

LUDLOW INDEPENDENT SCHOOL DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis of 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. 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 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement from fraud is higher than 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 judgement 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, and OPEB schedules 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.

Other 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, combining and individual school activity 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, combining and individual school activity fund financial statements, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 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.

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky
October 30, 2024

As management of the Ludlow Independent School District (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 this report.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of the District were more than its liabilities and deferred outflows at the close of the most recent fiscal year by \$26,882,926 (net position). The unrestricted net position, which represents the amounts available to meet the District's ongoing obligations to citizens and creditors, was a deficit of (\$2,346,829). The District is committed to provide postemployment benefits to its employees. As a result, the District has recognized substantial liabilities in the financial statements for these benefits. As of year-end, the District has liabilities of for postemployment benefits of \$3,406,935 which caused the deficit balance in the unrestricted net position. The District's total net position increased by \$1,599,965 .

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to the financial statements.

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 financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 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 the related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, district and school administration, business and plant operations, student transportation, and operation of non-instructional services. Fixed assets and debt is also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is the state mandated accounting system including a 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 funds, proprietary funds, and fiduciary funds. The proprietary fund is for food service operations. The fiduciary fund is a trust fund established by benefactors to aid in student education, welfare, and teacher support. All other activities of the District are included in the governmental funds. The basic governmental fund financial statements can be found on pages 11-19 of this report.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-52 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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.

Net Position

	Governmental Activities		Business-Type Activities	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Assets				
Current assets	\$ 30,584,694	\$ 26,199,743	\$ 259,792	\$ 574,197
Noncurrent assets	15,557,798	9,329,007	31,110	34,538
Total assets	46,142,492	35,528,750	290,902	608,735
Deferred outflows	1,715,182	2,300,500	99,533	96,289
Liabilities				
Current liabilities	1,037,128	636,845	-	-
Noncurrent liabilities	17,884,516	10,568,455	224,551	189,599
Total liabilities	18,921,644	11,205,300	224,551	189,599
Deferred inflows	2,098,729	1,781,834	120,259	74,580
Net position				
Net investment in capital assets	451,292	3,035,883	26,278	34,538
Restricted	28,732,838	20,251,850	19,347	406,307
Unrestricted	(2,346,829)	1,554,383	-	-
Total net position	\$ 26,837,301	\$ 24,842,116	\$ 45,625	\$ 440,845

Change in Net Position

	Governmental Activities		Business-Type Activities	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Revenues:				
Local revenue sources	\$ 5,672,088	\$ 4,356,822	\$ 85,874	\$ 64,507
State revenue sources	6,942,423	28,842,192	51,259	42,571
Federal revenue sources	2,474,254	1,755,296	691,592	776,173
Total revenues	\$ 15,088,765	\$ 34,954,310	\$ 828,725	\$ 883,251
Expenses:				
Instruction	6,538,866	5,033,657	-	-
Student support	868,117	759,331	-	-
Instruction staff	1,001,327	1,365,344	-	-
District administrative	1,085,093	919,654	-	-
School administrative	698,651	714,843	-	-
Business support	209,068	208,379	-	-
Plant operations and maintenance	2,210,320	1,286,586	-	-
Student transportation	137,722	31,121	-	-
Food service	-	-	931,403	822,526
Community services	113,696	164,172	-	-
Facility construction	-	1,857	-	-
Building construction	-	-	-	-
Building improvements	-	-	-	-
Interest on long-term debt	523,262	165,324	-	-
Total expenses	\$ 13,386,122	\$ 10,650,268	\$ 931,403	\$ 822,526
Transfers	292,542	30,461	(292,542)	(30,461)
Change in net position	\$ 1,995,185	\$ 24,334,503	\$ (395,220)	\$ 30,264

GOVERNMENTAL FUND FINANCIAL ANALYSIS

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's government funds reported combined fund balances of \$30,311,034 a change of \$4,251,910 from the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,158,969 . The total general fund balance decreased (\$637,484).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the District had \$15,554,397 in capital assets net of depreciation. Net capital assets changed by \$6,190,852 .

	Governmental Activities		Business-Type Activities	
	6/30/2024	6/30/2023	6/30/2024	6/30/2023
Land	\$ 391,300	\$ 391,300	\$ -	\$ -
Land and improvements	2,454	3,784	-	-
Buildings and improvements	6,303,773	6,515,635	-	-
Technology equipment	-	(122)	-	-
General equipment	4,487	7,292	26,278	34,538
Construction in progress	8,826,105	2,411,118	-	-
Total capital assets, net	\$ 15,528,119	\$ 9,329,007	\$ 26,278	\$ 34,538

Long-Term Obligations

At the end of the fiscal year, the District had \$18,164,847 in long-term liabilities. Long-term liabilities increased \$7,530,405 .

	Governmental Activities		Business-Type Activities	
	6/30/2024	6/30/2023	6/30/2024	6/30/2023
Compensated absences	\$ 226,423	\$ 167,276	\$ -	\$ -
Bonds payable	15,076,827	6,293,124	-	-
Net OPEB liability	1,803,000	2,907,608	-	121,701
Net pension liability	1,058,597	1,622,173	545,338	67,898
Total long-term liabilities	\$ 18,164,847	\$ 10,990,181	\$ 545,338	\$ 189,599

GENERAL FUND BUDGET

Kentucky state statutes and the Kentucky Department of Education require school districts to adopt a budget that has a minimum 2% contingency. The District adopted a general fund budget that had a contingency of 22%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

General fund revenue for the District for 2025 is budgeted to increase approximately \$120,000. Expenditures are budgeted to increase approximately \$780,000 over the prior year. The 2025 budget has a 17% contingency.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Officer, Andy Remlinger, 28 N. Ludlow Ave., Ludlow, KY 41075.

Ludlow Independent School District
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 16,712,730	\$ 258,159	\$ 16,970,889
Investments	13,440,893	-	13,440,893
Receivables	431,071	-	431,071
Inventory	-	1,633	1,633
Noncurrent assets			
Net OPEB asset - CERS	29,679	4,832	34,511
Capital assets, net	15,528,119	26,278	15,554,397
Total assets	46,142,492	290,902	46,433,394
Deferred outflows of resources			
OPEB related	1,463,042	16,434	1,479,476
Pension related	252,140	83,099	335,239
Total deferred outflows of resources	1,715,182	99,533	1,814,715
Liabilities			
Current liabilities			
Unearned revenue	273,660	-	273,660
Accrued interest payable	162,350	-	162,350
Compensated absences	60,759	-	60,759
Bonds payable	540,359	-	540,359
Noncurrent liabilities			
Compensated absences	165,664	-	165,664
Bonds payable	14,536,468	-	14,536,468
Net OPEB liability - TRS	1,803,000	-	1,803,000
Net pension liability	1,379,384	224,551	1,603,935
Total liabilities	18,921,644	224,551	19,146,195
Deferred inflows of resources			
OPEB related	1,884,530	85,389	1,969,919
Pension related	214,199	34,870	249,069
Total deferred inflows of resources	2,098,729	120,259	2,218,988
Net position			
Net investment in capital assets	451,292	26,278	477,570
Restricted (deficit)	28,732,838	19,347	28,752,185
Unrestricted (deficit)	(2,346,829)	-	(2,346,829)
Total net position (deficit)	\$ 26,837,301	\$ 45,625	\$ 26,882,926

The notes to the financial statements are an integral part of this statement.

Ludlow Independent School District
Statement of Activities
Year Ended June 30, 2024

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contribution</u>	<u>Capital Grants and Contributions</u>	<u>Revenue over Expenses</u>
Governmental Activities					
Instruction	\$ 6,538,866	\$ 30,400	\$ 2,750,621	\$ -	\$ (3,757,845)
Support services:					
Student	868,117	-	438,262	-	(429,855)
Instructional staff	1,001,327	-	397,645	-	(603,682)
District administration	1,085,093	-	202,215	-	(882,878)
School administration	698,651	-	273,068	-	(425,583)
Business	209,068	-	16,793	-	(192,275)
Plant operation	2,210,320	-	1,013,681	-	(1,196,639)
Student transportation	137,722	-	109,397	-	(28,325)
Community service	113,696	-	116,787	-	3,091
Interest on long-term debt	523,262	-	278,440	-	(244,822)
Total governmental activities	13,386,122	30,400	5,596,909	-	(7,758,813)
Business-Type Activities					
Food service	931,403	54,955	742,851	-	(133,597)
Total business-type activities	931,403	54,955	742,851	-	(133,597)
Total school district	\$ 14,317,525	\$ 85,355	\$ 6,339,760	\$ -	(7,892,410)
			Governmental Activities	Business-Type Activities	Total
Revenue over expenses			\$ (7,758,813)	\$ (133,597)	\$ (7,892,410)
General Revenues					
Property taxes			2,539,282	-	2,539,282
Motor vehicle taxes			292,139	-	292,139
Utilities tax			221,481	-	221,481
SEEK			3,802,590	-	3,802,590
Federal direct revenue			17,178	-	17,178
Investment earnings			1,592,934	30,919	1,623,853
Other			995,852	-	995,852
Transfers			292,542	(292,542)	-
Total general revenues			9,753,998	(261,623)	9,492,375
Change in net position			1,995,185	(395,220)	1,599,965
Net position (deficit) - beginning of year			24,842,116	440,845	25,282,961
Net position (deficit) - end of year			\$ 26,837,301	\$ 45,625	\$ 26,882,926

The notes to the financial statements are an integral part of this statement.

Ludlow Independent School District
Balance Sheet – Governmental Funds
June 30, 2024

	General Fund	Special Revenue Fund	Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,158,675	\$ (157,411)	\$ 15,117,472	\$ 593,994	\$ 16,712,730
Investments	-	-	13,440,893	-	13,440,893
Receivables	-	431,071	-	-	431,071
Total assets	\$ 1,158,675	\$ 273,660	\$ 28,558,365	\$ 593,994	\$ 30,584,694
Liabilities					
Unearned revenue	\$ -	\$ 273,660	\$ -	\$ -	\$ 273,660
Total liabilities	-	273,660	-	-	273,660
Fund balances					
Restricted	-	-	28,558,365	174,473	28,732,838
Assigned	(294)	54,974	-	-	54,680
Unassigned	1,158,969	(54,974)	-	419,521	1,523,516
Total fund balances	1,158,675	-	28,558,365	593,994	30,311,034
Total liabilities and fund balances	\$ 1,158,675	\$ 273,660	\$ 28,558,365	\$ 593,994	\$ 30,584,694

The notes to the financial statements are an integral part of this statement.

Ludlow Independent School District
 Reconciliation of the Balance Sheet – Governmental Funds
 to the Statement of Net Position
 June 30, 2024

Total fund balances - governmental funds	\$	30,311,034
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets		15,528,119
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Deferred outflow and inflow of resources are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows - OPEB		1,463,042
Deferred outflows - pensions		252,140
Deferred inflows - OPEB		(1,884,530)
Deferred inflows - pension		(214,199)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest payable		(162,350)
Bonds payable		(15,076,827)
Compensated absences		(226,423)
Net OPEB liability (asset)		(1,773,321)
Net pension liability		(1,379,384)

Net position of governmental activities	\$	26,837,301
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The notes to the financial statements are an integral part of this statement.

Ludlow Independent School District
Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds
Year Ended June 30, 2024

	General Fund	Special Revenue Fund	Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
From local sources:					
Property taxes	\$ 2,033,042	\$ -	\$ -	\$ 506,240	\$ 2,539,282
Motor vehicle taxes	292,139	-	-	-	292,139
Utility taxes	221,481	-	-	-	221,481
Earnings on investments	111,071	125	1,481,738	-	1,592,934
Tuition	30,400	-	-	-	30,400
Other local revenue	26,231	109,769	-	859,852	995,852
Intergovernmental state:					
SEEK	3,461,220	-	-	341,370	3,802,590
On-behalf	2,510,708	-	-	278,440	2,789,148
Other	7,033	343,652	-	-	350,685
Intergovernmental federal					
Federal direct	17,178	-	-	-	17,178
Total revenues	8,710,503	2,910,622	1,481,738	1,985,902	15,088,765
Expenditures					
Instruction	5,337,816	1,198,992	-	61,496	6,598,304
Support services:					
Student	255,295	353,755	-	289,976	899,026
Instruction staff	891,909	140,327	-	-	1,032,236
District administrative	1,072,307	34,227	-	-	1,106,534
School administrative	734,099	-	-	-	734,099
Business support	212,159	-	-	-	212,159
Plant operation	886,209	974,853	-	359,799	2,220,861
Student transpiration	36,125	106,570	-	-	142,695
Community services	-	116,787	-	-	116,787
Building construction	-	-	6,414,987	-	6,414,987
Principal	-	-	-	625,000	625,000
Interest	-	-	-	450,771	450,771
Total expenditures	9,425,919	2,925,511	6,414,987	1,787,042	20,553,459
Excess of revenues over (under) expenditures	(715,416)	(14,889)	(4,933,249)	198,860	(5,464,694)
Other financing sources (uses)					
Transfers in	92,821	14,889	250,000	797,331	1,155,041
Transfers out	(14,889)	-	-	(847,610)	(862,499)
Bond premium	-	-	109,062	-	109,062
Bond proceeds	-	-	9,315,000	-	9,315,000
Total other financing sources (uses)	77,932	14,889	9,674,062	(50,279)	9,716,604
Net change in fund balances	(637,484)	-	4,740,813	148,581	4,251,910
Fund balances - beginning	1,796,159	-	23,817,552	445,413	26,059,124
Fund balances - end of year	\$ 1,158,675	\$ -	\$ 28,558,365	\$ 593,994	\$ 30,311,034

The notes to the financial statements are an integral part of this statement.
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Ludlow Independent School District
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances – Governmental Funds
 to the Statement of Activities
 Year Ended June 30, 2024

Net change in fund balances - total governmental funds	\$ 4,251,910
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures.	
However, in the statement of activities, the cost of those asset is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	6,414,987
Depreciation expense	(215,875)
The issuance of long-term debt provides current financial resources to governmental funds, but the proceeds increase long-term liabilities in the statement of net position.	
	(9,424,062)
Repayment of long-term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
	640,359
Some expenses reported in the statement of activities do not require current financial resources and, therefore, are not reported as expenditures in the funds.	
Change in accrued interest payable	(87,850)
Change in compensated absences	(59,147)
Change in OPEB liabilities and deferred amounts	333,356
Change in pension liabilities and deferred amounts	572,789
<hr/>	
Change in net position of governmental activities	<hr/> <u>\$ 2,426,467</u>

The notes to the financial statements are an integral part of this statement.

Ludlow Independent School District
Statement of Net Position – Proprietary Fund
June 30, 2024

	Food Service
Assets	
Current assets	
Cash and cash equivalents	\$ 258,159
Inventories for consumption	1,633
Total current assets	259,792
Noncurrent assets	
Net OPEB asset - CERS	4,832
Capital assets, net	26,278
Total noncurrent assets	31,110
Total assets	290,902
Deferred outflows of resources	
OPEB related	16,434
Pension related	83,099
Total deferred outflows of resources	99,533
Liabilities	
Net pension liability	224,551
Total long-term liabilities	224,551
Total liabilities	224,551
Deferred inflows of resources	
OPEB related	85,389
Pension related	34,870
Total deferred inflow of resources	120,259
Net position	
Net investment in capital assets	26,278
Restricted	19,347
Total net position (deficit)	\$ 45,625

The notes to the financial statements are an integral part of this statement.

Ludlow Independent School District
Statement of Revenue, Expenses, and Changes
In Fund Net Position – Proprietary Fund
Year Ended June 30, 2024

	Food Service
Operating revenues	
Food service	\$ 46,573
Other operating revenue	8,382
Total operating revenues	54,955
Operating expenses	
Salaries and wages	258,770
Employee benefits	205,161
Purchased services	16,344
Materials and supplies	435,284
Other operating expenses	7,584
Depreciation	8,260
Total operating expenses	931,403
Operating loss	(876,448)
Non operating revenues	
Operating grants - state	5,177
On-behalf revenue	46,082
Operating grants - federal	671,299
Donated commodities	20,293
Transfers out	(292,542)
Interest income	30,919
Total other financing sources (uses)	481,228
Net change in fund balances	(395,220)
Fund balances - beginning of year	440,845
Fund balances - end of year	\$ 45,625

The notes to the financial statements are an integral part of this statement.

Ludlow Independent School District
Statement of Cash Flows – Proprietary Fund
Year Ended June 30, 2024

	Food Service
Cash flows from operating activities	
Cash received:	
From food service sales	\$ 70,105
Cash paid:	
To employees	(391,376)
To suppliers	(423,316)
For operating expenses	(23,928)
Cash transfer	(292,542)
Net cash used in operating activities	(1,061,057)
Cash flows from noncapital financing activities	
Non operating grants	742,851
Net cash provided by noncapital financing activities	742,851
Cash flows from investing activities	
Interest on investments	30,919
Net cash provided by investing activities	30,919
Net increase in cash	(287,287)
Cash - beginning of year	545,446
Cash - end of year	\$ 258,159
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (876,448)
Adjustments to reconcile operating loss to net cash in operating activities	
Depreciation	8,260
Transfers out	(292,542)
Changes in:	
Receivables	15,150
Inventory	11,968
Deferred outflows	(3,244)
Deferred inflows	45,679
Net OPEB liability	(126,533)
Net pension liability	156,653
Net cash used in operating activities	\$ (1,061,057)
Noncash activities	
Commodities received from federal	\$ 20,293
On-behalf payments received state	\$ 46,082

The notes to the financial statements are an integral part of this statement.

Ludlow Independent School District
 Statement of Net Position – Fiduciary Fund
 June 30, 2024

	Trust Fund
Assets	
Cash and cash equivalents	\$ 46,232
Total assets	\$ 46,232
Net Position	
Restricted	46,232
Total net position	46,232
Total liabilities and net position	\$ 46,232

The notes to the financial statements are an integral part of this statement.

Ludlow Independent School District
 Statement of Changes in Net Position – Fiduciary Fund
 Year Ended June 30, 2024

	Trust Fund
Additions	
Private donations	\$ 2,728
Total operating revenues	2,728
Deductions	
Salaries and wages	35,386
Total operating expenses	35,386
Change in net position	(32,658)
Net position - beginning of year	78,890
Net position - end of year	\$ 46,232

The notes to the financial statements are an integral part of this statement.

NOTE 1: ACCOUNTING POLICIES

Reporting Entity

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

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

The financial statements of the District include those 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:

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

Basis of Presentation

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

Government-Wide Financial Statements

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.

The statement of net position presents the financial condition of the District as a whole. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

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 governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to determine legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds, if any, are presented in a single column.

Governmental Fund Types

The *General Fund* is the primary operating fund of the District. This used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Kentucky. This is a major fund of the District.

The *Special Revenue Fund* accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as 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.

The *District Activity Fund* is a special revenue fund that accounts for funds received at the school level.

The *School Activity Fund* is a special revenue fund that accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the *Uniform Program of Accounting for School Activity Funds*.

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

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

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

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

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, as required by state law.

Proprietary Fund Types (Enterprise Funds)

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

Fiduciary Fund Types

Fiduciary funds account for assets held by the District in a trustee capacity for the benefit of others and cannot be used to support District activities.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The District also reports a fiduciary fund which focuses on net position and changes in net position.

Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within sixty days of year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures as well as expenditures related to long-term compensated absences and postemployment benefits are recorded only when payment is due.

Assets, Liabilities, Deferred Inflows/Outflows, and Net Position/Fund Balance

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an initial maturity date of ninety days or less.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

The District is authorized by state statute to invest in the following subject to additional requirements of KRS 66.480:

- Obligations of the United States and of its Agencies and instrumentalities
- Certificates of Deposit
- Bankers Acceptances
- Commercial Paper
- Bonds and Securities of other State and Local Governments
- Mutual Funds, Exchange Traded Funds, Individual Equity Securities and High-quality Corporate bonds managed by a professional investment manager

Investments

Investments with a maturity of less than one year are stated at cost. Investments with a maturity greater than one year are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Receivables

Accounts receivables are presented, when necessary, net of an allowance for doubtful accounts. No allowance has been recorded for the current fiscal year.

Capital Assets

General capital and leased assets are those assets that generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in both 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 disposals during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	50 Years
Improvements	20 Years
Infrastructure	40 Years
Vehicles	7 Years
General equipment	7 Years

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows

Deferred outflows of resources represent a consumption of net position that applies to a future period, and therefore, are deferred until that time. The District recognized deferred outflows of resources related to pensions and other postemployment benefits on the government-wide financial statements.

Payables and Accrued Liabilities

All payables and accrued liabilities are reported on the government-wide financial statements and fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences, contractually required pension and OPEB contributions that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and other long-term obligations are recognized as a liability on the governmental fund financial statements when due.

Compensated Absences

Compensated absences are payments to employees for accumulated sick leave. These amounts also include the related employer's share of applicable taxes and retirement contributions. District employees may accumulate unused sick leave up to a specified amount depending on their date of hire. Sick leave is payable to employees upon termination or retirement at 30.00% of the current rate of pay on the date of termination or retirement. The District uses the termination method to calculate the compensated absences amounts. The entire compensated absence liability is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following year. An expenditure is recognized in the governmental fund as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Long-Term Obligations

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. Long-term debt consists of bonds, notes, and lease liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as an other financing source and payment of principal and interest are reported as expenditures.

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 Employee Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis of as they are reported by CERS. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Other Post Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employee Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis of as they are reported by CERS. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Deferred Inflows

Deferred inflows of resources represent an acquisition of net position that applies to a future period and, are therefore, deferred until that time. The District recognized deferred inflows of resources related to pension and other postemployment benefits on the government-wide financial statements. In the governmental funds, certain revenue transactions have been reported as unavailable revenue. Revenue that is earned by not available is reported as a deferred inflow of resources until such time as the revenue becomes available.

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted net assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use by external parties or by law through enabling legislation.

Unrestricted net position is the amount of net amount of assets, deferred outflows, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable. Amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Restricted. Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed. Amounts that can be used only for specific purposes determined by a formal action by District Council ordinance.

Assigned. Amounts that are designated for a specific purpose but are not spendable until a budget ordinance is passed or a there is majority passed vote by District Council.

Unassigned. All amounts not included in other spendable classifications.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance, and then to committed, assigned, and unassigned fund balances in that order.

Revenues and Expenditures/Expenses

Property Taxes

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

The District levies a utility gross receipts license tax on telephone communication services, cablevision services, electric power, water, and gas furnished within the District's boundaries.

Revenues

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on the 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.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Interfund Activity

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

Interfund Balances

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

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

Budgetary Process

An annual budget is adopted for each governmental fund by ordinance prior to July 1. The budget can be amended by a subsequent ordinance. Expenditures may not legally exceed budgeted appropriations at the function level.

Subsequent Events

The District evaluated subsequent events for potential recognition and disclosure through October 30, 2024, the date the financial statements were available to be issued.

NOTE 2: CASH AND INVESTMENTS

At year end, the District’s bank balance was \$17,982,088 and the carrying amount was \$17,017,121 . The bank balance was fully covered by FDIC insurance and collateralized securities held by the financial institution, but not in the name of the District.

Cash and cash equivalents at year end consisted of the following:

Fund	Bank Account			Total
	Central Bank	US Bank	Regions Bank	
General	\$ 1,158,675	\$ -	\$ -	\$ 1,158,675
Special revenue	(157,411)	-	-	(157,411)
District activity	419,521	-	-	419,521
Student activity	174,473	-	-	174,473
Construction	(706,520)	4,363,052	11,460,940	15,117,472
Food service	258,159	-	-	258,159
Trust	46,232	-	-	46,232
Total funds	\$ 1,193,129	\$ 4,363,052	\$ 11,460,940	\$ 17,017,121
Bank balance	\$ 2,158,096	\$ 4,363,052	\$ 11,460,940	\$ 17,982,088
Outstanding items	(964,967)	-	-	(964,967)
Book balance	\$ 1,193,129	\$ 4,363,052	\$ 11,460,940	\$ 17,017,121
Governmental funds				\$ 16,712,730
Proprietary fund				258,159
Fiduciary fund				46,232
Total funds				\$ 17,017,121

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

NOTE 3: INVESTMENTS

At year end, the District had the following Investments:

Investment	Balance 6/30/2024	Level 1	Level 2	Level 3
U.S. Treasury Obligations	\$ 13,440,893	\$ 13,440,893	\$ -	\$ -
Total investments at fair value	13,440,893	13,440,893	-	-

Investment	Fair Value	Cost Basis	Unrealized Gain
U.S. Treasury Obligations	\$ 13,440,893	\$ 13,148,680	\$ 292,213
Total investments at fair value	13,440,893	13,148,680	292,213

Fair value of investments. The District measures and records its investments using fair value measurements established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy as follows:

Level 1: Quoted prices for individual investments in active markets;

Level 2: Observable inputs other than those in Level 1; and

Level 3: Unobservable inputs

Credit risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District manages credit risk by investing in securities backed by the U.S. Government.

Custodial credit risk – investments. Custodial credit risk is the risk that, in the event of a failure of the counterparty to the transaction, the District will not be able to recover the value of its investments. To limit its exposure, the District requires investments to be held by a third party acting as the District’s agent separate form where the investment was purchased or by the trust department of the bank where purchased, in the District’s name.

The District’s investment policy follows state statute and allows it to invest in obligations of the U.S. Treasury.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year is summarized below:

	Balance 7/1/2023	Additions	Disposals	Balance 6/30/2024
Governmental Activities				
Land	\$ 391,300	\$ -	\$ -	\$ 391,300
Land and improvements	112,189	-	-	112,189
Buildings and improvements	13,030,049	-	-	13,030,049
Technology equipment	749,592	-	-	749,592
Vehicles	167,625	-	-	167,625
General equipment	193,858	-	-	193,858
Construction in progress	2,411,118	6,414,987	-	8,826,105
Total at historical cost	17,055,731	6,414,987	-	23,470,718
Less accumulated depreciation				
Land and improvements	108,405	1,330	-	109,735
Buildings and improvements	6,514,414	211,862	-	6,726,276
Technology equipment	749,714	(122)	-	749,592
Vehicles	167,625	-	-	167,625
General equipment	186,566	2,805	-	189,371
Total accumulated depreciation	7,726,724	215,875	-	7,942,599
Capital assets - net	\$ 9,329,007	\$ 6,199,112	\$ -	\$ 15,528,119
	Balance 7/1/2023	Additions	Disposals	Balance 6/30/2024
Business-type Activities				
Buildings and improvements	\$ 71,290	\$ -	\$ -	\$ 71,290
Technology equipment	5,246	-	-	5,246
General equipment	160,336	-	-	160,336
Total at historical cost	236,872	-	-	236,872
Less accumulated depreciation				
Buildings and improvements	71,290	-	-	71,290
Technology equipment	5,246	-	-	5,246
General equipment	125,798	8,260	-	134,058
Total accumulated depreciation	202,334	8,260	-	210,594
Capital assets - net	\$ 34,538	\$ (8,260)	\$ -	\$ 26,278

NOTE 3: CAPITAL ASSETS - CONTINUED

Depreciation was charged to following government functions:

Depreciation was charged to the following functions:

	<u>Governmental</u>	<u>Business-type</u>
Instruction	\$ 144,419	\$ -
District admin support	10,591	-
School admin support	124	-
Plant operations	60,741	-
Food service	-	8,260
<u>Depreciation expense</u>	<u>\$ 215,875</u>	<u>\$ 8,260</u>

NOTE 5: LONG-TERM LIABILITIES

Long-term liability activity for the year is summarized below:

Governmental Activities	Balance			Balance June 30, 2024	Amount	
	July 1, 2023	Additions	Reductions		Due Within One Year	Long- Term
Compensated absences	\$ 167,276	\$ 59,147	\$ -	\$ 226,423	\$ 60,759	\$ 165,664
Bonds payable	6,293,124	9,424,062	640,359	15,076,827	540,359	14,536,468
Net OPEB liability	2,907,608	-	1,104,608	1,803,000	-	1,803,000
Net pension liability	1,622,173	-	563,576	1,058,597	-	1,058,597
<u>Total long-term liabilities</u>	<u>\$ 10,990,181</u>	<u>\$ 9,483,209</u>	<u>\$ 2,308,543</u>	<u>\$ 18,164,847</u>	<u>\$ 601,118</u>	<u>17,563,729</u>

Business-type Activities	Balance			Balance June 30, 2024	Amount	
	July 1, 2023	Additions	Reductions		Due Within One Year	Long- Term
Net OPEB liability	\$ 121,701	\$ -	\$ 121,701	\$ 0	\$ -	\$ -
Net pension liability	67,898	477,440	-	545,338	-	545,338
<u>Total long-term liabilities</u>	<u>\$ 189,599</u>	<u>\$ 477,440</u>	<u>\$ 121,701</u>	<u>\$ 545,338</u>	<u>\$ -</u>	<u>545,338</u>

NOTE 4: LONG-TERM LIABILITIES - CONTINUED

Bonds Payable

The District issues general obligations bonds to provide funds for the acquisition of equipment and the construction of facilities. The bonds are direct obligations and pledge the full faith and credit of the District. General obligations outstanding at year end are as follows:

Issue	Proceeds	Rates	Balance June 30, 2024
2007 07-12	\$ 1,340,000	3.600% - 4.200%	\$ 350,000
2014	3,095,000	1.000% - 4.125%	2,060,000
2015Ref	835,000	1.000% - 4.125%	170,000
2016	1,135,000	2.000% - 3.000%	835,000
2023	2,295,000	4.000% - 5.000%	2,275,000
2023B	9,315,000	5.00%	9,095,000
Total	\$ 18,015,000		14,785,000
Bond premium			291,827
Bonds payable, net			\$ 15,076,827

Bond activity for the year is summarized below:

Issue	Balance			Balance June 30, 2024	Amount	
	July 1, 2023	Additions	Reductions		Due Within One Year	Long- Term
2007 07-12	\$ 430,000	\$ -	\$ 80,000	\$ 350,000	\$ 85,000	\$ 265,000
2014	2,235,000	-	175,000	2,060,000	180,000	1,880,000
2015Ref	250,000	-	80,000	170,000	85,000	85,000
2016	885,000	-	50,000	835,000	50,000	785,000
2023	2,295,000	-	20,000	2,275,000	100,000	2,175,000
2023B	-	9,315,000	220,000	9,095,000	25,000	9,070,000
Total bonds	\$ 6,095,000	\$ 9,315,000	\$ 625,000	\$ 14,785,000	\$ 525,000	\$ 14,260,000
Bond premiums	198,124	109,062	15,359	291,827	15,359	276,468
Bonds payable, net	\$ 6,293,124	\$ 9,424,062	\$ 640,359	\$ 15,076,827	\$ 540,359	\$ 14,536,468

NOTE 4: LONG-TERM LIABILITIES – CONTINUED

Debt service requirements for the District’s general obligation bonds are as follows:

	Ludlow Independent School District		School Facility Construction Commission		Total Debt Service
	Principal	Interest	Principal	Interest	
2025	\$ 336,055	\$ 609,603	\$ 188,945	\$ 69,884	\$ 1,204,487
2026	347,611	597,523	195,389	62,887	1,203,410
2027	380,246	584,471	179,754	55,306	1,199,777
2028	397,074	568,511	167,926	48,577	1,182,088
2029	413,653	551,323	91,347	43,525	1,099,848
2030-2034	2,348,592	2,466,774	518,408	157,948	5,491,722
2035-2039	2,896,281	1,915,247	218,719	71,451	5,101,698
2040-2044	3,253,810	1,143,829	171,190	21,922	4,590,751
2045-2048	2,680,000	343,250	-	-	3,023,250
Total payments	<u>\$ 13,053,322</u>	<u>\$ 8,780,531</u>	<u>\$ 1,731,678</u>	<u>\$ 531,500</u>	<u>\$ 24,097,031</u>
			Total principal payments		\$ 14,785,000
			Total interest payments		<u>9,312,031</u>
			Total debt service		<u>\$ 24,097,031</u>

Compensated absences

Upon retirement from the school system, employees will receive from the District an amount equal to 30.00% of the value of accumulated sick leave. The compensated absences at year end is \$226,423 .

NOTE 6: PENSION PLANS

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

General Information about the CERS Pension Plan

Plan Description

CERS is a cost-sharing multi-employer public employee retirement system which covers substantially all regular full-time employees of each county, city, and school board and any additional eligible local agencies electing to participate in the Plan. The Plan is administered by the CERS Board of Trustees and is divided into a divided into non-hazardous duty and hazardous duty classifications.

Benefits Provided

CERS provides retirement, death, and disability benefits to plan members. Retirement benefits maybe extended to beneficiaries under certain circumstances. Employees are vested in the plan after five years of service.

For retirement purposes, non-hazardous employees are grouped into three tiers based on hire date:

Tier 1	Participation date Unreduced retirement Reduced retirement	Before September 1, 2008 27 years service or 65 years old At least 5 years service and 55 years old, or 25 years service and any age
Tier 2	Participation date Unreduced retirement Reduced retirement	September 1, 2008 to December 31, 2013 At least 5 years service and 65 years old, or age 57+ with sum of service years plus age equal At least 10 years service and 60 years old
Tier 3	Participation date Unreduced retirement Reduced retirement	On or after January 1, 2014 At least 5 years service and 65 years old, or age 57+ with sum of service years plus age equal Not available

Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 2, 2009, and on July 1 of each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce cost-of-living adjustments if, in its judgment, the welfare of the Commonwealth so demands.

NOTE 5: PENSION PLANS – CONTINUED

Contributions

Employees – Tier 1 plan members are required to contribute 5% of their creditable compensation. Employees who begin participation on or after September 1, 2008 (Tier 2 and Tier 3) are required to contribute an additional 1%.

Employers – The contribution rate for the current year was 23.34%. The District made all required contributions for fiscal year in the amount of \$180,626 .

General Information about the TRS Pension Plan

Plan Description

Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers' Retirement System of the State of Kentucky (KTRS)—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

Benefits Provided

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

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

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon

retirement, their total service less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

NOTE 5: PENSION PLANS – CONTINUED

Benefits Provided - Continued

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

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

Contributions

Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to KTRS.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative 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, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

CERS

At June 30, 2024, the District reported a liability of \$1,603,935 for its proportionate share of the net pension liability for CERS. The net pension liability for the plan was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the District's proportion was 0.0250%.

For the year ended June 30, 2024, the District recognized pension expense of (\$22,194) related to CERS

NOTE 5: PENSION PLANS – CONTINUED

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

TRS

The District did not report a liability for the District’s proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The State’s proportionate share of the TRS net pension liability associated with the district is \$24,124,188 .

For the year ended June 30, 2024, the District recognized pension expense of \$1,573,040 related to TRS. The District also recognized revenue of \$1,573,040 for TRS support provided by the Commonwealth.

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

	CERS		
	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 83,033	\$ 4,358	
Change of assumptions	-	147,002	
Change in investment experience	-	21,879	
Change in proportionate share of contributions	71,580	75,830	
	154,613	\$ 249,069	\$ (94,456)
Subsequent contributions	180,626		
Total	\$ 335,239		

The contributions subsequent to the measurement date of \$180,626 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The net deferral of (\$94,456) will be recognized in pension expense as follows:

Year ending June 30	Net Deferral
2025	\$ (87,519)
2026	(27,216)
2027	35,806
2028	(15,527)
	\$ (94,456)

NOTE 5: PENSION PLAN (CONTINUED)

Actuarial assumptions

CERS

The total pension liability, net pension liability, and sensitivity information as of June 30, 2023 were based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled forward from the valuation date to the plan’s fiscal year ending June 30, 2023, using generally accepted actuarial principles

There was a change in the investment return assumption from 6.25% to 6.50%. The total pension liability as of June 30, 2023 was determined using these updated assumptions.

The actuarial assumptions are:

Employer fiscal year end	2024
Plan year end	2023
Actuarial 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 is recognized
Amortization method	Level percent of pay
Amortization period	30-year closed period at June 30, 2019
Payroll growth rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increase - nonhazardous	3.30% to 10.30%
Salary increase - hazardous	3.55% to 19.05%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from P-2014 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

TRS

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

There were no changes in the assumptions effecting the total pension liability as of June 30, 2023.

NOTE 5: PENSION PLAN (CONTINUED)

Actuarial assumptions - Continued

TRS - Continued

The actuarial assumptions are:

Employer fiscal year end	2024
Plan year end	2023
Actuarial valuation date	June 30, 2022
Inflation	2.50%
Salary increases, including inflation	3.00% - 7.50%
Investment return	7.10%
Municipal bond index rate:	
Prior measurement date	3.37%
Measurement date	3.66%
Year FNP is expected to be depleted	NA
Single equivalent interest rate:	
Prior measurement date	7.10%
Measurement date	7.10%
Post-retirement benefit increases	1.50% annually
Mortality	

Rates 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.

Long-term expected rate of return

The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the tables below.

NOTE 5: PENSION PLAN (CONTINUED)

Long-term expected rate of return – continued

CERS

Asset Class	Target Allocation	Long-term Expected Nominal Return
Public equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Core bonds	10.00%	2.45%
Specialty credit/high yield	10.00%	3.65%
Cash	0.00%	1.39%
Real estate	7.00%	4.99%
Real return	13.00%	5.15%
Expected real return	100.00%	5.75%
Long-term inflation assumption		2.50%

TRS

Asset Class	Target Allocation	Long-term Expected Nominal Return
Large Cap US Equity	35.40%	5.00%
Small Cap US Equity	2.60%	5.50%
Developed International Equity	15.70%	5.50%
Emerging Markets Equity	5.30%	6.10%
Fixed Income	15.00%	1.90%
High Yield Bonds	5.00%	3.80%
Additional categories	5.00%	3.60%
Real Estate	7.00%	3.20%
Private Equity	7.00%	8.00%
Cash	2.00%	1.60%
Expected real return	100.00%	7.10%
Long-term inflation assumption		2.50%

NOTE 5: PENSION PLAN (CONTINUED)

Discount rate

A single discount rate of 6.50% and 7.10% was used to measure the total pension liability for CERS and TRS, respectively, for the fiscal year ending June 30, 2023. The single discount rate is based on the expected rate of return on pension plan investments for each plan. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the non-hazardous and hazardous pension plans' fiduciary net position and future contributions were separately projected and were each sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each plan.

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

The following table presents the District's proportionate share of the net pension liability calculated using the discount rate 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 or 1-percentage-point higher than the current rate:

	1% Decrease	Current	1% Increase
	5.50%	Discount Rate	7.50%
	5.50%	6.50%	7.50%
District's proportionate share of the CERS net pension liability	\$ 2,025,064	\$ 1,603,935	\$ 1,253,960

Pension plan fiduciary net position

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

NOTE 6: OPEB PLAN

General Information about the CERS Plan

Plan Description

The CERS Insurance fund is a cost-sharing, multiple-employer defined benefit OPEB plan which provides group health insurance benefits for plan members that are regular full-time members employed in positions of each participating county, District, and school board, and any additional eligible local agencies electing to participate in the System. OPEB benefits may be extended to beneficiaries of plan members under certain circumstances. The Plan is administered by the CERS Board of Trustees and is divided into a divided into non-hazardous duty and hazardous duty classifications.

Benefits Provided

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

For health insurance purposes, employees are grouped into three tiers based on hire date:

Tier 1	
Participation date	Before July 1, 2003
Insurance eligibility	10 years of service credit required
Benefit	Set percentage of single coverage health insurance based on service credit accrued at retirement
Tier 2	
Participation date	After September 1, 2008 and before December 31, 2013
Insurance eligibility	15 years of service credit required
Benefit	Set dollar amount based on service credit accrued, increased annually
Tier 3	
Participation date	After December 31, 2013
Insurance eligibility	15 years of service credit required
Benefit	Set dollar amount based on service credit accrued, increased annually

Contributions

Employee Contributions. Tier 1 plan members are not required to contribute. Employees who begin participation on or after September 1, 2008 (Tier 2 and Tier 3) are required to contribute 1.0% of creditable compensation to an account created for payment of health insurance benefits.

Employer Contributions – The contribution rate for the current year was 0.00%. The District made all required contributions for the fiscal year in the amount of \$0 .

NOTE 6: OPEB PLAN (CONTINUED)

General Information about the TRS Plan

Plan Description

Teaching certified employees of the District and other employees whose positions require at least a college degree are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (KTRS)—a cost-sharing multiple-employer defined OPEB pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

Benefits Provided

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

Contributions

In order to fund the post-retirement healthcare benefit, six percent (6%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three percent (3%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and two and one quarter percent (2.25%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. The District made all required contributions for the fiscal year in the amount of \$153,092 .

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

CERS

At June 30, 2024, the District reported an asset of \$34,511 for its proportionate share of the net OPEB liability for CERS . The net OPEB liability for the plan was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The District's proportion of the net OPEB liability was based on the District's share of 2023 contributions to the OPEB plan relative to the 2023 contributions of all participating employers, actuarially determined. At June 30, 2023 the District's proportionate share was 0.00250%.

For the year ended June 30, 2024, the District recognized OPEB expense of \$29,478 related to CERS.

NOTE 6: OPEB PLAN (CONTINUED)

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

TRS

At June 30, 2024, the District reported a liability of \$1,803,000 for its proportionate share of the net OPEB liability for TRS . The net OPEB liability for the plan was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The District’s proportion of the net OPEB liability was based on the District’s share of 2023 contributions to the OPEB plan relative to the 2023 contributions of all participating employers, actuarially determined. At June 30, 2023 the District’s proportionate share was 0.07401%.

For the year ended June 30, 2024, the District recognized OPEB expense of (\$22,194) related to TRS.

CERS and TRS

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

	CERS		
	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 24,059	\$ 490,024	
Change of assumptions	67,916	47,330	
Change in investment experience	-	8,010	
Change in proportionate share of contributions	25,409	64,555	
	<u>117,384</u>	<u>\$ 609,919</u>	<u>\$ (492,535)</u>
Subsequent contributions	-		
Total	<u>\$ 117,384</u>		

	TRS		
	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ -	\$ 611,000	
Change of assumptions	410,000	-	
Change in investment experience	34,000	-	
Change in proportionate share of contributions	765,000	749,000	
	<u>1,209,000</u>	<u>\$ 1,360,000</u>	<u>\$ (151,000)</u>
Subsequent contributions	153,092		
Total	<u>\$ 1,362,092</u>		

NOTE 6: OPEB PLAN (CONTINUED)

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

	Total		
	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 24,059	\$ 1,101,024	
Change of assumptions	477,916	47,330	
Change in investment experience	34,000	8,010	
Change in proportionate share of contributions	790,409	813,555	
	<u>1,326,384</u>	<u>\$ 1,969,919</u>	<u>\$ (643,535)</u>
Subsequent contributions	153,092		
Total	<u>\$ 1,479,476</u>		

The contributions subsequent to the measurement date of \$153,092 will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. The net deferral of (\$643,535) will be recognized as pension expense as follows:

Year ending June 30	Net Deferral
2025	\$ (218,384)
2026	(208,307)
2027	(46,043)
2028	(47,801)
2028	(54,000)
Thereafter	(69,000)
	<u>\$ (643,535)</u>

Implicit Subsidy

The fully-insured premiums paid 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. This implicit subsidy is included in the calculation of the total OPEB liability.

NOTE 6: OPEB PLAN (CONTINUED)

Actuarial assumptions

CERS

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2023 were based on an actuarial valuation date of June 30, 2021. The total OPEB liability was rolled forward from the valuation date to the plan’s fiscal year ending June 30, 2023, using generally accepted actuarial principles

There was a change in the investment return assumption from 5.70% to 5.93%. The total pension liability as of June 30, 2023 was determined using these updated assumptions.

Employer fiscal year end	2024
Plan year end	2023
Actuarial 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 is recognized
Amortization method	Level percent of pay
Amortization period	30-year closed period at June 30, 2019
Payroll growth rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increase - nonhazardous	3.30% to 10.30%
Salary increase - hazardous	3.55% to 19.05%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates form P-2014 mortality improvement scale using a base year of 2019
Healthcare trend rates:	
Pre-65	Initial trend starting at 6.30% 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 6.30% 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.

NOTE 6: OPEB PLAN (CONTINUED)

Actuarial assumptions – continued

TRS

Employer fiscal year end	2024
Plan year end	2023
Actuarial valuation date	June 30, 2022
Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including inflation	3.00% - 7.50%
Investment return	
Health trust	7.10%
Life trust	7.10%
Municipal bond index rate:	3.66%
Year FNP is expected to be depleted	
Health trust	NA
Life trust	NA
Single equivalent interest rate:	
Health trust	7.10%
Life trust	7.10%
Health trust health care cost trends	
Medical trend	6.75% for FYE 2023 decreasing to an ultimate rate of 4.50% by FYE 2032
Medicare Part B premiums	1.55% for FYE 2023 with an ultimate rate of 4.50% by FYE 2034

Long-term expected rate of return

The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the tables below.

NOTE 6: OPEB PLAN (CONTINUED)

Long-term expected rate of return - continued

CERS

Asset Class	Target Allocation	Long-term Expected Nominal Return
Public equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Core bonds	10.00%	2.45%
Specialty credit/high yield	10.00%	3.65%
Cash	0.00%	1.39%
Real estate	7.00%	4.99%
Real return	13.00%	5.15%
Expected real return	100.00%	5.75%
Long-term inflation assumption		2.50%

TRS - MIF

Asset Class	Target Allocation	Long-term Expected Nominal Return
Large Cap US Equity	35.40%	5.00%
Small Cap US Equity	2.60%	5.50%
Developed International Equity	15.00%	5.50%
Emerging Markets Equity	5.00%	6.10%
Fixed Income	9.00%	1.90%
High Yield Bonds	8.00%	3.80%
Additional categories	9.00%	3.70%
Real Estate	6.50%	3.20%
Private Equity	8.50%	8.00%
Cash	1.00%	1.60%
Expected real return	100.00%	7.10%
Long-term inflation assumption		2.50%

NOTE 6: OPEB PLAN (CONTINUED)

Long-term expected rate of return - continued

TRS - LIF

Asset Class	Target Allocation	Long-term Expected Nominal Return
US Equity	40.00%	5.20%
Developed International Equity	15.00%	5.50%
Emerging Markets Equity	5.00%	6.10%
Fixed Income	21.00%	1.90%
Additional categories	5.00%	4.00%
Real Estate	7.00%	3.20%
Private Equity	5.00%	8.00%
Cash	2.00%	1.60%
<u>Expected real return</u>	<u>100.00%</u>	<u>7.10%</u>
<u>Long-term inflation assumption</u>		<u>2.50%</u>

Discount rate

Single discount rates of 5.93% and 7.10% for CERS and TRS respectively 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 6.25%, and a municipal bond rate of 3.66%, 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, each plan’s fiduciary net position and future contributions were projected separately and were 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 actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plan 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.

NOTE 6: OPEB PLAN (CONTINUED)

Sensitivity of District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the District’s proportionate share of the net OPEB liability calculated using the discount rate as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current	1% Increase
	4.93%	Discount Rate	6.93%
		5.93%	
District's proportionate share of the CERS net OPEB liability (asset)	\$ 64,764	\$ (34,511)	\$ (117,642)
	1% Decrease	Current	1% Increase
	6.10%	Discount Rate	8.10%
		7.10%	
District's proportionate share of the TRS net OPEB liability	\$ 2,318,000	\$ 1,803,000	\$ 1,376,000
Total	\$ 2,382,764	\$ 1,768,489	\$ 1,258,358

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the District’s proportionate share of the net OPEB liability calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
		Trend Rate	
District's proportionate share of the CERS net OPEB liability (asset)	\$ (110,614)	\$ (34,511)	\$ 58,974
District's proportionate share of the TRS net OPEB liability	1,298,000	1,803,000	2,431,000
Total	\$ 1,187,386	\$ 1,768,489	\$ 2,489,974

OPEB plan fiduciary net position

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

NOTE 7: ON-BEHALF

For the year ended June 30, 2024, payments made by the Commonwealth of Kentucky on behalf of the District for insurance benefits, retirement benefits, technology, and debt service. The following amounts were recorded in the Statement of Activities and the Statement of Revenue, Expenditures, and Changes in Fund Balance:

Fund	
General	\$ 2,510,708
Debt service	278,440
Food service	46,082
	<u>\$ 2,835,230</u>

Type	
Retirement	\$ 1,573,040
Health insurance less federal reimbursement	877,516
Life insurance	1,200
Administrative fee	9,600
HRA/Dental/Vision insurance	39,813
Technology	55,621
Debt service	278,440
	<u>\$ 2,835,230</u>

NOTE 8: FUND TRANSFERS

The following transfers were made during the year:

From	To	Purpose	Amount
General fund	Special revenue	Technology Match	\$ 14,889
Capital outlay	General fund	Projects	50,279
Building	Debt service	Debt service	772,467
Capital outlay	Debt service	Projects	24,864
Food service	Construction fund	Projects	250,000
Food service	General fund	Indirect costs	42,542
		<u>Total transfers</u>	<u>\$ 1,155,041</u>

Transfers are reported in financial statements as follows:

	Transfers In	Transfers Out	Net Transfer
Governmental funds	\$ 1,155,041	\$ 862,499	\$ 292,542
Proprietary fund	-	292,542	(292,542)
	<u>\$ 1,155,041</u>	<u>\$ 1,155,041</u>	<u>\$ -</u>

NOTE 9: CONTINGENCIES

Grants. The District receives funding from federal and state agencies in the form of grants. These funds are to be used for designated purposes only. If the federal or state grantor finds that funds have not been used for the intended purposes, the grantor may request a refund of monies advanced or refuse to reimburse the District for its expenditures. The amount of such future refunds and unreimbursed expenditures, if any, is not expected to be significant. Continuation of the District's grant programs is contingent upon the grantors satisfaction that the funds provided are being spent as intended and the grantors intent to continue their programs.

Litigation. The District is party to various legal proceedings which normally occur in governmental operations. It is neither possible to determine the outcome of these proceedings nor possible to estimate the effects adverse decisions may have on the future expenditures or revenue sources of the District. In the opinion of District management and its legal counsel these legal proceedings are not likely to have a material adverse impact on the accompanying financial statements. Therefore, no provision for any liability that may result upon adjudication of any cases has been made in the accompanying financial statements

NOTE 10: RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District has obtained insurance coverage through a commercial insurance company. In addition, the District has effectively managed risk through various employee education and prevention programs. All risk general liability management activities are accounted for in the General Fund. Expenditures and claims are recognized when probable that a loss has occurred, and the amount of loss can be reasonably estimated.

Management estimates that the amount of actual or potential claims against the District as of June 30, 2024, will not materially affect the financial condition of the District. Therefore, the General Fund contains no provision for estimated claims. No claim has exceeded insurance coverage amounts in the past three fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

Ludlow Independent School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
Revenues				
From local sources:				
Property taxes	\$ 2,000,343	\$ 2,000,343	\$ 2,033,042	\$ 32,699
Motor vehicle taxes	260,000	260,000	292,139	32,139
Utility taxes	215,000	215,000	221,481	6,481
Earnings on investments	25,000	25,000	111,071	86,071
Tuition	-	-	30,400	30,400
Other local revenue	516,200	516,200	26,231	(489,969)
Intergovernmental state:				
SEEK	3,400,000	3,400,000	3,461,220	61,220
On-behalf	-	-	2,510,708	2,510,708
Other	9,300	9,300	7,033	(2,267)
Intergovernmental federal	-	-	-	
Federal direct	15,000	15,000	17,178	2,178
Total revenues	6,440,843	6,440,843	8,710,503	2,269,660
Expenditures				
Instruction	3,623,482	3,623,482	5,337,816	(1,714,334)
Support services:				
Student	217,859	217,859	255,295	(37,436)
Instruction staff	595,825	595,825	891,909	(296,084)
District administrative	602,970	602,970	1,072,307	(469,337)
School administrative	456,072	456,072	734,099	(278,027)
Business support	269,219	269,219	212,159	57,060
Plant operation and maintenance	661,642	661,642	886,209	(224,567)
Student transportation	33,774	33,774	36,125	(2,351)
Contingency	1,800,000	1,800,000	-	1,800,000
Total expenditures	8,260,843	8,260,843	9,425,919	(1,165,076)
Excess of revenues over (under) expenditures	(1,820,000)	(1,820,000)	(715,416)	1,104,584
Other financing sources (uses)				
Transfers in	35,000	35,000	92,821	57,821
Transfers out	(15,000)	(15,000)	(14,889)	111
Total other financing sources (uses)	20,000	20,000	77,932	57,932
Net change in fund balances	(1,800,000)	(1,800,000)	(637,484)	1,162,516
Fund balances - beginning	1,800,000	1,800,000	1,796,159	(3,841)
Fund balances - end of year	\$ -	\$ -	\$ 1,158,675	\$ 1,158,675

Ludlow Independent School District
 Budgetary Comparison Schedule – Special Revenue Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
Revenues				
From local sources:				
Earnings on investments	\$ (86)	\$ (86)	\$ 125	\$ 211
Other local revenue	114,173	114,173	109,769	(4,404)
Intergovernmental state:				
Other	421,335	421,335	343,652	(77,683)
Intergovernmental federal	1,118,100	1,118,100	2,457,076	1,338,976
Total revenues	1,653,522	1,653,522	2,910,622	1,257,100
Expenditures				
Instruction	1,079,711	1,079,711	1,198,992	(119,281)
Support services:				
Student	184,136	184,136	353,755	(169,619)
Instruction staff	(688,407)	(688,407)	140,327	(828,734)
District administrative	194,546	194,546	34,227	160,319
Plant operation and maintenance	728,295	728,295	974,853	(246,558)
Student transportation	107,200	107,200	106,570	630
Community services	80,455	80,455	116,787	(36,332)
Total expenditures	1,685,936	1,685,936	2,925,511	(1,239,575)
Excess of revenues over (under) expenditures	(32,414)	(32,414)	(14,889)	17,525
Other financing sources (uses)				
Transfers in	15,000	15,000	14,889	(111)
Total other financing sources (uses)	15,000	15,000	14,889	(111)
Net change in fund balances	(17,414)	(17,414)	-	17,414
Fund balances - beginning	-	-	-	-
Fund balances - end of year	\$ (17,414)	\$ (17,414)	\$ -	\$ 17,414

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

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy and from estimates of other Local, State and Federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay and other necessary expenses. The budget must be approved by the Board.

The District must formally and publicly examine estimated revenues and expenditures for the subsequent fiscal year by January 31 of each calendar year.

The District must prepare an annual allocation to schools by March 1 of each year for the following fiscal year. This allocation must include the amount for certified and classified staff based on the District's staffing policy and the amount for instructional supplies, materials, travel and equipment.

The District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each year. This budget must contain a minimum 2.00% contingency.

Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of the current fiscal year.

The Board has the ability to amend the working budget.

Ludlow Independent School District
 Schedule of District's Share of Net Pension Liability and Contributions – CERS
 June 30, 2024

Schedule of District's Proportionate Share of the Net Pension Liability - CERS

Year ended June 30	Measurement period June 30	District's proportion of the net pension liability	District's proportionate share of the net pension liability	District's covered payroll	District's proportionate share of the net pension liability as a percentage covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	2023	0.0250%	\$ 1,603,935	\$ 717,060	223.68%	57.48%
2023	2022	0.0234%	\$ 1,690,071	\$ 683,090	247.42%	52.42%
2022	2021	0.0269%	\$ 1,712,472	\$ 686,086	249.60%	57.33%
2021	2020	0.2726%	\$ 2,091,050	\$ 675,240	309.68%	47.81%
2020	2019	0.0295%	\$ 2,075,873	\$ 744,530	278.82%	50.45%
2019	2018	0.0320%	\$ 1,951,577	\$ 803,973	242.74%	53.54%
2018	2017	0.0343%	\$ 2,008,387	\$ 845,309	237.59%	53.32%
2017	2016	0.0338%	\$ 1,666,254	\$ 821,411	202.85%	55.50%
2016	2015	0.0369%	\$ 1,588,116	\$ 875,953	181.30%	59.97%
2015	2014	0.0352%	\$ 1,141,000	\$ 700,766	162.82%	66.80%

Schedule of District's Contributions - CERS

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2024	\$ 180,626	\$ 180,626	\$ -	\$ 773,890	23.34%
2023	\$ 192,505	\$ 192,505	\$ -	\$ 717,060	26.85%
2022	\$ 183,139	\$ 183,139	\$ -	\$ 683,090	26.81%
2021	\$ 165,060	\$ 165,060	\$ -	\$ 686,086	24.06%
2020	\$ 168,317	\$ 168,317	\$ -	\$ 675,240	24.93%
2019	\$ 159,925	\$ 159,925	\$ -	\$ 744,530	21.48%
2018	\$ 154,202	\$ 154,202	\$ -	\$ 803,973	19.18%
2017	\$ 157,904	\$ 157,904	\$ -	\$ 845,309	18.68%
2016	\$ 140,132	\$ 140,132	\$ -	\$ 821,411	17.06%
2015	\$ 154,780	\$ 154,780	\$ -	\$ 875,953	17.67%

Ludlow Independent School District
Schedule of District's Share of Net Pension Liability and Contributions - TRS
June 30, 2024

Schedule of District's Proportionate Share of the Net Pension Liability - TRS

Year ended June 30	Measurement period June 30	District's proportion of the net pension liability	District's proportionate share of the net pension liability	State's proportionate share of the net pension liability associated with the District	District's covered payroll	District's proportionate share of the net pension liability as a percentage covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	2023	0.0000%	\$ -	\$ 24,124,188	\$5,101,429	0.00%	57.68%
2023	2022	0.0000%	\$ -	\$ 24,185,386	\$4,967,826	0.00%	56.41%
2022	2021	0.0000%	\$ -	\$ 17,240,184	\$4,452,924	0.00%	65.59%
2021	2020	0.0000%	\$ -	\$ 18,130,034	\$4,270,921	0.00%	58.27%
2020	2019	0.0000%	\$ -	\$ 17,010,398	\$4,139,817	0.00%	58.76%
2019	2018	0.0000%	\$ -	\$ 17,276,026	\$4,323,779	0.00%	59.30%
2018	2017	0.0000%	\$ -	\$ 37,666,022	\$4,543,022	0.00%	39.83%
2017	2016	0.0000%	\$ -	\$ 40,545,833	\$4,402,858	0.00%	35.22%
2016	2015	0.0000%	\$ -	\$ 31,903,351	\$4,303,489	0.00%	42.49%
2015	2014	0.0000%	\$ -	\$ 25,919,015	\$3,021,774	0.00%	45.59%

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Schedule of District's Contributions - TRS

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2024	\$ -	\$ -	\$ -	\$ 5,103,067	0.00%
2023	\$ -	\$ -	\$ -	\$ 5,101,429	0.00%
2022	\$ -	\$ -	\$ -	\$ 4,967,826	0.00%
2021	\$ -	\$ -	\$ -	\$ 4,452,924	0.00%
2020	\$ -	\$ -	\$ -	\$ 4,270,921	0.00%
2019	\$ -	\$ -	\$ -	\$ 4,139,817	0.00%
2018	\$ -	\$ -	\$ -	\$ 4,323,779	0.00%
2017	\$ -	\$ -	\$ -	\$ 4,543,022	0.00%
2016	\$ -	\$ -	\$ -	\$ 4,402,858	0.00%
2015	\$ -	\$ -	\$ -	\$ 4,303,489	0.00%

Ludlow Independent School District
 Schedule of District's Share of Net OPEB Liability and Contributions - CERS
 June 30, 2024

Schedule of District's Proportionate Share of the Net OPEB Liability - CERS

Year ended June 30	Measurement period June 30	District's proportion of the net OPEB liability	District's proportionate share of the net OPEB liability (asset)	District's covered payroll	District's proportionate share of the net OPEB liability as a percentage covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2024	2023	0.0250%	\$ (34,511)	\$ 717,060	-4.81%	104.23%
2023	2022	0.0234%	\$ 461,309	\$ 683,090	67.53%	60.95%
2022	2021	0.0269%	\$ 514,068	\$ 686,086	74.93%	58.41%
2021	2020	0.0273%	\$ 658,125	\$ 675,240	97.47%	51.67%
2020	2019	0.0295%	\$ 496,328	\$ 744,530	66.66%	60.44%
2019	2018	0.0302%	\$ 568,917	\$ 803,973	70.76%	57.62%
2018	2017	0.0343%	\$ 689,789	\$ 845,310	81.60%	52.39%

Schedule of District's Contributions - CERS

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2024	\$ -	\$ -	\$ -	\$ 773,890	0.00%
2023	\$ 137,257	\$ 137,257	\$ -	\$ 717,060	19.14%
2022	\$ 125,862	\$ 125,862	\$ -	\$ 683,090	18.43%
2021	\$ 121,431	\$ 121,431	\$ -	\$ 686,086	17.70%
2020	\$ 115,811	\$ 115,811	\$ -	\$ 675,240	17.15%
2019	\$ 120,878	\$ 120,878	\$ -	\$ 744,530	16.24%
2018	\$ 125,758	\$ 125,758	\$ -	\$ 803,973	15.64%
2017	\$ -	\$ -	\$ -	\$ 845,310	0.00%

Ludlow Independent School District
Schedule of District's Share of Net OPEB Liability and Contributions – TRS Medical Insurance Plan
June 30, 2024

Schedule of District's Proportionate Share of the Net OPEB Liability - TRS Medical Insurance Plan

Year ended June 30	Measurement period June 30	District's proportion of the net OPEB liability	District's proportionate share of the net OPEB liability	State's proportionate share of the net OPEB liability associated with the District	District's covered payroll	District's proportionate share of the net OPEB liability as a percentage covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2024	2023	0.0740%	\$ 1,803,000	\$ 1,519,000	\$5,101,429	35.34%	52.97%
2023	2022	0.1034%	\$ 2,568,000	\$ 844,000	\$4,967,826	51.69%	47.75%
2022	2021	0.0709%	\$ 1,521,000	\$ 1,236,000	\$4,452,924	34.16%	51.47%
2021	2020	0.0688%	\$ 1,735,000	\$ 1,390,000	\$4,270,921	40.62%	32.58%
2020	2019	0.0665%	\$ 1,947,000	\$ 1,572,000	\$4,139,817	47.03%	32.58%
2019	2018	0.0679%	\$ 2,355,000	\$ 2,029,000	\$4,323,779	54.47%	25.54%
2018	2017	0.7340%	\$ 2,617,000	\$ 2,138,000	\$4,543,022	57.60%	21.18%

Schedule of District's Contributions - TRS Medical Insurance Plan

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2024	\$ 153,092	\$ 153,092	\$ -	\$ 5,103,067	3.00%
2023	\$ 137,257	\$ 137,257	\$ -	\$ 5,101,429	2.69%
2022	\$ 125,862	\$ 125,862	\$ -	\$ 4,967,826	2.53%
2021	\$ 121,431	\$ 121,431	\$ -	\$ 4,452,924	2.73%
2020	\$ 115,811	\$ 115,811	\$ -	\$ 4,270,921	2.71%
2019	\$ 120,878	\$ 120,878	\$ -	\$ 4,139,817	2.92%
2018	\$ 125,758	\$ 125,758	\$ -	\$ 4,323,779	2.91%
2017	\$ 129,713	\$ 129,713	\$ -	\$ 4,543,022	2.86%

Ludlow Independent School District
 Schedule of District's Share of Net OPEB Liability and Contributions – TRS Life Insurance Plan
 June 30, 2024

Schedule of District's Proportionate Share of the Net OPEB Liability - TRS Life Insurance Plan

Year ended June 30	Measurement period June 30	District's proportion of the net OPEB liability	District's proportionate share of the net OPEB liability	State's proportionate share of the net OPEB liability associated with the District	District's covered payroll	District's proportionate share of the net OPEB liability as a percentage covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2024	2023	0.0000%	\$ -	\$ 38,000	\$5,101,429	0.00%	76.91%
2023	2022	0.0000%	\$ -	\$ 42,000	\$4,967,826	0.00%	73.97%
2022	2021	0.0000%	\$ -	\$ 16,000	\$4,452,924	0.00%	89.15%
2021	2020	0.0000%	\$ -	\$ 42,000	\$4,270,921	0.00%	71.57%
2020	2019	0.0000%	\$ -	\$ 37,000	\$4,139,817	0.00%	73.40%
2019	2018	0.0000%	\$ -	\$ 35,000	\$4,323,779	0.00%	74.97%
2018	2017	0.0000%	\$ -	\$ 29,000	\$4,543,022	0.00%	79.99%

Schedule of District's Contributions - TRS Life Insurance Plan

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2024	\$ -	\$ -	\$ -	\$ 5,103,067	0.00%
2023	\$ -	\$ -	\$ -	\$ 5,101,429	0.00%
2022	\$ -	\$ -	\$ -	\$ 4,967,826	0.00%
2021	\$ -	\$ -	\$ -	\$ 4,452,924	0.00%
2020	\$ -	\$ -	\$ -	\$ 4,270,921	0.00%
2019	\$ -	\$ -	\$ -	\$ 4,139,817	0.00%
2018	\$ -	\$ -	\$ -	\$ 4,323,779	0.00%
2017	\$ -	\$ -	\$ -	\$ 4,543,022	0.00%

SUPPLEMENTARY INFORMATION

Ludlow Independent School District
 Combining Balance Sheet – Nonmajor Funds
 June 30, 2024

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Building Fund	Debt Service Fund	Total Non-Major Governmental Funds
Assets						
Cash and cash equivalents	\$ 419,521	\$ 174,473	\$ -	\$ -	\$ -	\$ 593,994
Investments	-	-	-	-	-	-
Receivables	-	-	-	-	-	-
Total assets	\$ 419,521	\$ 174,473	\$ -	\$ -	\$ -	\$ 593,994
Liabilities						
Unearned revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-	-
Fund balances						
Restricted	-	174,473	-	-	-	174,473
Assigned	-	-	-	-	-	-
Unassigned	419,521	-	-	-	-	419,521
Total fund balances	419,521	174,473	-	-	-	593,994
Total liabilities and fund balances	\$ 419,521	\$ 174,473	\$ -	\$ -	\$ -	\$ 593,994

Ludlow Independent School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance – Nonmajor Funds
Year Ended June 30, 2024

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Building Fund	Debt Service Fund	Total Non-Major Governmental Funds
Revenues						
From local sources:						
Property taxes	\$ -	\$ -	\$ -	\$ 506,240	\$ -	\$ 506,240
Motor vehicle taxes	-	-	-	-	-	-
Utility taxes	-	-	-	-	-	-
Earnings on investments	-	-	-	-	-	-
Tuition	-	-	-	-	-	-
Other local revenue	546,240	313,612	-	-	-	859,852
Intergovernmental state:	-	-	-	-	-	-
SEEK	-	-	75,143	266,227	-	341,370
On-behalf	-	-	-	-	278,440	278,440
Other	-	-	-	-	-	-
Intergovernmental federal	-	-	-	-	-	-
Federal direct	-	-	-	-	-	-
Total revenues	546,240	313,612	75,143	772,467	278,440	1,985,902
Expenditures						
Instruction	61,496	-	-	-	-	61,496
Support services:						
Student	-	289,976	-	-	-	289,976
Instruction staff	-	-	-	-	-	-
District administrative	-	-	-	-	-	-
School administrative	-	-	-	-	-	-
Business support	-	-	-	-	-	-
Plant operation	359,799	-	-	-	-	359,799
Student transportation	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Building construction	-	-	-	-	-	-
Principal	-	-	-	-	625,000	625,000
Interest	-	-	-	-	450,771	450,771
Total expenditures	421,295	289,976	-	-	1,075,771	1,787,042
Excess of revenues over (under) expenditures	124,945	23,636	75,143	772,467	(797,331)	198,860
Other financing sources (uses)						
Transfers in	-	-	-	-	797,331	797,331
Transfers out	-	-	(75,143)	(772,467)	-	(847,610)
Original issue discount	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(75,143)	(772,467)	797,331	(50,279)
Net change in fund balances	124,945	23,636	-	-	-	148,581
Fund balances - beginning	294,576	150,837	-	-	-	445,413
Fund balances - end of year	\$ 419,521	\$ 174,473	\$ -	\$ -	\$ -	\$ 593,994

Ludlow Independent School District
 Combining Statement of School Activity Funds
 Year Ended June 30, 2024

	Fund Balance June 30, 2023	Receipts	Disbursements	Fund Balance June 30, 2024
Ludlow High School	\$ 102,903	\$ 227,249	\$ 212,116	\$ 118,036
Goetz Elementary	47,934	37,929	29,426	56,437
Totals	\$ 150,837	\$ 265,178	\$ 241,542	\$ 174,473

Ludlow Independent School District
Statement of School Activity Funds
Ludlow High School
Year Ended June 30, 2024

Fund Name	Fund Balance				Fund Balance
	June 30, 2023	Receipts	Disbursements	Transfers	June 30, 2024
Principal's office	\$ 2,629	\$ 5,101	\$ 2,097	-	\$ 5,633
Staff generated	162	-	-	-	162
Ludlow Christian scholars	9,663	3,067	500	-	12,230
Band scholarship	-	1,200	1,200	-	-
Service learning	414	-	-	-	414
Central office	3,278	905	244	-	3,939
Book rental	7,017	7,071	14,088	-	-
Student fees	944	15,949	5,959	(5,685)	5,249
Technology	5,500	2,120	-	-	7,620
Athletic AD	2,001	50,270	21,388	(19,318)	11,565
Softball	4,951	6,464	3,039	(263)	8,113
Volleyball	4,869	16,082	10,489	(6,255)	4,207
Soccer	1,728	2,926	2,946	(1,525)	183
Track	196	25	-	(150)	71
Baseball	928	4,293	4,071	(145)	1,005
HS football	3,809	32,520	27,217	(3,408)	5,704
MS cheerleading	1,139	2,201	3,160	500	680
HS cheerleading	2,945	4,374	4,771	-	2,548
Boys basketball	7,401	12,773	13,967	(1,765)	4,442
Girls basketball	5,245	9,384	9,829	(1,797)	3,003
Cross country	51	-	-	-	51
Band	1,211	8,290	9,266	(76)	159
Band drinks	574	12	637	51	-
Student council	1,174	932	1,070	(326)	710
March madness	73	-	-	-	73
NHS	4,558	9,599	9,603	(25)	4,529
SADD	1,094	876	682	277	1,565
HS drama	1,321	-	-	-	1,321
MS drama	842	-	-	-	842
PCC	198	-	-	-	198
Yearbook	6,006	2,197	741	-	7,462
Academic team	7	-	-	-	7
Class of 2029	473	-	-	(473)	-
Class of 2024	74	1,837	2,276	573	208
Class of 2025	75	5,660	1,100	(4,600)	35
Holding	10,021	10,043	10,043	-	10,021

Ludlow Independent School District
Statement of School Activity Funds - Continued
Ludlow High School
Year Ended June 30, 2024

Fund Name	Fund Balance			Transfers	Fund Balance
	June 30, 2023	Receipts	Disbursements		June 30, 2024
Sweep	-	-	42,672	42,872	200
Student recognition	301	100	694	500	207
Box tops for education	320	-	227	-	93
Miscellaneous	201	-	-	-	201
Life skills	356	-	-	-	356
MD Class	46	-	-	-	46
MS Track	966	-	-	-	966
MS Basketball Boys	1,676	-	1,778	102	-
MS Basketball Girls	-	-	-	-	-
MS Football	3,764	8,889	5,987	-	6,666
MS Basketball AD	2,702	2,089	375	-	4,416
MS Volleyball AD	-	-	-	936	936
Totals	\$ 102,903	\$ 227,249	\$ 212,116	\$ -	\$ 118,036

Ludlow Independent School District
 Schedule of Federal Expenditures
 Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing	Pass Through Grantor's Number	Federal Expenditures for FYE 6/30/2024	
U.S. Department of Education				
<i>Passed through Kentucky Department of Education</i>				
Special Education Cluster (IDEA)				
Special Education_Grants to States (IDEA, Part B)	84.027	3810002 23	\$	30,297
	84.027	3810002 24		226,970
Special Education_Preschool Grants (IDEA, Preschool)	84.173	3800002 22		29
	84.173	3800002 23		201
	84.173	3800002 24		13,373
				270,870
Title I Grants to Local Educational Agencies	84.010	3100002 23		14,595
	84.010	3100002 24		316,248
				330,843
Twenty-First Century Community Learning Centers	84.287	3400002 24		115,010
	84.287	3400002 24		843
	84.287	3400002 24		80,978
				196,831
Title II Supporting Effective Instruction State Grants	84.367	3230002 23		24,497
	84.367	3230002 24		30,622
				55,119
Title IV Student Support and Academic	84.424	3420002 22		18,258
				18,258
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425C	4000002 20		16,580
	84.425U	4200002 22		1,305,160
	84.425U	4200000 23		32,328
	84.425W	4980002 23		4,767
				1,358,835
<i>Passed through NKCES</i>				
School-Based Mental Health Services	84.184H			70,496
				70,496
Arts in Education	84.351			17,572
				17,572
Total U.S Department of Education				2,318,824

Ludlow Independent School District
 Schedule of Federal Expenditures
 Year Ended June 30, 2024

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing</u>	<u>Pass Through Grantor's Number</u>	<u>Federal Expenditures for FYE 6/30/2024</u>
<u>U.S. Department of Justice</u>			
<i>Passed through NKCES</i>			
Stop School Violence	16.839		8,034
Total U.S Department of Justice			8,034
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through NKCES</i>			
Substance Abuse and Mental Health Services	93.243		12,742
Child Care and Development Block Grant	93.575	4200003 23	53,069
	93.575	4200003 24	64,407
Total U.S Department of Health and Human Services			130,218
<u>U.S. Department of Agriculture</u>			
<i>Passed through Kentucky Department of Education</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	7760005 23	23,781
	10.553	7760005 24	86,851
National School Lunch Program	10.555	7750002 23	84,193
	10.555	7750002 24	357,338
Commodities	10.555		20,293
Summer Food Service Program for Children	10.559	7690024 23	2,124
	10.559	7740023 23	20,450
Child and Adult Care Food Program	10.558	7790021 23	11,734
	10.558	7790021 24	74,600
	10.558	7800016 23	815
	10.558	7800016 24	8,178
State Administrative Expenses for Child Nutrition	10.560	7700001 23	1,235
Total U.S Department of Agriculture			691,592
Total Expenditures of Federal Awards			\$ 3,148,668

NOTE 1: BASIS OF PRESENTATION

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3: INDIRECT COST RATE

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

NOTE 4: SUBRECIPIENTS

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

NOTE 5: COMMODITIES

Nonmonetary assistance is recorded in the schedule at the fair value of the USDA commodities received and disbursed.

NOTE 6: FEDERAL AWARDS RECONCILIATION

Federal revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	\$ 2,457,076
Federal grants reported on the Statement or Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	671,299
Donated commodities reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	20,293
Schedule of expenditures of federal awards	<u>\$ 3,148,668</u>



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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Ludlow Independent School District (District) as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the District basic financial statements and have issued our report thereon dated October 30, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated October 30, 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.

Maddox & Associates CPAs Inc.

Ludlow, Kentucky

October 30, 2024

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited Ludlow Independent 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 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities of 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

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 not 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*, the 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, 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.

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky

October 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 Yes X None reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 Yes X None reported

Type of report the auditor issued on compliance with major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance (2 CFR 500.516(a))?

 Yes X None reported

Identification of Major Programs

ALN	Name of Federal Program or Cluster
84.425C, 84.425U, 84.425W	Elementary and Secondary Education Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee

 X Yes No

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

NO PRIOR FINDINGS

Ludlow Independent School District
Management Letter
Year Ended June 30, 2024

Kentucky State Committee for School District Audits
Members of the Board of Education
Ludlow Independent School District
Fort Thomas, Kentucky

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

However, during our audit we became aware of matters that our opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and recommendations regarding these matters. Any uncorrected comments from the prior year have been listed in this letter. A separate report dated October 30, 2024 contains our report on the District's internal control. This letter does not affect our report dated October 30, 2024 on the financial statements of the District.

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

Maddox & Associates CPAs Inc.

October 30, 2024

Central Office

No matters are reportable

Ludlow High School

No matters are reportable

Goetz Elementary School

No matters are reportable

Prior Year Comments

No prior year comments were repeated in the current year.