Public Accountants

Hardinsburg, Kentucky

November 13, 2024

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



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

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

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

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

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

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).<sup>1</sup> 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 Cloverport Independent School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Cloverport Independent School District's compliance with the compliance requirements referred to above.

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

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



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

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

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

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

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

## **Report on Internal Control over Compliance**

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

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

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

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

*Drane & Company, PLLC*

Drane & Company, PLLC  
Certified Public Accountants

Hardinsburg, Kentucky

November 13, 2024

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

**Finding: 2024-001**

<i>Condition:</i>	Material adjustments were required as part of the audit process. The District recorded accounts payable in the current period for items not requisitioned or received until after year end. Sick leave payable was adjusted through a bond premium account rather than the correct long-term liability account.
<i>Criteria:</i>	A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare financial statements in accordance with generally accepted accounting principles.
<i>Cause:</i>	For the accounts payable error, the District was attempting to match a future material purchase to the current period. There was a misunderstanding of the required procedures to be applied to long-term debt.
<i>Effect:</i>	Liabilities at the fund level were overstated by \$575,047 with a corresponding overstatement of expenditures. At the government-wide level, deferred outflows were short by \$13,042 and the recorded liabilities for long-term debt exceeded the actual amount by \$238,311. The overall effect of these errors was to understate net position by \$349,778.
<i>Recommendation:</i>	Accounting staff should familiarize themselves with the criteria for recording liabilities and deferrals at year end and utilize outside assistance when needed.
<i>Management Response:</i>	<i>We will closely review accounting guidance for year-end entries and make sure we are following all regulations. We will change the account to which we are posting sick leave payable to the appropriate account.</i>

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

**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:

- Any material weakness(es) identified?  yes  no
- Any significant deficiency(ies) identified?  yes  none reported
- Any noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:

- Any material weakness(es) identified?  yes  no
- Any significant deficiency(ies) identified?  yes  none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  yes  no

Identification of major federal programs:

Name of Federal Program or Cluster	Federal Assistance Living Number
• Child Nutrition Cluster	10.553,10.555
• Title I	84.010
• Special Education Cluster	84.027, 84.173

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

- Auditee qualified as low-risk auditee?  yes  no

**Section II: Financial Statement Finding**

2024-001

**Section III: Federal Awards Findings and Questioned Costs**

None reported.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2024**

There were no prior audit findings.

## **MANAGEMENT LETTER POINTS**



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Superintendent and  
Members of the Board of Education  
Cloverport Independent School District  
Cloverport, Kentucky

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

However, during our audit we became aware of matters that are opportunities for strengthening internal control and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those immaterial matters. A separate report dated November 13, 2024 contains our report on internal control. This letter does not affect our report dated November 13, 2024 on the basic financial statements of the Cloverport Independent School District.

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

*Drane & Company, PLLC*

Drane & Company, PLLC  
Certified Public Accountants

Hardinsburg, Kentucky

November 13, 2024

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT LETTER POINTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**PRIOR YEAR**

**CENTRAL OFFICE**

**Disbursements**

This area was much-improved. Of 60 items tested, only 4 invoices appeared to have been paid after the due date. Two had no receiving report. We recommend that efforts continue being made to ensure invoices are paid by the due date and that all required support is present.

**Management Response:**

We will discuss with all finance staff the importance of making sure we are obtaining invoices and sending out payments in a timely manner. We will also reiterate that receipt of items must be acknowledged and that all accompanying documents need to be preserved with the record of payment.

**SCHOOL ACTIVITY FUNDS**

**Cloverport Independent School**

**Receipts**

Of 25 items tested, there were nine multiple receipt forms with various issues, including students not signing their own names, omitting some names altogether or utilizing the multiple receipt form as the only support where the donor acceptance form should have been present. More improvement was noted with the inventory worksheets. We recommend that more effort be made to adhere to the Redbook guidelines and the proper completion of forms.

**Management Response:**

We will review the Redbook guidelines with staff to make sure they understand the importance of completing the Multiple Receipt Form correctly. I will discuss with the school bookkeeper that multiple receipt forms that are not completed correctly need to be returned to the staff member for corrections. We will also work on making sure we catch every receipt that needs an accompanying donation acceptance form.

**Credit Cards**

All Credit Card Sign-In/Out Forms were completed properly. Three instances involved the card being checked out for four days with no explanation of the extended possession. On four occasions, the person checking out the card also witnessed its return. We recommend that should the card be needed for longer than the maximum allowable, an adequate explanation be documented and that someone other than the user sign as witness upon its return.

**Management Response:**

We will discuss the importance of making sure the same person does not both sign in and sign out a credit card. We will make notes of overnight stays with the credit card so that it is clear to auditors why the card was signed out for an extended amount of time.



**CLOVERPORT INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT LETTER POINTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**CURRENT YEAR**

**SCHOOL ACTIVITY FUNDS**

**Cloverport Independent School**

**Disbursements**

Of 25 items tested, there were five invoices not paid timely. One purchase order was prepared after the transaction had occurred. Two disbursements were made without support of an invoice. We recommend greater attention to the Redbook guide to purchases.

**Management Response:**

We will discuss reviewing open purchase orders monthly to see if there are purchase orders that have been open for a long period of time. If we have not yet received an invoice, we will reach out to the vendor and make sure we didn't miss the invoice somehow. We will review the importance of making sure no checks are paid without a previously approved purchase order and/or an invoice.