

**ELLIOTT COUNTY  
SCHOOL DISTRICT**

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES**

For the year ended June 30, 2024

Prepared by:

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the Elliott County School District  
Sandy Hook, Kentucky

And the State Committee for School District Audits

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

***Opinions***

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

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

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

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

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedules of the District's Proportionate Share of the Net Pension and OPEB Liability and Schedule of Contributions for CERS and TRS and Medical and Life and Health Insurance Plans comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

***White & Associates, PSC***

Richmond, Kentucky  
November 15, 2024

ELLIOTT COUNTY PUBLIC SCHOOL DISTRICT  
SANDY HOOK, KENTUCKY  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year ended June 30, 2024

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

**FINANCIAL HIGHLIGHTS**

- The beginning General Fund balance for the District was \$595,754 and ending with \$743,598.
- The General Fund had \$9.91 million in revenue, which primarily consisted of the SEEK program, property, utility and motor vehicle taxes. There were \$10.71 million expenditures in General Fund.
- Bonds are issued as the district renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. There were no new bonds issued in FY24.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

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

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating. The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

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

ELLIOTT COUNTY PUBLIC SCHOOL DISTRICT  
SANDY HOOK, KENTUCKY  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year ended June 30, 2024

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

The basic governmental fund financial statements can be found in the table of contents of this report.

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Elliott County School District, assets plus deferred outflows exceeded liabilities by approximately \$10,274,126 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 and construction in progress); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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



ELLIOTT COUNTY PUBLIC SCHOOL DISTRICT  
SANDY HOOK, KENTUCKY  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year ended June 30, 2024

2024 District-Wide Governmental net position compared to 2023 as follows:

**Table 1**  
**Net Position**  
**\$ (in Millions)**

	Governmental Activities		Business-type Activities		Totals	
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>
Current assets	\$ 1.38	\$ 1.35	\$ 0.58	\$ 0.53	\$ 1.96	\$ 1.88
Non-current assets	20.46	21.06	0.01	-	20.47	21.06
Total assets	<u>21.84</u>	<u>22.41</u>	<u>0.59</u>	<u>0.53</u>	<u>22.43</u>	<u>22.94</u>
Deferred outflows	3.03	2.82	0.06	0.07	3.09	2.89
Current liabilities	0.99	1.03	-	-	0.99	1.03
Non-current liabilities	13.29	10.98	0.17	0.14	13.46	11.12
Total liabilities	<u>14.28</u>	<u>12.01</u>	<u>0.17</u>	<u>0.14</u>	<u>14.45</u>	<u>12.15</u>
Deferred inflows	2.08	3.33	0.04	0.09	2.12	3.42
Net position:						
Invested in capital assets, net of debt	12.98	14.04	-	-	12.98	14.04
Restricted	0.72	0.50	0.43	-	1.15	0.50
Unrestricted (deficit)	(5.18)	(4.64)	-	0.37	(5.18)	(4.27)
Total net position	<u>\$ 8.52</u>	<u>\$ 9.90</u>	<u>\$ 0.43</u>	<u>\$ 0.37</u>	<u>\$ 8.95</u>	<u>\$ 10.27</u>

ELLIOTT COUNTY PUBLIC SCHOOL DISTRICT  
SANDY HOOK, KENTUCKY  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year ended June 30, 2024

**GOVERNMENTAL ACTIVITIES**

Ending FY24 net position was \$10.27 million for the District. This was an increase of \$1.32 million from the previous year.

**Table 2**  
**Changes in Net Position**  
**(in millions)**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2023-2024
	2023	2024	2023	2024	2023	2024	
<b>Revenues:</b>							
Charges for services	\$ 0.45	\$ 0.43	\$ 0.04	\$ 0.02	\$ 0.49	\$ 0.45	-8%
Operating grants and contributions	7.97	6.45	1.05	0.92	9.02	7.37	-18%
Capital grants and contributions	0.94	0.94	-	-	0.94	0.94	0%
General revenues	6.46	7.27	(0.04)	(0.04)	6.42	7.23	13%
<b>Total revenue</b>	<b>15.82</b>	<b>15.09</b>	<b>1.05</b>	<b>0.90</b>	<b>16.87</b>	<b>15.99</b>	<b>-5%</b>
<b>Expenses:</b>							
Instruction	\$ 8.66	\$ 7.99	\$ -	\$ -	\$ 8.66	\$ 7.99	-8%
Student	0.26	0.21	-	-	0.26	0.21	-19%
Instructional staff	0.28	0.30	-	-	0.28	0.30	7%
District administration	0.81	0.71	-	-	0.81	0.71	-12%
School administration	0.66	0.60	-	-	0.66	0.60	-9%
Business	0.44	0.48	-	-	0.44	0.48	9%
Plant operation & maintenance	1.12	1.38	-	-	1.12	1.38	23%
Student transportation	0.85	0.81	-	-	0.85	0.81	-5%
Community services operations	0.28	0.21	-	-	0.28	0.21	-25%
Food Service Operations	-	-	0.95	0.96	0.95	0.96	1%
Building Improvements	-	0.19	-	-	-	0.19	100%
Depreciation/Amortization	0.56	0.57	-	-	0.56	0.57	2%
Interest on long-term debt	0.26	0.26	-	-	0.26	0.26	0%
<b>Total Expenses</b>	<b>\$ 14.18</b>	<b>\$ 13.71</b>	<b>\$ 0.95</b>	<b>\$ 0.96</b>	<b>\$ 15.13</b>	<b>\$ 14.67</b>	<b>-3%</b>
<b>Change in net position</b>	<b>\$ 1.64</b>	<b>\$ 1.38</b>	<b>\$ 0.10</b>	<b>\$ (0.06)</b>	<b>\$ 1.74</b>	<b>\$ 1.32</b>	<b>-24%</b>

ELLIOTT COUNTY PUBLIC SCHOOL DISTRICT  
SANDY HOOK, KENTUCKY  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year ended June 30, 2024

**DEBT**

Total debt obligations decreased in the current year by \$553,320 in comparison to FY 2023 as shown below:

**Table 4**  
**Outstanding Debt at Year-End**

	Government Activities	
	2023	2024
General Obligation Bonds	\$ 6,961,775	\$ 6,211,759
Finance Purchase Obligations	525,790	747,138
KSBIT Obligations	50,102	25,450
Total Obligations	\$ 7,537,667	\$ 6,984,347

**CAPITAL ASSETS**

At the end of fiscal year 2024, the District had \$21,000,940 invested in capital assets (Net of Depreciation), including land, buildings, buses, computers and other equipment. This amount represents a increase (including additions and deductions) of \$528,513 from last year.

**Capital Assets at Year-End**  
**\$ (Net of Depreciation)**

	Governmental Activities		Business-type Activities		Totals	
	2023	2024	2023	2024	2023	2024
Land	\$ 436,268	\$ 436,267	\$ -	\$ -	\$ 436,268	\$ 436,267
Land Improvements	211,255	208,608	-	-	211,255	208,608
Buildings	16,877,909	17,599,745	-	-	16,877,909	17,599,745
Vehicles	473,725	703,417	-	-	473,725	703,417
General Equipment	68,903	57,563	6,503	4,607	75,406	62,170
Construction in Progress	2,397,865	1,990,733	-	-	2,397,865	1,990,733
Totals	\$ 20,465,924	\$ 20,996,333	\$ 6,503	\$ 4,607	\$ 20,472,427	\$ 21,000,940

ELLIOTT COUNTY PUBLIC SCHOOL DISTRICT  
SANDY HOOK, KENTUCKY  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year ended June 30, 2024

**THE DISTRICT'S FUNDS**

As the District completed the year, the General Fund reflected a fund balance of \$743,598, a \$147,844 increase from prior year's fund balance of 595,754. The unassigned portion of the fund balance at the end of fiscal year 2024 is \$743,598, compared to \$595,754 from the preceding year.

The following table presents a summary of revenue and expense for the District as a whole for the fiscal year ended June 30, 2024:

\*Note This chart does not include beginning balances.

	Fund 1	Fund 2	Fund 310	Fund 320	Fund 360	Fund 400	Fund 51
<b>REVENUES</b>							
Local Revenue Sources	\$ 1,549,150	\$ 50,887	\$ -	\$ 130,240	\$ -	\$ -	\$ 22,403
State Revenue Sources	8,335,497	602,421	90,729	330,663	-	516,177	79,461
Federal Revenue Sources	21,705	2,611,297	-	-	-	-	845,492
Other	341,622	-	-	-	-	-	26,368
Transfers	636,083	31,097	-	-	596,545	401,407	-
<b>TOTALS</b>	<b>\$ 10,884,057</b>	<b>\$ 3,295,702</b>	<b>\$ 90,729</b>	<b>\$ 460,903</b>	<b>\$ 596,545</b>	<b>\$917,584</b>	<b>\$ 973,724</b>
<b>EXPENDITURES</b>							
Instruction	\$5,931,858.00	\$ 1,691,815	\$ -	\$ -	\$ -	\$ -	\$ -
Student Support Services	151,577	59,274	-	-	-	-	-
Instructional Staff Support Services	151,168	140,194	-	-	-	-	-
District Admin Support	714,138	-	-	-	-	-	-
School Admin Support	604,502	-	-	-	-	-	-
Business Support Services	405,836	72,636	-	-	-	-	-
Plant Operation & Management	1,359,957	18,423	-	-	-	-	-
Student Transportation	1,148,251	-	-	-	-	-	-
Food Service Operations	-	-	-	-	-	-	958,772
Community Services	36,974	173,074	-	-	-	-	-
Building Improvements	-	194,989	-	-	766,509	-	-
Depreciation	-	-	-	-	-	-	1,896
Debt Service	200,855	-	-	-	-	917,584	-
Transfers	31,097	930,688	233,615	401,407	-	-	68,325
<b>TOTALS</b>	<b>\$ 10,736,213</b>	<b>\$ 3,281,093</b>	<b>\$ 233,615</b>	<b>\$ 401,407</b>	<b>\$ 766,509</b>	<b>\$917,584</b>	<b>\$1,028,993</b>
Excess / (Deficit)	147,844	14,609	(142,886)	59,496	(169,964)	-	(55,269)

ELLIOTT COUNTY PUBLIC SCHOOL DISTRICT  
SANDY HOOK, KENTUCKY  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year ended June 30, 2024

**Comments on Budget Comparisons**

Actual revenues and expenditures for the General Fund contain \$2.77 million dollars in payments made on-behalf of the District by the State of Kentucky. Our District has and will remain conservative in fund 1 budgets due to the current economic climate and funding. We have and will continue to utilize fund 2 grants to supplement instructional initiatives, to compensate for learning loss and to improve our facilities for a better educational environment for our staff and students. The following table presents a summary of revenue and expense for the fiscal year ended June 30, 2024.

**General Fund Revenue**

The majority of revenue was derived from state funding (84%), with local taxes making up 14% of total revenue.

**General Fund Expenditures**

The majority of revenue is spent on instructional expenditures; this consumes 55% of the total expenditures. The instruction function included the SBDM expenditures for staff and supplies. Support services make up 19%, which includes services for students, instructional staff, district administration, school administration and business. Plant operations and management makes up 13%. Student transportation makes up 11%. Debt service is 2% and Food Service operations and community services make up less than one percent.

**Special Revenue Fund Revenue/Expenditures**

The majority of revenue was derived from Federal Sources (80%) with the state revenue making up 18% and local source providing 2%. The function with the greatest expenditures is instruction at 72%.

**Other Governmental Funds Revenue/Expenditures**

The main other governmental funds are capital outlay fund, and building fund (FSPK). State funding makes up the capital outlay and the building fund consists of state and local revenues. During the FY24 school year these funds were used to make bond payments on existing debt.

**BUDGETARY IMPLICATIONS**

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency. The beginning General fund balance for the fiscal year was \$595,754. The ending fund balance was \$743,598.

Questions regarding this report should be directed to Superintendent, Dolly Fannin or Kristen Salyers, Finance Officer at 606-738-8002 or by mail at Elliott County Board of Education, PO Box 767, Sandy Hook, KY 41171.

Elliott County School District  
**Statement of Net Position**  
June 30, 2024

	Primary Government		
	Governmental Activities	Business- type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 620,737	\$ 511,796	\$ 1,132,533
Receivables	727,163	2,075	729,238
Inventories		14,145	14,145
Prepaid	7,068		7,068
Funded OPEB asset	66,478	3,032	69,510
Capital assets:			
Land and construction in progress	2,442,740		2,442,740
Other capital assets, net of depreciation	18,553,593	4,607	18,558,200
Total capital assets	20,996,333	4,607	21,000,940
Total assets	22,417,779	535,655	22,953,434
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	1,124,805	51,306	1,176,111
Deferred outflows related to OPEB CERS	455,469	20,775	476,244
Deferred outflows related to OPEB TRS	1,206,951		1,206,951
Deferred savings from refunding bonds	29,700		29,700
Total deferred outflows of resources	2,816,925	72,081	2,889,006
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>25,234,704</b>	<b>607,736</b>	<b>25,842,440</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	9,847	2,078	11,925
Accrued interest payable	65,618		65,618
Unearned revenue	103,559		103,559
Long-term liabilities:			
Due within 1 year:			
Bond obligations	682,000		682,000
Finance purchase obligations	147,795		147,795
KSBIT payable	25,450		25,450
Total due within 1 year	855,245	-	855,245
Due in more than 1 year:			
Bond obligations	5,529,759		5,529,759
Finance purchase obligations	599,343		599,343
Sick leave	70,605		70,605
Net pension liability	3,089,593	140,926	3,230,519
Net OPEB liability TRS	1,686,000		1,686,000
Total due in more than 1 year	10,975,300	140,926	11,116,226
Total liabilities	12,009,569	143,004	12,152,573
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	672,737	30,686	703,423
Deferred inflows related to OPEB CERS	1,210,120	55,198	1,265,318
Deferred inflows related to OPEB TRS	1,447,000		1,447,000
Total deferred inflows of resources	3,329,857	85,884	3,415,741
<b>NET POSITION</b>			
Net Investment in capital assets	14,037,436	4,607	14,042,043
Restricted for:			
Capital projects	319,452		319,452
Student activities	142,286		142,286
Special revenue	36,226		36,226
Food services		374,241	374,241
Unrestricted (deficit)	(4,640,122)		(4,640,122)
Total net position	9,895,278	378,848	10,274,126
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 25,234,704</b>	<b>\$ 607,736</b>	<b>\$ 25,842,440</b>

See the accompanying notes to the financial statements.

Elliott County School District  
**Statement of Activities**  
Year ended June 30, 2024

Functions/Programs	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
Instruction	\$ 7,985,377	\$ -	\$ 4,148,271	\$ -	\$ (3,837,106)	\$ -	\$ (3,837,106)
Support services							
Student	210,851	421,931	99,220		310,300		310,300
Instructional staff	291,362		137,106		(154,256)		(154,256)
District administration	714,138		336,052		(378,086)		(378,086)
School administration	604,502		284,461		(320,041)		(320,041)
Business	478,472		225,155		(253,317)		(253,317)
Plant operation & maintenance	1,378,380		648,625	421,392	(308,363)		(308,363)
Student transportation	809,489	6,000	380,922		(422,567)		(422,567)
Community services operations	210,048		98,842		(111,206)		(111,206)
Building improvements	194,989		91,756		(103,233)		(103,233)
Depreciation*	574,862				(574,862)		(574,862)
Interest on long-term debt	255,173			516,177	261,004		261,004
Total governmental activities	<u>13,707,643</u>	<u>427,931</u>	<u>6,450,410</u>	<u>937,569</u>	<u>(5,891,733)</u>		<u>(5,891,733)</u>
Business-type activities:							
Food service operations	958,772	22,403	924,953			(11,416)	(11,416)
Depreciation	1,896					(1,896)	(1,896)
Total business-type activities	<u>960,668</u>	<u>22,403</u>	<u>924,953</u>	<u>-</u>	<u>-</u>	<u>(13,312)</u>	<u>(13,312)</u>
Total primary government	<u>\$ 14,668,311</u>	<u>\$ 450,334</u>	<u>\$ 7,375,363</u>	<u>\$ 937,569</u>	<u>(5,891,733)</u>	<u>(13,312)</u>	<u>(5,905,045)</u>
General revenues:							
Taxes:							
Property taxes					876,775		876,775
Motor vehicle taxes					277,089		277,089
Utility taxes					348,481		348,481
State and formula grants					5,494,434		5,494,434
Other local revenue					154,108		154,108
Unrestricted investment earnings					52,824	26,368	79,192
Transfers					68,325	(68,325)	-
Total general revenues and transfers					<u>7,272,036</u>	<u>(41,957)</u>	<u>7,230,079</u>
Change in net position					1,380,303	(55,269)	1,325,034
Net Position - beginning					<u>8,514,975</u>	<u>434,117</u>	<u>8,949,092</u>
Net Position - ending					<u>\$ 9,895,278</u>	<u>\$ 378,848</u>	<u>\$ 10,274,126</u>

\*Unallocated depreciation that excludes depreciation which is included in the direct expenses of various programs, if any.

See the accompanying notes to the financial statements.

Elliott County School District  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2024

	<b>Governmental Funds</b>					
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Construction Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 159,422	\$ -	\$ -	\$ 254,947	\$ 206,368	\$ 620,737
Receivables						
Interfund receivable	467,729					467,729
Taxes-current	48,137					48,137
Taxes-delinquent	6,601					6,601
Accounts	60,220				880	61,100
Intergovernmental-state		30,747				30,747
Intergovernmental-federal		580,578				580,578
Prepaid expenditures	7,068					7,068
Total assets	749,177	611,325	-	254,947	207,248	1,822,697
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	5,579	3,811			457	9,847
Interfund payable		467,729				467,729
Unearned revenue		103,559				103,559
Total liabilities	5,579	575,099	-	-	457	581,135
<b>FUND BALANCE</b>						
Restricted		36,226		254,947	206,791	497,964
Unassigned	743,598					743,598
Total fund balance	743,598	36,226	-	254,947	206,791	1,241,562
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 749,177</b>	<b>\$ 611,325</b>	<b>\$ -</b>	<b>\$ 254,947</b>	<b>\$ 207,248</b>	<b>\$ 1,822,697</b>

See the accompanying notes to the financial statements.



Elliott County School District  
**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position**  
June 30, 2024

<b>Fund balances-total governmental funds</b>	\$	1,241,562
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.		20,996,333
Costs associated with bond issues and refundings are expensed in the fund financial statements because they are a use of current financial resources but are capitalized on the statement of net position using the economic resources focus		29,700
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, accrued interest payable, other accounts payable, and net pension obligations) are not due and payable in the current period and, therefore, are not reported in the funds		
Accrued interest payable		(65,618)
OPEB asset		66,478
Bond obligations		(6,211,759)
Finance purchase obligations		(747,138)
KSBIT payable		(25,450)
Sick leave liability		(70,605)
Net pension liability		(3,089,593)
Net OPEB liability		(1,686,000)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows related to pensions		1,124,805
Deferred outflows related to OPEB		1,662,420
Deferred inflows related to pensions		(672,737)
Deferred inflows related to OPEB		(2,657,120)
		(2,657,120)
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>9,895,278</u></b>

See the accompanying notes to the financial statements.

Elliott County School District  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
Year ended June 30, 2024

	Governmental Funds					Total
	General	Special Revenue	Debt Service	Construction Fund	Other Governmental Funds	
<b>REVENUES</b>						
From local sources						
Taxes						
Property	\$ 746,535	\$ -	\$ -	\$ -	\$ 130,240	\$ 876,775
Motor vehicle	277,089					277,089
Utilities	348,481					348,481
Earnings on investments	52,017	807				52,824
Transportation	6,000					6,000
Student activities		15,000			406,931	421,931
Other local revenue	119,028	35,080				154,108
Intergovernmental - state	8,335,497	602,421	516,177		421,392	9,875,487
Intergovernmental - federal	21,705	2,611,297				2,633,002
Total revenues	<u>9,906,352</u>	<u>3,264,605</u>	<u>516,177</u>	<u>-</u>	<u>958,563</u>	<u>14,645,697</u>
<b>EXPENDITURES</b>						
Instruction	5,931,858	1,691,815			391,698	8,015,371
Support services						
Student	151,577	59,274				210,851
Instructional staff	151,168	140,194				291,362
District administration	714,138					714,138
School administration	604,502					604,502
Business	405,836	72,636				478,472
Plant operation & maintenance	1,359,957	18,423				1,378,380
Student transportation	1,148,251					1,148,251
Community services operations	36,974	173,074				210,048
Building improvements		194,989		766,509		961,498
Debt service	200,855		917,584			1,118,439
Total expenditures	<u>10,705,116</u>	<u>2,350,405</u>	<u>917,584</u>	<u>766,509</u>	<u>391,698</u>	<u>15,131,312</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(798,764)	914,200	(401,407)	(766,509)	566,865	(485,615)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from finance purchase	341,622					341,622
Transfers in	636,083	31,097	401,407	596,545		1,665,132
Transfers (out)	(31,097)	(930,688)			(635,022)	(1,596,807)
Total other financing sources and (uses)	<u>946,608</u>	<u>(899,591)</u>	<u>401,407</u>	<u>596,545</u>	<u>(635,022)</u>	<u>409,947</u>
<b>NET CHANGE IN FUND BALANCE</b>	147,844	14,609	-	(169,964)	(68,157)	(75,668)
<b>FUND BALANCE-BEGINNING</b>	<u>595,754</u>	<u>21,617</u>	<u>-</u>	<u>424,911</u>	<u>274,948</u>	<u>1,317,230</u>
<b>FUND BALANCE-ENDING</b>	<u>\$ 743,598</u>	<u>\$ 36,226</u>	<u>\$ -</u>	<u>\$ 254,947</u>	<u>\$ 206,791</u>	<u>\$ 1,241,562</u>

See the accompanying notes to the financial statements.

Elliott County School District  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
Year ended June 30, 2024

<b>Net change in fund balances-total governmental funds</b>	\$	(75,668)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report district OPEB contributions as expenditures or revenues. However in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as pension expense or revenue.</p>		
District OPEB and pension contributions less costs of benefits earned net employee contributions		373,924
<p>Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.</p>		
		530,409
<p>The discount and premium on the sale of bonds is reported as an expenditure by current financial resources but it is deferred and amortized over the life of the bond on the statement of net position.</p>		
		(1,437)
<p>The difference in the issue amount of the refunding of bond proceeds and the amount for payment to the escrow account to pay the refunded bonds is amortized over the life of the refunding issue.</p>		
		(8,934)
<p>Bond and finance purchase payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.</p>		
		871,727
<p>Bond and finance purchase proceeds are recognized as revenue of current financial resources in the fund financial statement but are increase of liabilities in the statement of net position.</p>		
		(341,622)
<p>Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.</p>		
Accrued interest payable		1,910
KSBIT payable		24,652
Noncurrent sick leave payable		5,342
		1,380,303
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>1,380,303</b>

See the accompanying notes to the financial statements.

Elliott County School District  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
Year ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
From local sources				
Taxes				
Property	\$ 800,250	\$ 736,000	\$ 746,535	\$ 10,535
Motor vehicle	184,500	270,000	277,089	7,089
Utilities	366,000	328,000	348,481	20,481
Earnings on investments	3,000	30,000	52,017	22,017
Transportation	30,000	30,000	6,000	(24,000)
Other local revenue	117,526	124,526	119,028	(5,498)
Intergovernmental - state	5,656,251	5,448,787 *	5,627,315	178,528
Intergovernmental - federal	20,000	20,000	21,705	1,705
Total revenues	<u>7,177,527</u>	<u>6,987,313</u>	<u>7,198,170</u>	<u>210,857</u>
<b>EXPENDITURES</b>				
Instruction	4,097,328	3,993,106 *	3,847,213	145,893
Support services				
Student	150,494	150,494	151,577	(1,083)
Instructional staff	118,955	118,955	151,168	(32,213)
District administration	453,950	464,030 *	445,302	18,728
School administration	417,846	417,846 *	425,497	(7,651)
Business	321,946	249,146	405,836	(156,690)
Plant operation & maintenance	1,031,648	1,039,021 *	1,272,109	(233,088)
Student transportation	767,466	731,500 *	1,060,403	(328,903)
Community services operations	41,918	41,918	36,974	4,944
Debt service	166,555	200,764	200,855	(91)
Total expenditures	<u>7,568,106</u>	<u>7,406,780</u>	<u>7,996,934</u>	<u>(590,154)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(390,579)	(419,467)	(798,764)	(379,297)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of equipment	2,500	2,500		(2,500)
Proceeds from finance purchase			341,622	341,622
Transfers in	109,791	99,791	636,083	536,292
Transfers (out)	(99,548)	(41,000)	(31,097)	9,903
Total other financing sources and (uses)	<u>12,743</u>	<u>61,291</u>	<u>946,608</u>	<u>885,317</u>
<b>NET CHANGE IN FUND BALANCE</b>	(377,836)	(358,176)	147,844	506,020
<b>FUND BALANCE-BEGINNING</b>	<u>570,000</u>	<u>571,000</u>	<u>595,754</u>	<u>24,754</u>
<b>FUND BALANCE-ENDING</b>	<u>\$ 192,164</u>	<u>\$ 212,824</u>	<u>\$ 743,598</u>	<u>\$ 530,774</u>

\* The on-behalf payments (please see the accompanying notes to the financial statements) were not budgeted, therefore, to better compare the actual to the budgeted amounts these amounts were deducted from both revenue and expenditures in the amount of \$2,773,761.

Elliott County School District  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Special Revenue Fund**  
Year ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
From local sources				
Earnings on investments	\$ -	\$ -	\$ 807	\$ 807
Student activities			15,000	15,000
Other local revenue		10,989	35,080	24,091
Intergovernmental - state	938,978	541,710	602,421	60,711
Intergovernmental - federal	1,223,383	1,185,284	2,611,297	1,426,013
Total revenues	<u>2,162,361</u>	<u>1,737,983</u>	<u>3,264,605</u>	<u>1,526,622</u>
<b>EXPENDITURES</b>				
Instruction	1,749,816	1,352,383	1,691,815	(339,432)
Support services				
Student	49,685	49,376	59,274	(9,898)
Instructional staff	166,938	151,749	140,194	11,555
Business		31,000	72,636	(41,636)
Plant operation & maintenance	22,201	28,564	18,423	10,141
Community services operations	173,721	155,911	173,074	(17,163)
Building improvements			194,989	(194,989)
Total expenditures	<u>2,162,361</u>	<u>1,768,983</u>	<u>2,350,405</u>	<u>(581,422)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	(31,000)	914,200	945,200
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)			(930,688)	(930,688)
Transfers in		31,000	31,097	97
Total other financing sources and (uses)	<u>-</u>	<u>31,000</u>	<u>(899,591)</u>	<u>(930,591)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	14,609	14,609
<b>FUND BALANCE-BEGINNING</b>	<u>-</u>	<u>-</u>	<u>21,617</u>	<u>21,617</u>
<b>FUND BALANCE-ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,226</u>	<u>\$ 36,226</u>

See the accompanying notes to the financial statements.

Elliott County School District  
**Statement of Net Position**  
**Proprietary Fund**  
June 30, 2024

	<b>School Food Services</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 511,796
Receivables	2,075
Inventories	14,145
Funded OPEB asset	3,032
Capital assets:	
Other capital assets, net of depreciation	4,607
Total assets	535,655
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	51,306
Deferred outflows related to OPEB	20,775
Total deferred outflows of resources	72,081
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>607,736</b>
<b>LIABILITIES</b>	
Accounts payable	2,078
Net pension liability	140,926
Total liabilities	143,004
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	30,686
Deferred inflows related to OPEB	55,198
Total deferred inflows of resources	85,884
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>228,888</b>
<b>NET POSITION</b>	
Net investment in capital assets	4,607
Restricted	374,241
Total net position	378,848
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 607,736</b>

See the accompanying notes to the financial statements.

Elliott County School District  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
Year ended June 30, 2024

		<b>School Food Services</b>
<b>OPERATING REVENUES</b>		
Lunchroom sales	\$	<u>22,403</u>
Total operating revenues		<u>22,403</u>
<b>OPERATING EXPENSES</b>		
Depreciation		1,896
Food service operations		
Salaries and benefits		326,957
Operational		<u>631,815</u>
Total operating expenses		<u>960,668</u>
Operating income (loss)		(938,265)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Federal grants		845,492
State grants		79,461
Transfers In (Out)		(68,325)
Earnings from investments		<u>26,368</u>
Total nonoperating revenues (expenses)		<u>882,996</u>
<b>CHANGE IN NET POSITION</b>		(55,269)
<b>NET POSITION-BEGINNING</b>		<u>434,117</u>
<b>NET POSITION-ENDING</b>	\$	<u><u>378,848</u></u>

See the accompanying notes to the financial statements.

Elliott County School District  
**Statement of Cash Flows**  
**Proprietary Fund**  
Year ended June 30, 2024

	<u>School Food Services</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 22,403
Payments to suppliers	(631,284)
Payments to employees	(326,957)
Net cash provided (used) by operating activities	<u>(935,838)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Operating grants and contributions	924,953
Transfers to other funds	(68,325)
Net cash provided (used) by noncapital financing activities	<u>856,628</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest	26,368
Net cash provided (used) by investing activities	<u>26,368</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(52,842)
<b>CASH AND CASH EQUIVALENTS BALANCE-BEGINNING</b>	<u>564,638</u>
<b>CASH AND CASH EQUIVALENTS BALANCE-ENDING</b>	<u><u>511,796</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used)</b>	
<b>by operating activities:</b>	
Operating income (loss)	(938,265)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	1,896
Changes in assets and liabilities:	
Receivables	8,187
Inventory	(5,091)
Deferrals outflows	(11,495)
Deferrals inflows	44,456
Pension liability	4,135
OPEB asset	(3,032)
OPEB liability	(37,337)
Accounts payable and accrued expenses	708
Net cash provided (used) by operating activities	<u>\$ (935,838)</u>

**NONCASH NONCAPITAL FINANCING ACTIVITIES**

During the year, the district received \$25,911 of food commodities from the U.S. Department of Agriculture.

During the year, the district recognized revenues and expenses for on-behalf payments relating to fringe benefits in the amount of \$66,051 provided by state government.

See the accompanying notes to the financial statements.



Elliott County School District  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
June 30, 2024

	<u>Private Purpose Trust</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>115,632</u>
Total assets	<u><u>115,632</u></u>
<b>NET POSITION</b>	
Held in trust	<u>115,632</u>
Total net position	\$ <u><u>115,632</u></u>

See the accompanying notes to the financial statements.

Elliott County School District  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
Year ended June 30, 2024

		<u>Private Purpose Trust</u>
<b>Additions</b>		
Earnings on investments	\$	5,212
<b>Deductions</b>		
Benefits paid		-
<b>Change in net position</b>		5,212
<b>Net position, beginning</b>		<u>110,420</u>
<b>Net position, ending</b>	\$	<u><u>115,632</u></u>

See the accompanying notes to the financial statements.

ELLIOTT COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

Reporting Entity

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

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

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

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

Blended Component Unit

Elliott County Board of Education Finance Corporation

The Board authorized establishment of the Elliott County Board of Education Finance Corporation a non-stock, non-profit corporation pursuant to Section 162.385 of the School Bond Act and Chapter 273 and Section 58.180 of the Kentucky Revised Statutes (the “Corporation”) to act as an agency of the District for financing the costs of school building facilities. The Board of Directors of the Corporation shall be the same persons who are at any time the members of the Board of Education of the Elliott County Board of Education.

Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

The District has the following funds:

### I. Governmental Fund Types

#### (A) General Fund

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 always a major fund of the District.

#### (B) Special Revenue (Grant) Fund

The Special Revenue (Grant) Fund accounts for proceeds of specific revenue sources (other than expendable trust funds or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

#### (C) Special Revenue (Student Activity) Fund

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Special Revenue (Student Activity) Fund accounts for activities of student groups and other types of activities requiring clearing accounts.

### (D) Capital Project Funds

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

#### SEEK Capital Outlay Fund

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

#### Building (FSPK) Fund

The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy that is required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.

#### Construction Fund

The Construction Fund accounts for proceeds from sale of bonds and other revenues to be used for authorized construction and/or remodeling. This is a major fund of the District.

### (E) Debt Service Fund

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

## II. Proprietary Funds (Enterprise Funds)

### Food Service Fund

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

The District applies all GASB pronouncements to proprietary funds.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### III. Fiduciary Fund Types

#### Private Purpose Trust

Private Purpose Trusts are maintained within MUNIS and account for revenues generated by trusts set up to benefit a specific location in Elliott County. An endowment was established February 1, 2010 by a grant of \$100,000 from the W. Paul and Lucille Caudill Little Foundation, Inc. to provide \$5,000 in operating costs per year to the Adkins-Caudill Performing Arts Center. It was to be held in a separately managed fiduciary account permanently designated for the Adkins-Caudill Performing Arts Center.

The original principal received remains in the net position on the statement of net position and is restricted for the trust principal. The net appreciation on investments available for expenditures is included in the restricted spendable net position on the statement of net position. The District's policy is to spend only investment income for the purposes of the Trust.

The District has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the District classifies as restricted permanent nonspendable (a) the original value of the gift donated to the permanent endowment, (b) the original value of any subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulations is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanent nonspendable net position is classified as restricted permanent spendable net position until those amounts are appropriated for expenditure by the District in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the District considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the District
- The investment policies of the District

#### Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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.

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 the revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as unearned 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.

### Cash and Cash Equivalents

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

### Inventories

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

### Prepaid Assets

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Capital Assets

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

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

Land and construction in progress are not depreciated. The other property, plant and equipment of the district are depreciated using the straight-line method over the following estimated useful lives:

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

### Accrued Liabilities and Long-Term Obligations

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

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

### Accumulated Unpaid Sick Leave Benefits

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

### Fund Balances

Fund balance is divided into five categories as defined by GASB 54 as follows:

Non-spendable	Permanently non-spendable by decree of the donor, such as an endowment, or funds that are not in a spendable form, such as prepaid expenses or inventory on hand.
Restricted	Legally restricted under legislation, bond authority, or grantor contract.
Committed	Commitments of future funds for specific purposes passed by the Board.
Assigned	Funds that are intended by management to be used for a specific purpose, including encumbrances.
Unassigned	Funds available for any purpose; unassigned amounts are reported only in the General Fund unless a fund has a deficit.

The Board has adopted a GASB 54 spending policy which states that the spending order of funds is to first use restricted, committed, and assigned resources first, then unassigned resources as they are needed.

### Net Position

The Statement of Net Position presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as Net Position. Net Position is reported in three categories: 1) net investment in capital assets – consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of the assets; 2) restricted net position – resulting from constraints placed on net position by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation adopted by the School District; 3) unrestricted net position – those assets that do not meet the definition of restricted net position or net investment in capital assets. It is the District's policy to first apply restricted net position and then unrestricted net position when an expense is incurred for which both restricted and unrestricted net position are available.

### Property Taxes

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

The property tax rates assessed for the year ended June 30, 2024, to finance the General Fund operations were \$.437 per \$100 valuation of real property, \$.437 per \$100 valuation for business personal property and \$.565 per \$100 valuation for motor vehicles.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

### Operating and Non-Operating Revenues and Expenses

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

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

### In-Kind

Local contributions, which include contributed services provided by individuals, private organizations, and local governments, are used to match federal and state administered funding on various grants. The amounts of such services and donated commodities are recorded in the accompanying financial statements at their estimated fair market values.

### Contributions of Capital

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

### Inter-fund Receivables/Payables

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

### Interfund Transfers

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until the appropriate period. The District reports three types of deferred outflows – contributions to the CERS’s pension and OPEB plans after the measurement period and the unrecognized portion of a deferred loss on the refinancing of long-term debt.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until appropriate period. The District reports two types of deferred inflows related to the net difference projected and actual earnings on pension and OPEB plan investments.

### 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.

### Postemployment Benefits Other Than OPEBs (OPEB)

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

### Bond and Related Premiums, Discounts, and Issuance Costs

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

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### Estimates

The process of preparing financial statements in conformity accounting principles generally accepted in the United States of America requires District’s management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, expenditures, designated fund balances, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Budgetary Process

The District prepares its budgets on the modified accrual basis of accounting, which is the same basis as used to prepare the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Per Board policy, all amendments require Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end. The Kentucky Department of Education does not require the Capital Project Funds and Debt Service Funds to prepare budgets.

The District's General Fund expenditures exceeded budgeted appropriations by \$1,231,947. The District's Special Revenue Fund expenditures exceeded budgeted appropriations by \$581,422.

### New Accounting Pronouncements

GASB Statement No. 100- In June, 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Statement is effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

There is no effect on current year financial statements for newly adopted accounting pronouncements.

Effective in Future Years:

The District is currently evaluating the potential impact of the following issued, but not yet effective, accounting standards:

GASB Statement No. 101- In June, 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The Statement is effective for reporting periods beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102- In December, 2023, the GASB issued Statement No. 101, *Certain Risk Disclosures*. The objectives of this Statement is to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The Statement is effective for fiscal years beginning after June 15, 2024, and reporting periods thereafter.

GASB Statement No. 103- In April in 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement is effective for fiscal years beginning after June 15, 2025, and reporting periods thereafter.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**NOTE B – CASH AND CASH EQUIVALENTS**

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

Custodial credit risk is the risk that in the event of a bank failure, a government’s deposits may not be returned to it. The District’s deposit policy for custodial credit risk requires compliance with the provisions of state law.

At year end the District’s bank balances were collateralized by securities held by the pledging bank’s trust department in the District’s name and FDIC insurance. At year end, the carrying amount of the District’s cash and cash equivalents was \$1,248,165. The bank balance for the same time was \$1,507,931.

Due to the nature of the accounts and certain limitations imposed on the use of funds, each bank account within the following funds is considered to be restricted: SEEK Capital Outlay Fund, Facility Support Program (FSPK/Building) Fund, Special Revenue (Grant Fund), Debt Service Fund, School Construction Fund, School Food Service Fund, and School Activity Fund.

**NOTE C – CAPITAL ASSETS**

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

<u>Governmental Activities</u>	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2024</u>
Land-nondepreciable	\$ 436,268	\$ -	\$ -	\$ 436,268
Construction in progress-nondepreciable	2,397,865	766,509	1,173,640	1,990,733
Land improvements	801,561	-	-	801,561
Buildings	27,587,968	1,173,640	-	28,761,609
Vehicles	2,398,031	338,762	-	2,736,793
General equipment	487,794	-	-	487,794
Total at historical cost	<u>\$ 34,109,487</u>	<u>\$ 2,278,911</u>	<u>\$ 1,173,640</u>	<u>\$ 35,214,758</u>
Less: Accumulated depreciation				
Land improvements	\$ 590,306	\$ 2,648	\$ -	\$ 592,954
Buildings	10,710,060	451,804	-	11,161,864
Vehicles	1,924,306	109,070	-	2,033,376
General equipment	418,891	11,340	-	430,231
Total accumulated depreciation	<u>\$ 13,643,563</u>	<u>\$ 574,862</u>	<u>\$ -</u>	<u>\$ 14,218,424</u>
<u>Governmental Activities</u>				
Capital Assets-net	<u>\$ 20,465,924</u>	<u>\$ 1,704,050</u>	<u>\$ 1,173,640</u>	<u>\$ 20,996,333</u>
<u>Business-Type Activities</u>	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2024</u>
Buildings	\$ 152,536	\$ -	\$ -	\$ 152,536
General equipment	203,749	-	-	203,749
Total at historical cost	<u>\$ 356,285</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 356,285</u>
Less: Accumulated depreciation				
Buildings	\$ 152,536	\$ -	\$ -	\$ 152,536
General equipment	197,246	1,896	-	199,142
Total accumulated depreciation	<u>\$ 349,782</u>	<u>\$ 1,896</u>	<u>\$ -</u>	<u>\$ 351,678</u>
<u>Business-Type Activities</u>				
Capital Assets-net	<u>\$ 6,503</u>	<u>\$ (1,896)</u>	<u>\$ -</u>	<u>\$ 4,607</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as “unallocated”.

**NOTE D – LONG TERM DEBT OBLIGATIONS**

Bonds

The amount shown in the accompanying financial statements as bonded debt and lease obligations represent the District’s future obligations to make payments relating to the bonds issued by the Elliott County School District Finance Corporation.

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

The bonds payable are collateralized by education facilities constructed by the District with bond proceeds. Bondholders are protected against default by a mechanism whereby the Commonwealth of Kentucky would withhold state SEEK payments and remit required debt service payments directly to the debt service paying agent. All bonds are subject to federal arbitrage regulations.

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

<b>Bond Issues</b>	<b>Original Amount</b>	<b>Maturity Date</b>	<b>Interest Rates</b>	<b>2023 Bonds Outstanding</b>	<b>Additions</b>	<b>Retirements</b>	<b>2024 Bonds Outstanding</b>
2012	\$ 4,500,000	8/1/2032	2.1250-3.25%	\$ 3,095,000	\$ -	\$ 265,000	\$ 2,830,000
2012R	2,020,000	9/1/2023	2.125%	70,000	-	70,000	-
2023	670,000	9/1/2042	2.750-4.00%	670,000	-	31,000	639,000
2015	395,000	2/1/2035	3.1%	265,000	-	20,000	245,000
2005	290,000	2/1/2026	4.125%	60,000	-	20,000	40,000
2016R	2,185,000	11/1/2027	2.0%	1,070,000	-	215,000	855,000
2014	1,205,000	5/1/2034	2.55-3.75	960,000	-	50,000	910,000
2013	595,000	8/1/2033	2.25-3.75	515,000	-	40,000	475,000
2022	300,000	2/1/2042	1.75-3.00%	290,000	-	10,000	280,000
	12,160,000			6,995,000	-	721,000	6,274,000
Add:	Premium			5,644	-	1,945	3,699
Less:	Discount			(38,869)	-	(3,382)	(35,487)
				<u>\$ 6,961,775</u>	<u>\$ -</u>	<u>\$ 719,563</u>	<u>\$ 6,242,212</u>

The District has entered into “participation agreements” with the Kentucky School Facility Construction Commission. The Kentucky Legislature, for the purpose of assisting local school districts in meeting school construction needs, created the Commission. The table following sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues.

The bonds may be called prior to maturity at dates and redemption premiums specified in each issue. Assuming no issues are called prior to maturity, the minimum obligations of the District, including

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

Fiscal Year Ended June 30th	Principal		Interest		Principal	Interest
	Local	KSFCC	Local	KSFCC	Total	Total
2025	\$ 277,539	\$ 404,461	\$ 98,684	\$ 81,559	\$ 682,000	\$ 180,242
2026	285,010	413,990	90,916	72,066	699,000	162,982
2027	307,352	401,648	82,655	62,255	709,000	144,910
2028	314,556	357,444	73,731	53,495	672,000	127,226
2029	336,548	172,452	64,216	46,860	509,000	111,077
2030-2034	1,691,794	778,206	147,548	156,553	2,470,000	304,102
2035-2039	-	303,000	-	73,395	303,000	73,395
2040-2043	-	230,000	-	16,390	230,000	16,390
	<u>\$ 3,212,799</u>	<u>\$ 3,061,201</u>	<u>\$ 557,751</u>	<u>\$ 562,573</u>	<u>\$ 6,274,000</u>	<u>\$ 1,120,324</u>

Finance Purchases

The following is an analysis of the financed property under financed purchases by class:

FINANCE PURCHASES KISTA Issues	Original Amount	Maturity Date	Interest Rates	2023 Outstanding	Additions	Retirements	2024 Outstanding
Series 2015B	284,961	3/1/2025	2.0-2.5%	\$ 51,741	\$ -	\$ 25,484	\$ 26,257
Series 2014	61,793	3/1/2024	2.0 - 2.625%	5,558	-	5,558	-
Series 2017	374,948	3/1/2027	2.55%	148,660	-	38,862	109,798
Series 2019	189,965	3/1/2029	3.000%	112,211	-	19,225	92,986
Series 2020	185,209	3/1/2030	2.0-2.5%	127,515	-	18,137	109,378
Series 2021	102,925	3/1/2031	1.250%	80,105	-	10,076	70,029
Series 2023	341,622			-	341,622	33,385	308,237
				<u>\$ 525,790</u>	<u>\$ 341,622</u>	<u>\$ 150,727</u>	<u>\$ 716,685</u>

The following is a schedule by years of the future minimum payments under finance purchases together with the present value of the net minimum payments as of June 30, 2024:

Fiscal Year Ended June 30th	Local Principal	Interest	Total Payments
2025	\$ 147,795	\$ 21,683	\$ 169,478
2026	115,173	17,590	132,763
2027	118,417	14,348	132,765
2028	79,556	11,007	90,563
2029	78,460	8,665	87,125
2030-2033	177,284	14,829	192,113
	<u>\$ 716,685</u>	<u>\$ 88,121</u>	<u>\$ 804,806</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Total minimum payments	\$	804,806
Less: Amount representing interest		(88,121)
 Present Value of Net Minimum Payments	\$	716,685

In order to secure the payment of all of the Board's obligations under a KISTA Lease, the Board grants to KISTA a security interest constituting a first lien on the Equipment and on all additions, attachments, accessories, and substitutions thereto, and on all proceeds therefrom. In the Event of Default, title to the Equipment shall immediately vest in KISTA, and the Board will immediately surrender possession of the Equipment to KISTA or to KISTA's order; by the execution of this Lease the Board agrees upon demand by KISTA or the Second Trustee, and without order of court, to execute a bill of sale or such other instrument as may be required in favor of KISTA or the Second Trustee in order to permit liquidation of the equipment in an Event of Default by the Board.

Accumulated Sick Leave

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. The activity during fiscal year 2023 for accumulated sick leave is as follows:

		<b>2023</b>				<b>2024</b>
		<u>Outstanding</u>		<u>Additions</u>		<u>Outstanding</u>
		<u>Balance</u>				<u>Balance</u>
Sick Leave	\$	75,947	\$	-	\$	5,342-
						70,605

KSBIT

The District elected to finance the worker's compensation insurance deficit (KSBIT) with the now defunct Kentucky School Board Insurance Trust through the Kentucky Inter-local School Transportation Association (KISTA). The activity during fiscal year 2023 for the worker's compensation and property and liability deficit are as follows:

<u>KSBIT</u>	<u>Original</u>	<u>Maturity</u>	<u>Interest</u>	<u>2023 KSBIT</u>			<u>2024 KSBIT</u>					
<u>Issues</u>	<u>Amount</u>	<u>Date</u>	<u>Rates</u>	<u>Outstanding</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding</u>					
KSBIT	\$	222,133	8/15/2024	2.0 - 3.25%	\$	50,102	\$	-	\$	24,652	\$	25,450

The minimum payments are as follows:

<u>Fiscal</u>	<u>Local</u>	<u>Total</u>
<u>Year Ended</u>	<u>Principal</u>	<u>Payments</u>
<u>June 30th</u>	<u>Interest</u>	
2025	\$ 25,450	\$ 414
	\$ 25,450	\$ 414
<b>Totals</b>	\$ 25,450	\$ 414

Net Pension & OPEB Liability



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

The net pension liability is \$3,089,593 for governmental activities and \$140,926 for business-type activities for a total of \$3,230,519 as of June 30, 2024. (See Note E for additional information) The net OPEB liability is \$1,686,000 for governmental activities and \$0 for business-type activities for a total of \$1,686,000 as of June 30, 2024. (See Note F for additional information)

A summary of activity in bond obligations and other debts is as follows:

Description	2023 Outstanding Balance	Additions	Retirements	2024 Outstanding Balance	Current
Bonds, net of premium and discount	\$ 6,961,775		\$ 719,563	\$ 6,242,212	\$ 682,000
Finance purchases	525,790	341,622	150,727	716,685	147,795
Sick leave	75,947	-	5,342	70,605	-
KSBIT	50,102	-	24,652	25,450	25,450
Net pension liability	3,238,237	-	7,718	3,230,519	-
Net OPEB liability	3,471,878	-	1,785,878	1,686,000	-
Total	\$ 14,323,729	\$ 341,622	\$ 2,693,880	\$ 11,971,471	\$ 855,245

**NOTE E – RETIREMENT PLANS**

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

**Teachers Retirement System Kentucky (TRS)**

*Retirement Annuity Trust*

**Plan description**

Teaching-certified employees of the Kentucky School District are provided pensions through the Teachers’ Retirement System of the State of Kentucky—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 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 <http://www.trs.ky.gov/financial-reports-information>.

**Benefits provisions**

**For Members before July 1, 2008:** Members become vested when they complete five years of credited service. To qualify for monthly 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Non-university members receive monthly payments equal to 2% (service prior to July 1, 1983) and 2.5% (service after July 1, 1983) of their final average salaries for each year of credited service. Non-university members who became members on or after July 1, 2002, will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is less than 10 years. New members after July 1, 2002, who retire with 10 or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first 10 years. In addition, non-university members who retire July 1, 2004, and later with more than 30 years of service will have a multiplier for all years over 30 of 3%.

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

**For Members On or After 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 60 and complete 5 years of Kentucky service, or
2. Complete 27 years of Kentucky service, or
3. Attain age 55 and complete 10 years of Kentucky service.

The annual retirement allowance for non-university members is equal to : (a) 1.7% of final average salary for each year of credited service if their service is 10 years or less; (b) 2% of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) 2.3% of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) 2.5% of final average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; (e) 3% of final average salary for years of credited service greater than 30 years.

The final average salary is the member's five highest annual salaries except members at least age 55 with 27 or more years of service may use their three highest annual salaries. For all members, the annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

**For Members on and after January 1, 2022:**

Condition for Retirement                      Attainment of age 57 and 10 years of service or attainment of age 65  
And 5 years of service.

Amount of Allowance

Foundational Benefit                              The annual foundational benefit for members is equal to service times  
A multiplier times final average salary.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

The annual foundational benefit is reduced by 6% per year from the Earlier of age 60 on the date the member would have completed 30 Years of service.

**Supplemental Benefit**

The annual supplemental benefit is equal to the account balance which Includes member and employer contributions and interest credited Annually on June 30. Options include annuitizing the balance or receiving The balance as a lump sum either at the time of retirement or at a later date.

**Disability Retirement Allowance  
Condition for Allowance**

Totally and permanently incapable of being employed as a teacher and Under age 60 but after completing 5 years of service

**Amount of Allowance**

The disability allowance is equal to the greater of the service retirement Allowance or 60% of the member's final average salary. The disability Allowance is payable over an entitlement period equal to 25% of the service Credited to the member at the date of the disability or 5 years, whichever is Longer. After the disability entitlement period has expired and if the Member remains disabled, he will be retired under service retirement. The Service retirement allowance will be computed with service credit given For the period of disability retirement. The allowance will not be less than \$6,000 per year. The service retirement allowance will not be reduced for Commencement of the allowance before age 60 or the completion of 27 Years of service.

**Benefits Payable on Separation  
From Service**

Any member who ceases to be in service is entitled to receive his Contributions with allowable interest. A member who has completed 5 Years of creditable service and leaves his contributions with the System May be continued in the membership of the System after separation from Service, and file application for service retirement after the attainment of Age 60.

**Life Insurance**

A separate Life Insurance fund has been created as June 30, 2000 to pay

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Death Benefits

Benefits on behalf of deceased TRS active and retired members.

A surviving spouse of an active member with less than 10 years of service May elect to receive an annual allowance of \$2,880 except that if income From other sources exceeds \$6,600 per year the annual allowance will be \$2,160.

A surviving spouse of an active member with 10 or more years of service May elect to receive an allowance which is the actuarial equivalent of the Allowance the deceased member would have received upon retirement. The allowance will commence on the date the deceased member would have Been eligible for service retirement and will be payable during the life of The spouse.

If the deceased member is survived by unmarried children under age 18 the following schedule of annual allowances applies:

<b>Number of Children</b>	<b>Annual Allowance</b>
1	\$ 2,400
2	\$ 4,080
3	\$ 4,800
4 or more	\$ 5,280

The allowances are payable until a child attains age 18, or age 23 if a Full-time student.

If the member has no eligible survivor, a refund of his accumulated Contributions is payable to his estate.

Options

In lieu of the regular Option 1, a retirement allowance payable in the Form of a life annuity with refundable balance, any member before Retirement may elect to receive a reduced allowance which is actuarially Equivalent to the full allowance, in one of the following forms:

Option 2. A single life annuity payable during the member’s lifetime with Payments for 10 years certain.

Option 3. At the death of the member his allowance is continued throughout The life of the beneficiary.

Option 3(a). At the death of the beneficiary designated by the member Under Option 3, the member’s benefit will revert to what would have been paid had he not selected an option.

Option 4. At the death of the member one half of his allowance is Continued throughout the life of the beneficiary.

Option 4(a). At the death of the beneficiary designated by the member Under Option 4, the member’s benefit will revert to what would have been Paid had he not selected an option.

Post-Retirement Adjustments

The retirement allowance of each retired member and of each beneficiary

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Shall be increased by 1.5% each July 1.

### Member Contributions

Members before 1/1/2022

9.105% of salary to the Retirement System.

Members on and after 1/1/2022

9% of salary to the Retirement System and an additional 2% of salary to the Supplemental benefit account. Employers also contributes 2%.

### Contributions

Contribution rates are established by Kentucky Revised Statutes (KRS). Employees are required to contribute 9.105% of their salaries to the system. Members after January 1, 2022 contribute 7.00% of salary to the system. The state, as a non-employer contributing entity, pays matching contributions in the amount of 13.105% of salaries for local school district employees hired before July 1, 2008 and 14.105% for those who joined thereafter. Contributions for local school district employees whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

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

The District did not report a liability for the District's proportionate share of the net pension liability, pension expense, and deferred inflows and outflows of resources because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The net pension liability that was associated with the District follows.

State's proportionate share of the TRS net pension liability associated with the District	\$ 22,263,003
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The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. The District's proportion was 0.1307%.

### Actuarial Methods and Assumptions

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

Valuation Date	June 30, 2022
Prior Measurement Date	June 30, 2022
Measurement Date	June 30, 2023
Reporting Date	June 30, 2024
Actuarial Cost Method	Entry age
Inflation Rate	2.5%
Single Equivalent Interest Rate Prior	7.10%
Single Equivalent Interest Rate at	

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Measurement Date	7.10%
Municipal Bond Index Rate Prior	3.37%
Municipal Bond Index Rate at Measurement Date	3.66%
Projected Salary Increase	3.0-7.5%, including inflation
Long-Term Expected Rate of Return	7.10

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

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

### Target Allocations

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.

A summary of the target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, follows.

Asset Class	Target Allocation	Long-Term Expected Rates of Return
Large Cap US Equity	35.4 %	5.0 %
Small Cap 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 %	3.20 %
Private Equity	7.0 %	8.0 %
Cash	2.0 %	1.6 %
Total	100 %	

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Discount Rate**

The discount rate used to measure the total pension liability as of the Measurement Date was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at the Actuarially Determined Contribution (ADC) 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 following table presents the net pension liability of the Commonwealth associated with the District, calculated using the discount rate of 7.10%, as well as what the Commonwealth’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

<b>TRS</b>	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
State's proportionate share	6.10%	7.10%	8.10%
of net pension liability	28,605,462	\$ 22,263,003	\$ 16,978,630

**Pension plan fiduciary net position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued TRS financial report which is publicly available at <http://www.TRS.ky.gov/>.

**County Employees Retirement System**

*Non-Hazardous*

**Plan description**

Substantially all full-time classified employees of the District participate in the County Employees Retirement System (“CERS”). CERS is a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky General Assembly and overseen by the Kentucky Public Pensions Authority (KPPA). The plan covers substantially all regular full-time members employed in non-hazardous duty positions of the school board. The plan provides for retirement, disability and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances.

CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky, 40601, or by calling (502) 564-4646 or at <https://kyret.ky.gov>.

**Benefits provided**

Benefits under the plan will vary based on final compensation, years of service and other factors as fully described in the plan documents.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Contributions

Funding for CERS:

*Tier I* plan is provided by members, who contribute 5.00% of their creditable compensation.

*Tier II* plan members hired after September 1, 2008 contribute 6.00% of their creditable compensation. Further, 1% of these contributions are deposited to an account created for the payment of health insurance benefits.

*Tier III* plan members, who began participating on or after January 1, 2014, are required to contribute to the Cash Balance Plan. That plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Employee contributions to the plan are the same as the Tier II contributions. Tier III member accounts are also credited with an employer pay credit in the amount of 4% of the member's creditable compensation.

For the year ending June 30, 2023, employers were required to contribute 26.95% of the member's salary, 22.78% pension and 4.17% for insurance. The District contributed \$352,583 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 on an actuarial valuation as of that date. The District's proportion of the net pension liability, \$3,230,519 was based on contributions to CERS during the fiscal year ended June 30, 2023. The District's proportion was 0.050347%.

Deferred Inflows and Outflows of Resources, and Pension Expense included in the Schedule of Pension Amounts include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule of Pension Amounts does not include deferred outflow/inflows of resources for changes in the employer's proportionate share of contribution or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2024, is based on the June 30, 2023, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are amortized over a closed five-year period.

The District recognized pension revenue of \$3,129 and reported deferred outflows of resources and deferred inflows of resources related to pensions as follows.

**SEE SCHEDULE NEXT PAGE**



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

CERS	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual		
experience	\$ 167,238	\$ 8,778
Changes of assumptions	-	296,079
Net difference between projected and actual		
earnings on pension plan investments	348,988	393,054
Changes in proportion and differences		
between District contributions and proportionate		
share of contributions	307,302	5,511
District contributions subsequent to the		
measurement date	<u>352,583</u>	<u>-</u>
	<u>\$ 1,176,111</u>	<u>\$ 703,422</u>

The \$352,583 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 following year.

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized over the average service life of all members. These will be recognized in pension expense as follows:

Year 1	\$	85,515
Year 2		(6,254)
Year 3		72,118
Year 4		<u>(31,273)</u>
	\$	<u>120,106</u>

**Actuarial Valuation**

KPPA’s actuary, Gabriel, Roeder, Smith & Co., completed the actuarial valuation for the calculation of the employer contribution rates for CERS and the Insurance Fund for the period ended June 30, 2023.

**Summary of Actuarial Assumptions**

The results of the actuarial valuation are based upon the assumptions and funding policies adopted by the Board and statutory funding requirements. The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2023:

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Valuation Date	June 30, 2021
Experience Study	July 1, 2018 to June 30, 2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method and Amortization Method	20% of the difference between the market value of assets the expected actuarial value of assets recognized Level Percent of Pay
Remaining Amortization Period incurring	30-year closed period at June 30, 2019, Gains/losses
	After 2019 will be amortized over separate closed 20-year Amortization bases
Asset Valuation Method	Actuarial value of assets is recognized
Mortality experience	System-specific mortality table based on mortality
MP2014	From 2013-2018, projected with the ultimate rates from
	Mortality improvement scale using a base year of 2019
Phase-In Provision determined rate	Board certified rate is phased into the actuarially
	In accordance with HB 362 enacted in 2018
Inflation	2.30%
Payroll Growth Rate	2.0%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Phase-in Provision	HB 362 enacted in 2018

**Discount rate**

A single discount rate of 5.93% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments.

**Sensitivity of the District’s proportionate share of net pension liability to changes in the discount rate**

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

CERS	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
District's proportionate share of net pension liability	\$ 4,078,726	\$ 3,230,519	\$ 2,525,628

The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table below for CERS Pension and Insurance Funds:

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<b>Equity</b>		
Public Equity	50 %	5.9 %
Private Equity	10 %	11.73 %
<b>Fixed Income</b>		
Core Fixed Income	10 %	2.45 %
Specialty Credit	10 %	3.65 %
Cash	0 %	1.39 %
<b>Inflation Protected</b>		
Real Estate	7 %	4.99 %
Real Return	13 %	5.15 %

Expected Real Return is 5.75%. Long Term Inflation Assumption is 2.5%. Expected Nominal Return of Portfolio is 8.25%.

**Pension plan fiduciary net position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CERS financial report which is publicly available at <https://kyret.ky.gov>.

**Payables to the pension plan**

There are no payables to CERS.

**NOTE F – OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

The District’s employees participate in retirement systems of either TRS or CERS as described earlier. The following describes the other postemployment benefits for both systems.

**TRS – General Information about the OPEB Plans**

*Health Insurance Trust (Medical Insurance Fund)*

**Plan description**

In addition to the retirement annuity plan as described earlier, KRS 161.675 requires TRS to provide postemployment healthcare benefits to eligible members and dependents. The TRS Health Insurance Trust is funded by employer and member contributions. Changes made to the medical plans provided through the trust may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

Medical coverage through TRS is funded by a combination of contributions from employees, the state and other employers. Coverage is provided through an account established pursuant to 26 U.S.C. sec.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

401(h) and 115 trust fund that went into effect on July 1, 2010. The insurance trust fund includes employer and retired member contributions required under KRS 161.550 and KRS 161.675(4) (b).

### 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 are eligible for Medicare, coverage is obtained through the TRS Medicare Eligible Health Plan (MEHP) administered by TRS.

### Contributions

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. Retired members pay premiums in excess of the monthly contribution. The Commonwealth of Kentucky bears risk for excess claims expenses that exceed the premium equivalents charged for the KEHP. The member postemployment medical contribution is 3.75% of salary. The employer postemployment medical contribution is 0.75% of member salaries.

Effective July 1, 2010, retirees under the age of 65 began a three-year phase-in of the Shared Responsibility Contribution. Effective July 1, 2012, the full Shared Responsibility Contribution equals the Standard Medicare Part B premium paid by retirees ages 65 and older.

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

The District reported a liability of \$1,686,000 for its proportionate share of the collective net OPEB liability (NOL). The collective net OPEB liability was valued as of June 30, 2022, and the total OPEB liability used to calculate the 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. The District's proportion was .069227%.

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

District's proportionate share of TRS net OPEB liability	\$	1,686,000
State's proportionate share of the TRS net OPEB liability associated with the District		<u>1,421,000</u>
	\$	<u><u>3,107,000</u></u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

The District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual		
experience	\$ -	\$ 571,000
Changes of assumptions	383,000	-
Net difference between projected and actual earnings on pension plan investments	32,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	669,000	876,000
District contributions subsequent to the measurement date	<u>122,951</u>	<u>-</u>
	\$ <u><u>1,206,951</u></u>	\$ <u><u>1,447,000</u></u>

The \$122,951 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 collective net OPEB liability for the year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District’s OPEB expense as follows:

Year 1	\$ (110,000)
Year 2	(91,000)
Year 3	18,000
Year 4	(5,000)
Year 5	(83,000)
Thereafter	<u>(92,000)</u>
	\$ <u><u>(363,000)</u></u>

**Actuarial Methods and Assumptions**

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

Actuarial Cost Method	Entry age normal
Valuation Date	June 30, 2022
Discount Rate	7.10%
Amortization Period	Level percentage of payroll
Amortization Method	21 years, closed
Asset Valuation Method	Market Value of Assets
Price Inflation	2.5%

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Real Wage Growth	2.75%
Wage Inflation	2.75%
Salary Increase	7.5%, 1 year of service to 3.0%, greater than 17 years of service
Health Care Cost Trends	
Medical	6.75% at June 30, 2023, decreasing to an ultimate rate of 4.5% by June 30, 2034
Medicare Part B	1.55% at June 30, 2023 with an ultimate rate of 4.5% by June 30, 2034

Mortality rates were based on the Teachers Mortality Table, and set forward two years for males and multiplied by 102%. Rates for females are set forward 2 years and multiplied by 101%. Disabled male members are set forward 1 year and multiplied by 96%. Rates for female members are set back 2 years and multiplied by 94%.

### Target Allocations

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Large Cap US Equity	35.4 %	5.0 %
Small Cap US 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	100 %	

### Discount Rate

The discount rate used to measure the TOL 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. The projection's basis was an actuarial valuation performed as of June 30, 2022. In addition to actuarial methods and assumptions were used in the projection of cash flows:

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.
- The pre-65 retiree health care costs for members retired on or after July 1, 2010, were assumed to be paid by either the state or the retirees themselves.
- As administrative expenses, other than the administrative fee of \$8.00 per member per month (PMPM) paid to KEHP by TRS, were assumed to be paid in all years by the employer as they come due, they were not considered.
- Cash flows occur mid-year.
- Future contributions to the Health Insurance Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1)(c).3 and 161.550(5), when the health trust achieves a sufficient funded status, as determined by TRS's actuary, the following health trust statutory contributions are to be decreased, suspended, or eliminated:
  - Employee Contributions
  - Employer Contributions
  - State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010

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

- In developing the adjustments to the statutory contributions in future years the following was assumed:
  - Liabilities and cash flows are net of expected retiree contributions and any implicit subsidies attributable to coverage while participating in KEHP.
  - For the purposes of developing estimates for new entrants, active headcounts were assumed to remain flat for all future years.

Based on these assumptions, the Health Insurance Trust's fiduciary net position (FNP) was not projected to be depleted.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

<b>MIF</b>	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	\$ 2,169,000	\$ 1,686,000	\$ 1,287,000

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

<b>MIF</b>	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
District's proportionate share of net OPEB liability	\$ 1,214,000	\$ 1,686,000	\$ 2,274,000

***Life Insurance Trust***

**Plan description and benefits provided**

TRS administers the Life Insurance Trust as provided by KRS 161.655 to provide life insurance benefits to retired and active members. The benefit is financed by actuarially determined contributions from the 207 participating employers. The benefit is \$5,000 for members who are retired for service or disability, and \$2,000 for active contribution members.

Note: Members employed on a substitute or part-time basis and working at least 69% of a full contract year in a single fiscal year will be eligible for a life insurance benefit for the balance of the fiscal year or the immediately succeeding fiscal year under certain conditions. For non-vested members employed on a substitute or part-time basis, the life insurance benefit is provided if death occurs as the result of a physical injury on the job. For vested members employed on a substitute or part-time basis, death does not have to be the result of a physical injury on the job for life insurance benefits to be provided.

**Contributions**

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

**Net OPEB Liability**

The District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District as follows:

State's proportionate share of the TRS net OPEB	
liability associated with the District	\$ 35,000



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Actuarial Assumptions

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

Actuarial Cost Method	Entry age normal
Valuation Date	June 30, 2022
Discount Rate	7.10%
Amortization Period	Level percentage of payroll
Amortization Method	21 years, closed
Asset Valuation Method	Market Value of Assets
Price Inflation	2.5%
Real Wage Growth	2.75%
Wage Inflation	2.75%
Salary Increase	7.5%, 1 year of service to 3.0%, greater than 17 years of service
Health Care Cost Trends	
Medical	6.75% at June 30, 2023, decreasing to an ultimate rate of 4.5% by June 30, 2034
Medicare Part B	1.55% at June 30, 2023 with an ultimate rate of 4.5% by June 30, 2034

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB, and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience studies for the system, which covered the five year period ending June 30, 2015.

The remaining actuarial assumptions used in the June 30, 2019, valuation of the health trust were based on a review of recent plan experience done concurrently with the June 30, 2019, valuation. The health care cost trend rate assumption was updated for the June 30, 2019, valuation and was shown as an assumption change in the total OPEB liability (TOL) roll forward while the change in initial per capital 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 pushed weekly by the Board of Governors of the Federal Reserve System.

### Target Allocations

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

As the Life Trust investment policy is to change, the above reflects the pension allocation and returns that achieve the targeted 8.00% long-term rate of return.

### Discount Rate

The discount rate used to measure the total OPEB liability (TOL) as of the measurement date was 7.1%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 74. The projection's basis was an actuarial valuation performed as of June 30, 2021. In addition to actuarial methods and assumptions of the June 30, 2021, actuarial valuation, the following actuarial methods and assumptions were used in the projection of the life insurance cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.
- The employer will contribute the actuarially determined contribution (ADC) in accordance with the Life Insurance Trust's funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.
- As administrative expenses were assumed to be paid in all years by the employer as they come due, they were not considered.
- Active employees do not explicitly contribute to the plan.
- Cash flows occur mid-year.

Based on these assumptions, the Life Insurance Trust's fiduciary net position (FNP) was not projected to be depleted.

### Revenue or Expenses for TRS OPEB plans

For the year ended June 30, 2023, the District recognized OPEB revenue in the amount of \$370,789 for support provided on-behalf of the State.

### CERS – General Information about the OPEB Plans

#### Employees' Health Plan

#### Plan description

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits. CERS Non-hazardous Insurance Plan is a cost-sharing multiple employer defined benefit Other Postemployment Benefits (OPEB) plan. The plan covers all regular full-time members employed in non-hazardous duty positions of the school board. OPEB may be extended to beneficiaries of plan members under certain circumstances.

### **Benefits provided**

The Plan provides hospital and medical insurance for eligible members receiving benefits. The Insurance Fund will pay the cost of insurance premium for participating members prior to July 1, 2003 greater than 4 years of service, 25%, greater than 10 years of service, 50%, greater than 15 years of service, 75%, and greater than 20 years of service, 100%. For participating members after July 1, 2003 the benefit paid by the Insurance Fund is based on years of service the dollar amount per year of service is \$13.99 to be applied to the current cost premium.

### **Contributions**

Requirements for medical benefits are a portion of the actuarially determined rates of covered payroll, as disclosed above. Current employees pay 1% toward the insurance fund.

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

The District reported an asset of \$69,510 for its proportionate share of the collective net OPEB liability which is .050345%.

Deferred Inflows and Outflows of Resources, and OPEB Expense included in the Schedules of OPEB Amounts include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedules of OPEB Amounts do not include deferred outflow/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The total OPEB liability, net OPEB liability (NOL), and sensitivity information are based on an actuarial valuation date of June 30, 2021. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2023, using generally accepted actuarial principles.

For the year ended June 30, 2023, the District recognized OPEB revenue of \$370,789. The District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 48,459	\$ 986,968
Changes of assumptions	136,790	95,329
Net difference between projected and actual earnings on pension plan investments	130,085	146,217
Changes in proportion and differences between District contributions and proportionate share of contributions	116,577	36,804
District contributions subsequent to the measurement date	<u>44,333</u>	<u>-</u>
	\$ <u>476,244</u>	\$ <u>1,265,318</u>

The \$44,333 (includes \$22,704 Implicit Subsidy) 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 collective net OPEB liability for the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows.

	<u>Year Ended June 30,</u>
Year 1	\$ (213,910)
Year 2	(263,127)
Year 3	(185,924)
Year 4	<u>(170,446)</u>
	\$ <u>(833,407)</u>

*Implicit Employer Subsidy for non-Medicare retirees-* The fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 74 and 75 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB liability.

**Changes of Benefit Terms**

None

**Actuarial Methods and Assumptions to Determine the Total OPEB Liability and the Net OPEB Liability**

For financial reporting, the actuarial valuation as of June 30, 2023, was performed by Gabriel Roeder Smith (GRA). The total OPEB liability, net OPEB liability, and sensitivity information, were based on

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

an actuarial valuation as of June 30, 2021. The total OPEB liability was rolled-forward from the valuation to the plan's fiscal year ending June 30, 2023, using the generally accepted actuarial principles.

The following actuarial assumptions were used in performing the actuarial valuation:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets recognized
Amortization Method	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019, Gains/losses incurring After 2019 will be amortized over separate closed 20-year Amortization bases
Mortality	System-specific mortality table based on mortality experience From 2013-2018, projected with the ultimate rates from MP2014 Mortality improvement scale using a base year of 2019
Phase-In Provision	Board certified rate is phased into the actuarially determined rate In accordance with HB 362 enacted in 2018
Inflation	2.30%
Payroll Growth Rate	2.0%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Mortality	System-specific mortality table based on mortality experience From 2013-2018, projected with the ultimate rates from MP-2014 Mortality improvement scale using a base year of 2019.
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.3% at January 1, 2023, gradually Decreasing to an ultimate trend rate of 4.05% over a period of 13 Years. The 2022 premiums were known at the time of the Valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.3% at January 1, 2023, gradually Decreasing to an ultimate trend rate of 4.05% over a period of 13 Years. The 2022 premiums were known at the time of the Valuation and were incorporated into the liability measurement.

Senate Bill 209 passed in the 2022 legislative session increased the insurance dollar contribution for members hired on or after July 1, 2003 by \$5 for each year of service each member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. House Bill 506 adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance from three months to one month under all circumstances.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Discount rate**

Single discount rates of 5.93% were used to measure the total OPEB liability as of June 30, 2023. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.5%, 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 on 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 plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. 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

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

<b>CERS</b>	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	4.93%	5.93%	6.93%
District's proportionate share of net OPEB liability	\$ 130,443	\$ (69,510)	\$ (236,946)

**Health Care Trend Rate Sensitivity**

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

<b>CERS</b>	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
District's proportionate share of net OPEB liability	\$ (222,791)	\$ (69,510)	\$ 118,782

**OPEB plan fiduciary net position**

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE G – PRIVATE PURPOSE TRUST

The District received an endowment from the W. Paul and Lucille Caudill Little Foundation, Inc. in the amount of \$100,000 to provide \$5,000 in operating costs per year to the Adkins-Caudill Performing Arts Center. The \$100,000 is the corpus and earnings of \$15,632.

### NOTE H – COMMITMENTS

The District has commitments for construction projects of \$882,261 and Student Activities of 142,286 as of June 30, 2024.

### NOTE I – CONTINGENCIES

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

### NOTE J – LITIGATION

The District has no pending or threatened litigation involving amounts exceeding \$10,000 individually or in the aggregate as of June 30, 2024.

### NOTE K – INSURANCE AND RELATED ACTIVITIES

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

### NOTE L – RISK MANAGEMENT

The District is exposed to various risks of loss related to illegal acts, torts, theft/damage/destruction of assets, errors and omissions, injuries to employees, and natural disasters. To obtain insurance for workers' compensation, errors and omission, and general liability coverage, the District purchased commercial insurance policies. The District purchases unemployment insurance through the Kentucky School Districts Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

### NOTE M – DEFICIT FUND AND OPERATING BALANCES

The following funds had a deficit change in fund balance/net position and/or deficit fund balance/net position:

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

<u>Fund</u>		<u>Change in Net Position</u> <u>Net Change in Fund Balance</u>	<u>Fund Balance/</u> <u>Net Position</u>
Construction Fund	\$	(169,964)	
Food Service Fund	\$	(55,269)	
Capital Outlay		(142,886)	

**NOTE N – COBRA**

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

**NOTE O – TRANSFER OF FUNDS**

The following transfers were made for fiscal year 2024:

<u>Type</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
Construction	Special Revenue	Construction Fund	Construction	\$ 596,545
Operations	Capital Outlay Fund	General Fund	Operating	233,615
Debt Service	Building Fund	Debt Service Fund	Debt Payments	401,407
Operations	Food Service	General Fund	Indirect Cost	68,325
Operations	Special Revenue	General Fund	Indirect Cost	334,143
Operations	General Fund	Special Revenue Fund	KETS Matching	\$ 31,097

**NOTE P – ON-BEHALF PAYMENTS**

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

<u>Plan/Description</u>	<u>Amount</u>
Kentucky Teachers Retirement System (GASB 68 and 75)	\$ 1,453,205
Health Insurance	1,438,624
Life Insurance	1,773
Administrative Fee	14,160
HRA/Dental/Vision	36,575
Federal Reimbursement	(170,102)
Technology	65,578
SFCC Debt Service Payments	516,177
Total	\$ <u>3,355,990</u>

These amounts are included in the financial statements as state revenue and an expense allocated to the different functions in the same proportion as full-time employees.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**NOTE Q – RESTRICTED FUND BALANCES**

The following funds had restricted fund balances.

<u>Fund</u>		<u>Restricted Fund Balance/ Net Position</u>	<u>Purpose</u>
Special Revenue Fund	\$	36,226	District Activities
School Activity Fund		142,286	Student Activities
Private Purpose Trust		115,632	Scholarships
Construction Fund		254,947	Construction Projects
Food Service		374,241	School Food Services
Capital Outlay		4,801	SFCC Requirement
FSPK Fund	\$	59,704	FSPK

**NOTE R – SUBSEQUENT EVENTS**

The District has evaluated subsequent events through November 15, 2024, the date of the audit report.

ELLIOTT COUNTY SCHOOL DISTRICT  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**CERS and TRS**

For the Year ended June 30, 2024

	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)
<b>COUNTY EMPLOYEE'S RETIREMENT SYSTEM (CERS):</b>									
Districts' proportion of the net pension liability	0.050347%	0.044795%	0.042344%	0.045929%	0.045444%	0.047111%	0.04938%	0.052870%	0.05000%
District's proportionate share of the net pension liability	\$ 3,230,519	\$ 3,238,237	\$ 2,699,762	\$ 3,522,716	\$ 3,195,604	\$ 2,868,899	\$ 2,890,188	\$ 2,603,284	\$ 2,189,804
State's proportionate share of the net pension liability associated with the District					-	-	-	-	-
Total	\$ 3,230,519	\$ 3,238,237	\$ 2,699,762	\$ 3,522,716	\$ 3,195,604	\$ 2,868,899	\$ 2,890,188	\$ 2,603,284	\$ 2,189,804
District's covered-employee payroll	\$ 1,238,685	\$ 1,234,430	\$ 1,081,559	\$ 1,176,458	\$ 1,207,174	\$ 1,160,030	\$ 1,166,293	\$ 1,183,416	\$ 1,187,072
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	260.80%	262.33%	249.62%	299.43%	264.72%	247.31%	247.81%	219.98%	184.47%
Plan fiduciary net position as a percentage of the total pension liability	57.48%	52.42%	57.33%	47.81%	50.54%	53.54%	53.30%	59.00%	59.97%
<b>KENTUCKY TEACHER'S RETIREMENT SYSTEM (TRS):</b>									
Districts' proportion of the net pension liability	0.13070%	0.14400%	0.14090%	0.13660%	0.134%	0.140%	0.146%	0.145%	0.145%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	22,263,003	18,329,807	18,329,807	19,361,261	18,260,871	18,281,526	39,335,714	42,776,336	33,760,088
Total	\$ 22,263,003	\$ 18,329,807	\$ 18,329,807	\$ 19,361,261	\$ 18,260,871	\$ 18,281,526	\$ 39,335,714	\$ 42,776,336	\$ 33,760,088
District's covered-employee payroll	\$ 5,379,588	\$ 5,547,640	\$ 4,794,550	\$ 4,662,184	\$ 4,618,680	\$ 4,699,100	\$ 4,893,121	\$ 4,765,809	\$ 4,696,553
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	57.68%	56.41%	65.59%	58.27%	58.80%	59.30%	39.80%	35.22%	42.29%

**Note:** Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30.

See the accompanying notes to the required supplementary information.

ELLIOTT COUNTY SCHOOL DISTRICT  
**REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS**  
**CERS and TRS**  
For the Year ended June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>COUNTY EMPLOYEE'S RETIREMENT SYSTEM (CERS):</b>									
Contractually required contribution	\$ 352,583	\$ 380,859	\$ 314,526	\$ 257,026	\$ 263,669	\$ 254,210	\$ 217,667	\$ 229,969	\$ 201,659
Contributions in relation to the contractually required contributions	352,583	380,859	314,526	257,026	263,669	254,210	217,667	229,969	201,659
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 1,592,876	\$ 1,238,685	\$ 1,234,430	\$ 1,081,559	\$ 1,176,458	\$ 1,207,174	\$ 1,160,030	\$ 1,166,293	\$ 1,183,416
District's contributions as a percentage of it's covered-employee payroll	22.13%	30.75%	25.48%	23.76%	22.41%	21.06%	18.76%	19.72%	17.04%
<b>KENTUCKY TEACHER'S RETIREMENT SYSTEM (TRS):</b>									
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contributions	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 4,837,002	\$ 5,379,588	\$ 5,547,640	\$ 4,794,550	\$ 4,662,184	\$ 4,618,680	\$ 4,699,100	\$ 4,893,121	\$ 4,765,809
District's contributions as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Note:** Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30.

See the accompanying notes to the required supplementary information.

ELLIOTT COUNTY SCHOOL DISTRICT  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSIONS**

For the year ended June 30, 2024

**Teachers Retirement System (TRS)**

**Retirement Annuity Trust**

*Changes of Benefit Terms*

A new benefit tier was added for members joining the System on and after January 1, 2022. A description of the benefit provisions applicable to these members can be found in Schedule D of the 2023 Actuary Report of the TRS.

*Changes of assumptions*

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

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

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

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

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

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

*Actuarial Methods and Assumptions*

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

ELLIOTT COUNTY SCHOOL DISTRICT  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSIONS**

For the year ended June 30, 2024

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

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry age
Inflation Rate	2.5%
Single Equivalent Interest Rate	7.10%
Municipal Bond Index Rate	3.66%
Projected Salary Increase	3.0-7.5%, including inflation
Investment Rate of Return	7.10%, net of pension plan investment expense, including inflation.

**County Employee Retirement System (CERS)**

**Non-Hazardous**

*Changes of Benefit Terms*

None.

*Changes of assumptions*

None.

*Actuarial Methods and Assumptions*

Based on the actuarial valuation report, the actuarial methods and assumptions used to calculate the contribution rates are as follows.

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets recognized
Amortization Method	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019, Gains/losses incurring After 2019 will be amortized over separate closed 20-year Amortization bases
Mortality	System-specific mortality table based on mortality experience From 2013-2018, projected with the ultimate rates from MP2014 Mortality improvement scale using a base year of 2019
Phase-In Provision	Board certified rate is phased into the actuarially determined rate In accordance with HB 362 enacted in 2018
Inflation	2.30%
Payroll Growth Rate	2.0%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%

ELLIOTT COUNTY SCHOOL DISTRICT  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**MEDICAL AND LIFE INSURANCE PLANS - TEACHERS' RETIREMENT SYSTEM**  
Year ended June 30, 2024

	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
<b>MEDICAL INSURANCE PLAN</b>							
District's proportion of the collective net OPEB liability (asset)	0.069227%	0.104259%	0.075540%	0.073696%	0.07191%	0.07273%	0.07764%
District's proportionate share of the collective net OPEB liability (asset)	\$ 1,686,000	\$ 2,588,000	\$ 1,621,000	\$ 1,860,000	\$ 2,105,000	\$ 2,523,000	\$ 2,768,000
State's proportionate share of the collective net OPEE liability (asset) associated with the District	<u>1,421,000</u>	<u>850,000</u>	<u>1,316,000</u>	<u>1,490,000</u>	<u>1,700,000</u>	<u>2,175,000</u>	<u>2,261,000</u>
Total	<u>\$ 3,107,000</u>	<u>\$ 3,438,000</u>	<u>\$ 2,937,000</u>	<u>\$ 3,350,000</u>	<u>\$ 3,805,000</u>	<u>\$ 4,698,000</u>	<u>\$ 5,029,000</u>
District's covered-employee payroll	\$ 5,379,588	\$ 5,547,640	\$ 4,794,550	\$ 4,662,184	\$ 4,618,680	\$ 4,699,100	\$ 4,893,121
District's proportionate share of the collective net OPEE liability (asset) as a percentage of its covered-employee payroll	31.34%	46.65%	33.81%	39.90%	45.58%	53.69%	56.57%
Plan fiduciary net position as a percentage of the total OPEB liability	52.97%	47.75%	39.05%	39.10%	32.60%	25.50%	21.20%
<b>LIFE INSURANCE PLAN</b>							
District's proportion of the collective net OPEB liability (asset)	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of the collective net OPEB liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEE liability (asset) associated with the District	<u>35,000</u>	<u>42,000</u>	<u>18,000</u>	<u>45,000</u>	<u>39,000</u>	<u>37,000</u>	<u>30,000</u>
Total	<u>\$ 35,000</u>	<u>\$ 42,000</u>	<u>\$ 18,000</u>	<u>\$ 45,000</u>	<u>\$ 39,000</u>	<u>\$ 37,000</u>	<u>\$ 30,000</u>
District's covered-employee payroll	\$ 5,379,588	\$ 5,547,640	\$ 4,794,550	\$ 4,662,184	\$ 4,618,680	\$ 4,699,100	\$ 4,893,121
District's proportionate share of the collective net OPEE liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	76.91%	73.97%	71.57%	71.60%	73.40%	75.00%	80.00%

**Note:** Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30

See the accompanying notes to the required supplementary information.

ELLIOTT COUNTY SCHOOL DISTRICT  
**REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS**  
**MEDICAL AND LIFE INSURANCE PLANS**  
**TEACHERS' RETIREMENT SYSTEM**  
Year ended June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>MEDICAL INSURANCE PLAN</b>							
Contractually required contribution	\$ 122,951	\$ 122,943	\$ 137,961	\$ 134,085	\$ 184,072	\$ 124,807	\$ 129,547
Contributions in relation to the contractually required contribution	<u>122,951</u>	<u>122,943</u>	<u>137,961</u>	<u>134,085</u>	<u>184,072</u>	<u>124,807</u>	<u>129,547</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 4,837,002	\$ 5,379,588	\$ 5,547,640	\$ 4,794,550	\$ 4,662,184	\$ 4,618,680	\$ 4,699,100
District's contributions as a percentage of it's covered-employee payroll	2.54%	2.29%	2.49%	2.80%	3.95%	2.70%	2.76%
<b>LIFE INSURANCE PLAN</b>							
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 4,837,002	\$ 5,379,588	\$ 5,547,640	\$ 4,794,550	\$ 4,662,184	\$ 4,618,680	\$ 4,699,100
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Note:** Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30.

See the accompanying notes to the required supplementary information.

ELLIOTT COUNTY SCHOOL DISTRICT  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - HEALTH INSURANCE PLAN**  
**COUNTY EMPLOYEE RETIREMENT SYSTEM**  
Year ended June 30, 2024

	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
<b>HEALTH INSURANCE PLAN</b>							
District's proportion of the collective net OPEB liability (asset)	0.050345%	0.044787%	0.042333%	0.045915%	0.04543%	0.04712%	0.04938%
District's proportionate share of the collective net OPEB liability (asset)	\$ (69,510)	\$ 883,878	\$ 810,044	\$ 1,108,708	\$ 764,045	\$ 836,571	\$ 992,647
State's proportionate share of the collective net OPEB liability (asset) associated with the District	-	-	-	-	-	-	-
Total	<u>\$ (69,510)</u>	<u>\$ 883,878</u>	<u>\$ 810,044</u>	<u>\$ 1,108,708</u>	<u>\$ 764,045</u>	<u>\$ 836,571</u>	<u>\$ 992,647</u>
District's covered-employee payroll	\$ 1,238,685	\$ 1,234,430	\$ 1,081,559	\$ 1,176,458	\$ 1,207,174	\$ 1,160,030	\$ 1,166,293
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	-5.61%	71.60%	74.90%	94.24%	63.29%	72.12%	85.11%
Plan fiduciary net position as a percentage of the total OPEB liability	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	13.00%

**Note:** Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30

See the accompanying notes to the required supplementary information.



ELLIOTT COUNTY SCHOOL DISTRICT  
**REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS - HEALTH INSURANCE PLAN**  
**COUNTY EMPLOYEE RETIREMENT SYSTEM**  
Year ended June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>HEALTH INSURANCE PLAN</b>							
Contractually required contribution	\$ 44,333	\$ 55,231	\$ 45,962	\$ 42,977	\$ 32,580	\$ 26,201	\$ 22,867
Contributions in relation to the contractually	<u>44,333</u>	<u>55,231</u>	<u>45,962</u>	<u>42,977</u>	<u>32,580</u>	<u>26,201</u>	<u>22,867</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 1,592,876	\$ 1,238,685	\$ 1,234,430	\$ 1,081,559	\$ 1,176,458	\$ 1,207,174	\$ 1,160,030
District's contributions as a percentage of it's covered-employee payroll	2.78%	4.46%	3.72%	3.97%	2.77%	2.17%	1.97%

**Note:** Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30.

See the accompanying notes to the required supplementary information.

ELLIOTT COUNTY SCHOOL DISTRICT  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-OPEB**  
For the year ended June 30, 2024

**Teachers Retirement System (TRS)**

**Health Insurance Trust**

*Changes of Benefit Terms*

A new benefit tier was added for members joining the System on and after January 1, 2022. A description of the benefit provisions applicable to these members can be found in the 2023 Actuary Report of the TRS.

*Changes of Assumptions*

None.

*Actuarial Methods and Assumptions*

The actuarially determined contribution rates in the Schedule of Employer Contributions are calculated as of June 30, 2019. The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of the schedule.

Actuarial Cost Method	Entry age normal
Valuation Date	June 30, 2022
Discount Rate	7.10%
Amortization Period	Level percentage of payroll
Amortization Method	21 years, closed
Asset Valuation Method	Market Value of Assets
Price Inflation	2.5%
Real Wage Growth	2.75%
Wage Inflation	2.75%
Salary Increase	7.5%, 1 year of service to 3.0%, greater than 17 years of service
Health Care Cost Trends	
Medical	6.75% at June 30, 2023, decreasing to an ultimate rate of 4.5% by June 30, 2034
Medicare Part B	1.55% at June 30, 2023 with an ultimate rate of 4.5% by June 30, 2034

**Life Insurance Trust**

*Changes of Benefit Terms*

A new benefit tier was added for members joining the System on and after January 1, 2022. A description of the benefit provisions applicable to these members can be found in the 2023 Actuary Report of the TRS.

*Changes of Assumptions*

None.

*Actuarial Methods and Assumptions*

The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of the schedule.

Actuarial Cost Method	Entry age normal
Valuation Date	June 30, 2022

ELLIOTT COUNTY SCHOOL DISTRICT  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-OPEB**

For the year ended June 30, 2024

Discount Rate	7.10%
Amortization Period	Level percentage of payroll
Amortization Method	21 years, closed
Asset Valuation Method	Market Value of Assets
Price Inflation	2.5%
Real Wage Growth	2.75%
Wage Inflation	2.75%
Salary Increase	7.5%, 1 year of service to 3.0%, greater than 17 years of service
Health Care Cost Trends	
Medical	6.75% at June 30, 2023, decreasing to an ultimate rate of 4.5% by June 30, 2034
Medicare Part B	1.55% at June 30, 2023 with an ultimate rate of 4.5% by June 30, 2034

ELLIOTT COUNTY SCHOOL DISTRICT  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-OPEB**  
For the year ended June 30, 2024

**County Employee Retirement System (CERS)**

**Non-Hazardous**

*Changes of Benefit Terms*

None

*Changes of assumptions*

None.

*Actuarial Methods and Assumptions*

Based on the actuarial valuation report, the actuarial methods and assumptions used to calculate the contribution rates are as follows.

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets recognized
Amortization Method	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019, Gains/losses incurring After 2019 will be amortized over separate closed 20-year Amortization bases
Mortality	System-specific mortality table based on mortality experience From 2013-2018, projected with the ultimate rates from MP2014 Mortality improvement scale using a base year of 2019
Phase-In Provision	Board certified rate is phased into the actuarially determined rate In accordance with HB 362 enacted in 2018
Inflation	2.30%
Payroll Growth Rate	2.0%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Mortality	System-specific mortality table based on mortality experience From 2013-2018, projected with the ultimate rates from MP-2014 Mortality improvement scale using a base year of 2019.
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.3% at January 1, 2023, gradually Decreasing to an ultimate trend rate of 4.05% over a period of 13 Years. The 2022 premiums were known at the time of the Valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.3% at January 1, 2023, gradually Decreasing to an ultimate trend rate of 4.05% over a period of 13 Years. The 2022 premiums were known at the time of the Valuation and were incorporated into the liability measurement.

Elliott County School District  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
 June 30, 2024

	<u>Capital Outlay</u>	<u>FSPK Fund</u>	<u>School Activity Fund</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 4,801	\$ 59,704	\$ 141,863	\$ 206,368
Accounts receivable			880	880
Total assets	<u>4,801</u>	<u>59,704</u>	<u>142,743</u>	<u>207,248</u>
<b>Liabilities</b>				
Accounts payable			457	457
Total liabilities	<u>-</u>	<u>-</u>	<u>457</u>	<u>457</u>
<b>Fund Balance</b>				
Restricted	<u>4,801</u>	<u>59,704</u>	<u>142,286</u>	<u>206,791</u>
Total fund balance	<u>4,801</u>	<u>59,704</u>	<u>142,286</u>	<u>206,791</u>
Total liabilities & fund balance	<u>\$ 4,801</u>	<u>\$ 59,704</u>	<u>\$ 142,743</u>	<u>\$ 207,248</u>

Elliott County School District  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds**  
Year ended June 30, 2024

	<u>Capital Outlay</u>	<u>FSPK Fund</u>	<u>School Activity Fund</u>	<u>Total</u>
<b>Revenues</b>				
Taxes				
Property	\$ -	\$ 130,240	\$ -	\$ 130,240
Student activities			406,931	406,931
Intergovernmental - state	90,729	330,663		421,392
Total revenues	<u>90,729</u>	<u>460,903</u>	<u>406,931</u>	<u>958,563</u>
<b>Expenditures</b>				
Instruction			391,698	391,698
Total expenditures	<u>-</u>	<u>-</u>	<u>391,698</u>	<u>391,698</u>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<u>90,729</u>	<u>460,903</u>	<u>15,233</u>	<u>566,865</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in				-
Operating transfers (out)	(233,615)	(401,407)		(635,022)
Total other financing sources (uses)	<u>(233,615)</u>	<u>(401,407)</u>	<u>-</u>	<u>(635,022)</u>
<b>Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	(142,886)	59,496	15,233	(68,157)
<b>Fund Balance Beginning</b>	<u>147,687</u>	<u>208</u>	<u>127,053</u>	<u>274,948</u>
<b>Fund Balance Ending</b>	<u>\$ 4,801</u>	<u>\$ 59,704</u>	<u>\$ 142,286</u>	<u>\$ 206,791</u>

Elliott County School District  
**Combining Balance Sheet - School Activity Fund**  
 June 30, 2024

	<b>SCHOOL ACTIVITY FUNDS</b>				
	<b>ELLIOTT CO. HIGH SCHOOL</b>	<b>ELLIOTT CO. MIDDLE SCHOOL</b>	<b>ELLIOTT CO. ELEMENTARY</b>	<b>ELLIOTT CO. INTERMEDIATE</b>	<b>TOTAL</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 70,526	\$ 20,786	\$ 19,441	\$ 31,110	\$ 141,863
Accounts receivable	880				880
Total assets	71,406	20,786	19,441	31,110	142,743
<b>LIABILITIES</b>					
Accounts payable	457				457
Total liabilities	457	-	-	-	457
<b>FUND BALANCE</b>					
School activities	70,949	20,786	19,441	31,110	142,286
	70,949	20,786	19,441	31,110	142,286
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 71,406</b>	<b>\$ 20,786</b>	<b>\$ 19,441</b>	<b>\$ 31,110</b>	<b>\$ 142,743</b>

Elliott County School District  
**Combining Statement of Revenues, Expenses and Changes in Fund Balance - School Activity Fund**  
 Year ended June 30, 2024

	<b>SCHOOL ACTIVITY FUNDS</b>					
	<b>ELLIOTT CO. HIGH SCHOOL</b>	<b>ELLIOTT CO. MIDDLE SCHOOL</b>	<b>ELLIOTT CO. ELEMENTARY</b>	<b>ELLIOTT CO. INTERMEDIATE</b>	<b>TOTAL</b>	
<b>Revenues</b>						
Student/trust revenues	\$ 293,215	\$ 53,558	\$ 36,922	\$ 23,236	\$ 406,931	
<b>Expenditures</b>						
Student/trust activities	287,168	50,877	32,515	21,138	391,698	
<b>Excess (Deficit) of Revenues Over Expenses</b>	6,047	2,681	4,407	2,098	15,233	
<b>Fund Balance-Beginning</b>	64,902	18,105	15,034	29,012	127,053	
<b>Fund Balance-Ending</b>	\$ 70,949	\$ 20,786	\$ 19,441	\$ 31,110	\$ 142,286	



Elliott County School District  
**Statement of Revenues, Expenses, and Changes in Fund Balance - Elliott County High School**  
Year ended June 30, 2024

	FUND BALANCE BEGINNING	REVENUES	EXPENSES	TRANSFERS	FUND BALANCE ENDING
GENERAL FUND	\$ 2,523	\$ 26,222	\$ 25,615	\$ 1,123	\$ 4,253
SENIOR CLASS FUNDS	1,410	2,073	2,325		1,158
ARCHERY	1,032	7,368	8,103		297
ELEMENTARY BASKETBALL	706	9,463	10,012		157
FBLA/LEADERSHIP CLASS	550	7,794	4,741		3,603
ENVIRONMENTAL CLUB	344			(344)	-
ANNUAL	402				402
SOCCER	520			(520)	-
FCA	778			(778)	-
PEP CLUB	739	1,682		(340)	2,081
AP CLUB	-	1,960	995		965
ELEMENTARY CHEERLEADING	687		1		686
SPANISH	619	1,954	2,397		176
STARTUP/CHANGE FUND	-	6,100	6,100		-
JAG	-	5,160	4,848		312
GENERAL II	150				150
FACULTY VENDING	919	1,588	1,445		1,062
STUDENT COUNCIL	221	229	153		297
DRAMA CLUB	159		159		0
BETA	6,080	6,890	9,935		3,035
BAND	4,062	13,698	16,031		1,729
HOSA	-	2,350	2,270		80
FRESHMAN ACCOUNT	471				471
FCCLA	2,977	179	835		2,321
FFA	3,985	21,675	15,811		9,849
CROPBOX/APP. HARVEST	233				233
GREENHOUSE	11,273	5,952	4,561		12,664
INDUSTRIAL ARTS	184		56		128
WELDING	31	238	238		31
ATHLETIC	168	29,147	28,810	520	1,025
7TH & 8TH ATHLETIC	575	11,181	11,722		34
HS ATHLETIC GIRLS	6,485	22,461	25,256	225	3,915
CROSS COUNTRY	401	1,566	1,741		226
TRACK	26	708	626		108
HS CHEERLEADING	5,763	77,745	74,348		9,160
VOLLEYBALL	11	2,051	2,255	339	146
BASEBALL	3	9,558	9,132	(225)	204
SOFTBALL	896	2,158	2,972		82
GOLF 08-09	2	4,156	2,869		1,289
ROTC	688	4,181	3,576		1,293
YEARBOOK ADS	2,626				2,626
ACADEMIC TEAM	489	1,415	1,208		696
JUNIOR CLASS (PROM)	5,716	4,313	6,022		4,007
<b>TOTALS</b>	<b>\$ 64,902</b>	<b>\$ 293,215</b>	<b>\$ 287,168</b>	<b>\$ -</b>	<b>\$ 70,949</b>

ELLIOTT COUNTY SCHOOL DISTRICT  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended June 30, 2024

Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Program or Award Amount	Expenditures
US Department of Agriculture					
Passed Through State Department of Education					
<b>School Breakfast Program</b>	10.553				
Fiscal Year 22		7760005 22	-	N/A	1,599
Fiscal Year 23		7760005 23	-	N/A	58,729
Fiscal Year 24		7760005 24	-	N/A	207,251
<b>National School Lunch Program</b>	10.555				
Fiscal Year 23		7750002 23	-	N/A	98,984
Fiscal Year 24		7750002 24	-	N/A	392,824
Fiscal Year 23		9980000 23	-	N/A	33,134
<b>Summer Food Service</b>	10.559				
Fiscal Year 23		7740023 23	-	N/A	11,078
<b>Fresh Fruit &amp; Vegetable Program</b>	10.582				
Fiscal Year 23		7720012 23	-	N/A	3,105
Fiscal Year 24		7720012 24	-	N/A	24,543
Child Nutrition Cluster Subtotal					<u>831,247</u>
<b>State Administrative Grant for Nutrition</b>	10.560				
Fiscal Year 23		7700001 23	-	N/A	5,543
Passed Through State Department of Agriculture					
<b>Food Donation-Commodities</b>	10.565				
Fiscal Year 23		510.4950	-	N/A	25,911
Total US Department of Agriculture					<u>862,701</u>
US Department of Education					
Passed Through State Department of Education					
<b>Title I Grants to Local Educational Agencies</b>	84.010				
Fiscal Year 23		3100002-22	-	633,255	202,953
Fiscal Year 24		3100002-23	-	627,861	462,414
					<u>665,367</u>
<b>Special Education Grants to States</b>	84.027				
Fiscal Year 23		3810002-22	-	305,523	35,049
Fiscal Year 24		3810002-23	-	329,982	329,982
<b>COVID-19- ARP IDEA B</b>	84.027X				
Fiscal Year 22		4910002-21	-	52,831	3,940
<b>Special Education-Preschool Grants</b>	84.173A				
Fiscal Year 22		3810002-21	-	19,698	36
Fiscal Year 23		3810002-22	-	20,189	305
Fiscal Year 24		3810002-23	-	20,507	20,507
<b>COVID-19- ARP IDEA Preschool</b>	84.173X				
Fiscal Year 22		4910002-21	-	7,328	7,328
Special Education Cluster Subtotal					<u>397,147</u>
<b>Title IV Part A</b>	84.424A				
Fiscal Year 23		3420002.22	-	7,502	7,501
Fiscal Year 24		3420002.23	-	50,454	45,186
					<u>52,687</u>
<b>Perkins</b>	84.048				
Fiscal Year 23 Carry Forward		3710002-22	-	1,566	1,566
Fiscal Year 24		3710002-23	-	18,931	16,811
					<u>18,377</u>
<b>Teacher Quality</b>	84.367A				
Fiscal Year 23		3230002-22	-	68,233	26,561
Fiscal Year 24		3230002-23	-	56,786	27,797
					<u>54,358</u>
<b>Rural Education</b>	84.358				
Fiscal Year 23		3140002-22	-	26,833	9,037
Fiscal Year 24		3140002-23	-	28,219	28,219
					<u>37,256</u>
* <b>COVID-19- GEER</b>	84.425C				
Fiscal Year 21		564GF	-	200,000	17,421
* <b>COVID-19- ARP ESSER</b>	84.425U				
FY21 ARP Emergency Relief Fund		4300002-21	-	3,680,161	1,303,933
FY23 Deeper Learning		563J	-	N/A	37,705
* <b>ARP ESSER Homeless Children and Youth II</b>	84.425W				
Fiscal Year 22		4300002-21	-	N/A	5,276
Education Stabilization Fund Subtotal					<u>1,364,335</u>
Total US Department of Education					<u>2,589,527</u>
US Department of Defense					
Passed directly from the US Department of the Army					
<b>ROTC</b>	12.000				
Fiscal Year 24		504K	-	50,978	31,746
Total US Department of Defense					<u>31,746</u>
Total Expenditure of Federal Awards					<u>\$ 3,483,974</u>
* Major programs					

See the accompanying notes to the schedule of expenditures of federal awards.

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

**NOTE B – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. For the year ended June 30, 2024, the District received food commodities totaling \$25,911.

**NOTE D – INDIRECT COST RATE**

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

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

To the Board of Education of the Elliott County School District  
Sandy Hook, Kentucky

And the State Committee for School District Audits

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits, in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit /Contract and requirements, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Elliott County 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 15, 2024.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an

opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated November 15, 2024.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*White & Associates, PSC*

Richmond, Kentucky

November 15, 2024

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

To the Board of Education of the Elliott County School District  
Sandy Hook, Kentucky

And the State Committee for School District Audits

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

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

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

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

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

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

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

***Responsibilities of Management for Compliance***

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

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a

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

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

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

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

*White & Associates, PSC*

Richmond, Kentucky

November 15, 2024



ELLIOTT COUNTY SCHOOL DISTRICT  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 For the year ended June 30, 2024

**SUMMARY OF AUDITOR’S RESULTS**

What type of report was issued for the financial statements?	Unmodified
Were there significant deficiencies in internal control disclosed? If so, was any significant deficiencies material (GAGAS)?	None Reported N/A
Was any material noncompliance reported (GAGAS)?	No
Were there material weaknesses in internal control disclosed for major programs?	No
Were there any significant deficiencies in internal control disclosed that were not considered to be material weaknesses?	None Reported
What type of report was issued on compliance for major programs?	Unmodified
Did the audit disclose findings as it relates to major programs that is required to be reported as described in the Uniform Guidance?	No
Major Programs      Educational Stabilization Fund [ALN 84.425C, 84.425U & 84.425W]	
Dollar threshold of Type A and B programs	\$750,000
Low risk auditee?	Yes

**FINDINGS - FINANCIAL STATEMENT AUDIT**

No findings at the financial statement level.

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

No findings at the major federal award programs level.

ELLIOTT COUNTY SCHOOL DISTRICT  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the year ended June 30, 2024

There were no prior year audit findings.

**MANAGEMENT LETTER POINTS**

Elliott County School District  
Sandy Hook, Kentucky

In planning and performing our audit of the financial statements of the Elliott County School District for the year ended June 30, 2024, we considered the District's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

We previously reported on the District's internal control in our report dated November 15, 2024. This letter does not affect our report dated November 15, 2024, on the financial statements of the Elliott County School District.

During the audit process we communicated orally to district responsible persons conditions that we think will improve the effectiveness of internal controls. We have documented those communications in our work papers for future reference. Those items we do not believe rise to the nature to be written and have a management response. If improvements are not made in successive audits the communication will be written.

Dolly Fannin, Superintendent is the person responsible for initiation of any corrective action plan communicated written, or orally. We would like to thank the Finance Officer, Kristen Salyers, and her department for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Education, management, and others within the district and is not intended to be and should not be used by anyone other than these specified parties.

*White & Associates, PSC*

White & Associates, PSC  
Richmond, Kentucky  
November 15, 2024