MARTIN COUNTY
SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES

For the year ended June 30, 2024

Prepared by:

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the Martin County School District
Inez, Kentucky

And the State Committee for School District Audits

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

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

White & Associates, PSC

Richmond, Kentucky
November 15, 2024

As management of the Martin County 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 the audit.

FINANCIAL HIGHLIGHTS

- The beginning fund balance for the General Fund was $5.61 million. The ending fund balance was $8.34 million.
- The district constructs and renovates facilities with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations.
- The General Fund had $16.45 million in revenue, including on behalf payments made by the state, which primarily consisted of the state program (SEEK), property, utility, and motor vehicle taxes. There were $14.65 million in General Fund expenditures.
- During fiscal year 2024 the District was less impacted by the loss of students in prior years, better collections of local tax revenue, and better business activities due to economic conditions leveling in the region.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of Martin County Schools, assets exceeded liabilities by $40.80 million for Governmental Activities, and $.37 million for Business Type Activities as of June 30, 2024. The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

The 2024 government-wide net position compared to 2023 is as follows:

Table 1
Net Position
$ (in Millions)

	Governmental Activities 2023	Governmental Activities 2024	Business-type Activities 2023	Business-type Activities 2024	Totals 2023	Totals 2024
Current assets	$ 25.83	$ 30.04	$ 0.95	$ 0.68	$ 26.78	$ 30.72
Non-current assets	57.30	56.55	0.12	0.14	57.42	56.69
Total assets	83.13	86.59	1.07	0.82	84.20	87.41
Deferred outflows	5.52	5.34	0.14	0.17	5.66	5.51
Current liabilities	3.21	3.18	0.01	0.01	3.22	3.19
Non-current liabilities	46.44	40.70	0.46	0.37	46.90	41.07
Total liabilities	49.65	43.88	0.47	0.38	50.12	44.26
Deferred inflows	4.85	7.26	0.14	0.24	4.99	7.50
Net position:						
Invested in capital assets, net of debt	21.86	23.15	0.12	0.10	21.98	23.25
Restricted	19.38	21.02	0.48	0.27	19.86	21.29
Unrestricted (deficit)	(7.09)	(3.37)	-	-	(7.09)	(3.37)
Total net position	$ 34.15	$ 40.80	$ 0.60	$ 0.37	$ 34.75	$ 41.17

GOVERNMENTAL ACTIVITIES

Ending net position was $41.17 million for the District. This was an increase of $6.41 million from 2023.

Table 2
Changes in Net Position
(in millions)

	Governmental Activities 2023	Governmental Activities 2024	Business-Type Activities 2023	Business-Type Activities 2024	Total School District 2023	Total School District 2024	Total Percentage Change 2023-2024
Revenues:							
Charges for services	$ 0.65	$ 0.86	$ 0.05	$ 0.07	$ 0.70	$ 0.93	33%
Operating grants and contributions	16.57	14.96	2.02	1.93	18.59	16.89	-9%
Capital grants and contributions	20.64	3.04	-	-	20.64	3.04	-85%
General revenues	9.05	14.86	(0.09)	(0.10)	8.96	14.76	65%
Total revenue	46.91	33.72	1.98	1.90	48.89	35.62	-27%
Expenses:							
Instruction	$ 13.71	$ 16.50	$ -	$ -	$ 13.71	$ 16.50	20%
Student	1.48	1.33	-	-	1.48	1.33	-10%
Instructional staff	0.61	0.53	-	-	0.61	0.53	-13%
District administration	0.63	0.48	-	-	0.63	0.48	-24%
School administration	0.90	0.60	-	-	0.90	0.60	-33%
Business	0.48	0.44	-	-	0.48	0.44	-8%
Plant operation & maintenance	3.71	3.34	-	-	3.71	3.34	-10%
Student transportation	1.43	1.36	-	-	1.43	1.36	-5%
Community services operations	0.45	0.39	-	-	0.45	0.39	-13%
Other facilities	-	0.01	-	-	-	0.01	0%
Food service operations	-	-	2.04	2.12	2.04	2.12	4%
Depreciation/amortization	0.86	0.92	0.01	0.02	0.87	0.94	8%
Interest on long-term debt	1.23	1.17	-	-	1.23	1.17	-5%
Total expenses	$ 25.49	$ 27.07	$ 2.05	$ 2.14	$ 27.54	$ 29.21	6%
Change in net position	$ 21.42	$ 6.65	$ (0.07)	$ (0.24)	$ 21.35	$ 6.41	70%

CAPITAL ASSETS

At the end of fiscal 2024, the District had $56.50 million invested in capital assets, including land, buildings, buses, computers and other equipment. This amount represents a net decrease (including additions, deductions construction in progress) of $.92 million.

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

	Governmental Activities		Business-type Activities		Totals	
	2023	2024	2023	2024	2023	2024
Land	$ 501,150	$ 501,150	$ -	$ -	$ 501,150	$ 501,150
Land Improvements	65,633	63,806	-	-	65,633	63,806
Buildings	10,721,951	54,397,180	-	-	10,721,951	54,397,180
Technology Equipment	6,298	4,880	-	-	6,298	4,880
Vehicles	1,035,347	848,921	-	-	1,035,347	848,921
General Equipment	361,101	298,179	117,112	101,344	478,213	399,523
Infrastructure	264,608	228,652	-	-	264,608	228,652
Construction in Progress	44,301,446	21,434	-	-	44,301,446	21,434
Finance Purchases	42,951	32,432	-	-	42,951	32,432
Totals	$ 57,300,485	$ 56,396,635	$ 117,112	$ 101,344	$ 57,417,597	$ 56,497,979

DEBT

The following table shows our outstanding debt obligations as of June 30, 2024. Debt decreased from the prior year $2.20 million.

Table 4
Outstanding Debt at Year-End

	Government Activities	
	2023	2024
General Obligation Bonds	$ 35,065,352	$ 32,971,537
Finance Purchase Obligations	377,964	274,518
Total Obligations	$ 35,443,316	$ 33,246,055

THE DISTRICT'S FUNDS

As the District completed the year, its General Fund reflected a fund balance of $8.34 million, an increase of $2.73 million from the prior year. $8.19 million was unassigned fund balance, compared to $5.46 million from the preceding year.

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

*Note This chart does not include beginning balances.

REVENUES	Fund 1	Fund 2	Fund 310	Fund 320	Fund 360	Fund 400	Fund 51
Local Revenue Sources	$ 4,243,230	$ 243,935	$ -	$ 479,953	$ 1,085,175	$ -	$ 66,684
State Revenue Sources	12,183,204	1,034,289	157,092	1,116,104	-	1,768,130	298,879
Federal Revenue Sources	26,983	9,352,714	-	-	-	-	1,626,711
Other	-	-	-	-	-	-	42,134
Transfers	958,126	28,639	-	-	-	1,491,226	-
TOTALS	**$17,411,543**	**$10,659,577**	**$157,092**	**$ 1,596,057**	**$ 1,085,175**	**$3,259,356**	**$ 2,034,408**
EXPENDITURES	**Fund 1**	**Fund 2**	**Fund 310**	**Fund 320**	**Fund 360**	**Fund 400**	**Fund 51**
Instruction	$ 7,378,794	$ 8,336,653	$ -	$ -	$ -	$ -	$ -
Student Support Services	828,650	501,281	-	-	-	-	-
Instructional Staff Support Services	428,001	97,820	-	-	-	-	-
District Admin Support	478,565	-	-	-	-	-	-
School Admin Support	597,705	-	-	-	-	-	-
Business Support Services	421,534	15,724	-	-	-	-	-
Plant Operation & Management	3,209,563	127,139	-	-	-	-	-
Student Transportation	1,208,483	151,321	-	-	-	-	-
Food Service Operations	-	-	-	-	-	-	2,123,176
Day Care Operations	-	-	-	-	-	-	-
Community Services	1,571	392,624	-	-	-	-	-
Depreciation	-	-	-	-	-	-	15,767
Building Acquisitions	-	-	-	-	30,863	-	-
Building Improvements	-	-	-	-	-	-	-
Debt Service	101,260	-	-	-	-	3,259,356	-
Other	-	-	-	-	-	-	-
Transfers	28,639	1,038,203	-	1,280,574	-	-	130,576
TOTALS	**$14,682,765**	**$10,660,765**	**$ -**	**$ 1,280,574**	**$ 30,863**	**$3,259,356**	**$ 2,269,519**
Excess / (Deficit)	2,728,778	(1,188)	157,092	315,483	1,054,312	-	(235,111)

COMMENTS ON BUDGET COMPARISONS

- Actual General Fund revenue was over the budget by $.85 million. General Fund budget compared to actual revenue varied slightly in most line items.
- Actual General Fund expenditures were under the budget by $5.81 million.

FUTURE BUDGETARY IMPLICATIONS

In Kentucky, the public schools' fiscal year is July 1 - June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency.
Issues which will impact future budgets include:

- The need of improving programming and meeting the academic audit recommendations and ESSA requirements.
- Insufficient funding of the state transportation formula
- Economic conditions in the region resulting in future reduction of population and the revenues associated
- Local assessed tax rates
- Staffing reassessment

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Contact Earnest Hale at 606-298-3572 or mail us at Martin County Board of Education, 104 E Main St., Inez, KY 41224.

MARTIN COUNTY SCHOOL DISTRICT
Statement of Net Position
June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 8,732,668	$ 680,536	$ 9,413,204
Investments	18,858,178		18,858,178
Receivables (net)	2,446,969		2,446,969
Prepaid expenses	991		991
Inventories		30,198	30,198
Funded OPEB asset	154,583	8,003	162,586
Land and construction in progress	522,584		522,584
Other capital assets, net of depreciation	55,841,619	101,344	55,942,963
Finance purchases	32,432		32,432
Total capital assets	56,396,635	101,344	56,497,979
Total assets	86,590,024	820,081	87,410,105
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	2,386,389	123,554	2,509,943
Deferred outflows related to OPEB CERS	986,771	51,090	1,037,861
Deferred outflows related to OPEB TRS	1,820,555		1,820,555
Deferred savings from refunded bonds	146,563		146,563
Total deferred outflows of resources	5,340,278	174,644	5,514,922
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	91,930,302	994,725	92,925,027
LIABILITIES			
Accounts payable and accrued expenses	305,975	8,690	314,665
Accrued interest payable	312,096		312,096
Unearned revenue	273,988		273,988
Long-term liabilities:			
Due within 1 year:			
Bond obligations	2,185,000		2,185,000
Finance purchase obligations	102,539		102,539
Total due within 1 year	2,287,539	-	2,287,539
Due in more than 1 year:			
Bond obligations	30,786,537		30,786,537
Finance purchase obligations	171,979		171,979
Sick leave	299,783		299,783
Net pension liability	7,184,371	371,967	7,556,338
Net OPEB liability TRS	2,253,000		2,253,000
Total due in more than 1 year	40,695,670	371,967	41,067,637
Total liabilities	43,875,268	380,657	44,255,925
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,782,957	92,312	1,875,269
Deferred inflows related to OPEB CERS	2,958,391	153,169	3,111,560
Deferred inflows related to OPEB TRS	2,515,000		2,515,000
Total deferred inflows of resources	7,256,348	245,481	7,501,829
NET POSITION			
Net Investment in capital assets	23,150,580	101,344	23,251,924
Restricted for:			
Capital projects	20,781,261		20,781,261
District activities	15,606		15,606
Special revenues	221,309		221,309
Food Services		267,243	267,243
Unrestricted (deficit)	(3,370,070)		(3,370,070)
Total net position	40,798,686	368,587	41,167,273
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 91,930,302	$ 994,725	$ 92,925,027

See accompanying notes to the financial statements.

MARTIN COUNTY SCHOOL DISTRICT
Statement of Activities
Year ended June 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
Instruction	$ 16,499,637	$ -	$ 10,278,481	$ -	$ (6,221,156)	$ -	$ (6,221,156)
Support services							
Student	1,329,931	824,387	735,093		229,549		229,549
Instructional staff	525,821		290,637		(235,184)		(235,184)
District administration	478,565		264,517		(214,048)		(214,048)
School administration	597,705		330,370		(267,335)		(267,335)
Business	437,258		241,686		(195,572)		(195,572)
Plant operation & maintenance	3,336,702		1,844,297	1,273,196	(219,209)		(219,209)
Student transportation	1,359,804	32,501	751,605		(575,698)		(575,698)
Community services operations	394,195		217,884		(176,311)		(176,311)
Facilities	9,429		5,212		(4,217)		(4,217)
Interest on general long-term debt	1,170,909			1,768,130	597,221		597,221
Depreciation*	925,284				(925,284)		(925,284)
Total governmental activities	27,065,240	856,888	14,959,781	3,041,326	(8,207,245)		(8,207,245)
Business-type activities:							
Food service operations	2,123,176	66,684	1,925,590			(130,902)	(130,902)
Depreciation*	15,767					(15,767)	(15,767)
Total business-type activities	2,138,943	66,684	1,925,590	-	-	(146,669)	(146,669)
Total primary government	$ 29,204,183	$ 923,572	$ 16,885,371	$ 3,041,326	(8,207,245)	(146,669)	(8,353,914)
General revenues:							
Taxes:							
Property taxes					2,711,921		2,711,921
Motor vehicle taxes					268,654		268,654
Unmined minerals					24,409		24,409
Franchise taxes					419,394		419,394
Utility taxes					642,992		642,992
State and formula grants					8,706,293		8,706,293
Other local revenue					561,504		561,504
Unrestricted investment earnings					1,390,918	42,133	1,433,051
Transfer					130,575	(130,575)	-
Total general revenues and transfer					14,856,660	(88,442)	14,768,218
Change in net position					6,649,415	(235,111)	6,414,304
Net position - beginning					34,149,271	603,698	34,752,969
Net position - ending					$ 40,798,686	$ 368,587	$ 41,167,273

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

See accompanying notes to the financial statements.

MARTIN COUNTY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2024

	Governmental Funds					
	General	**Special Revenue**	**Construction**	**Debt Service**	**Other Governmental Funds**	**Total**
ASSETS						
Cash and cash equivalents	$ 6,466,840	$ 85,415	$ 415,616	$ -	$ 1,764,797	$ 8,732,668
Investments		23,680	18,834,498			18,858,178
Prepaid expenses	991					991
Receivables						
Interfund receivables	1,614,715					1,614,715
Taxes	317,096					317,096
Accounts		3,590			3,265	6,855
Intergovernmental - state		26,293				26,293
Intergovernmental - federal		2,096,725				2,096,725
Total assets	8,399,642	2,235,703	19,250,114	-	1,768,062	31,653,521
LIABILITIES						
Accounts payable	64,004	241,971				305,975
Interfund payable		1,614,715				1,614,715
Unearned revenue		273,988				273,988
Total liabilities	64,004	2,130,674	-	-	-	2,194,678
FUND BALANCE						
Restricted		105,029	19,250,114		1,546,753	20,901,896
Committed	149,666				221,309	370,975
Unassigned	8,185,972					8,185,972
Total fund balance	8,335,638	105,029	19,250,114	-	1,768,062	29,458,843
TOTAL LIABILITIES AND FUND BALANCE	$ 8,399,642	$ 2,235,703	$ 19,250,114	$ -	$ 1,768,062	$ 31,653,521

See accompanying notes to the financial statements.

MARTIN COUNTY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

June 30, 2024

Fund balances-total governmental funds	$	29,458,843
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.		56,396,635
Costs associated with bond issues and refundings are expensed in the fund financial statements because they are a use of current financial resources but are capitalized on the statement of net position using the economic resources focus.		146,563
Certain assets (OPEB asset) is not receivable in the current period and, therefore is not reported in the fund financial statements.		154,583
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, accrued interest payable, other accounts payable, and net pension obligations) are not due and payble in the current period and, therefore, are not reported in the funds		
Accrued interest payable		(312,096)
Bonds payable		(32,971,537)
Sick leave liability		(299,783)
Finance purchase obligations		(274,518)
Net pension liability		(7,184,371)
Net opeb liability		(2,253,000)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows related to pensions		2,386,389
Deferred outflows related to OPEB		2,807,326
Deferred inflows related to pensions		(1,782,957)
Deferred inflows related to OPEB		(5,473,391)
Net position of governmental activities	$	40,798,686

See accompanying notes to the financial statements.

MARTIN COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year ended June 30, 2024

	General	Special Revenue	Construction	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES						
From Local Sources						
Taxes						
Property	$ 2,231,968	$ -	$ -	$ -	$ 479,953	$ 2,711,921
Motor vehicle	268,654					268,654
Unmined mineral	24,409					24,409
Franchise	419,394					419,394
Utilities	642,992					642,992
Earnings on investments	393,914	5,829	991,175			1,390,918
Transportation	32,501					32,501
Other local revenue	229,398	238,106	94,000			561,504
Student activities					824,387	824,387
Intergovernmental - state	12,183,204	1,034,289		1,768,130	1,273,196	16,258,819
Intergovernmental - federal	26,983	9,352,714				9,379,697
Total revenues	16,453,417	10,630,938	1,085,175	1,768,130	2,577,536	32,515,196
EXPENDITURES						
Instruction	7,378,794	8,336,653			783,739	16,499,186
Support Services						
Student	828,650	501,281				1,329,931
Instructional staff	428,001	97,820				525,821
District administration	478,565					478,565
School administration	597,705					597,705
Business	421,534	15,724				437,258
Plant operation & maintenance	3,209,563	127,139				3,336,702
Student transportation	1,208,483	151,321				1,359,804
Community services operations	1,571	392,624				394,195
Building acquistions & construction			30,863			30,863
Debt service	101,260			3,259,356		3,360,616
Total expenditures	14,654,126	9,622,562	30,863	3,259,356	783,739	28,350,646
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,799,291	1,008,376	1,054,312	(1,491,226)	1,793,797	4,164,550
OTHER FINANCING SOURCES (USES)						
Operating transfers in	958,126	28,639		1,491,226		2,477,991
Operating transfers (out)	(28,639)	(1,038,203)			(1,280,574)	(2,347,416)
Total other financing sources and (uses)	929,487	(1,009,564)	-	1,491,226	(1,280,574)	130,575
NET CHANGE IN FUND BALANCE	2,728,778	(1,188)	1,054,312	-	513,223	4,295,125
FUND BALANCE-BEGINNING	5,606,860	106,217	18,195,802	-	1,254,839	25,163,718
FUND BALANCE-ENDING	$ 8,335,638	$ 105,029	$ 19,250,114	$ -	$ 1,768,062	$ 29,458,843

See accompanying notes to the financial statements.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year ended June 30, 2024

Net change in fund balance-total governmental funds	$	4,295,125
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report district OPEB and pension contributions as expenditures. However in the Statement of Activities, the cost of the benefits earned net of employee contributions is reported as pension expense or revenue.		1,068,884
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.		(903,850)
Bonds sold at a discount/premium are a reduction/addition in the amount owed and amortized over the discount period of the bonds sold.		(26,185)
The difference in the issue amount of the refunding of bond proceeds and the amount for payment to the escrow account to pay the refunded bonds is amortized over the life of the refunding issue.		(24,427)
Bond and finance purchase payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.		2,223,446
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.		
Accrued interest payable		16,873
Noncurrent sick leave payable		(451)
Change in net position of governmental activities	$	6,649,415

See accompanying notes to the financial statements.

MARTIN COUNTY SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

General Fund

Year Ended June 30, 2024

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
From local sources				
Taxes				
Property	$ 1,580,000	$ 1,580,000	$ 2,231,968	$ 651,968
Motor vehicle	150,000	150,000	268,654	118,654
Franchise	200,000	200,000	419,394	219,394
Utilities	500,000	500,000	642,992	142,992
Unmined minerals	20,000	20,000	24,409	4,409
Transportation	25,000	25,000	32,501	7,501
Earnings on investments	150,000	150,000	393,914	243,914
Other local revenue	25,000	25,000	229,398	204,398
Intergovernmental - state	12,942,500	12,942,500	12,183,204	(759,296)
Intergovernmental - federal	15,600	15,600	26,983	11,383
Total revenues	15,608,100	15,608,100	16,453,417	845,317
EXPENDITURES				
Instruction	8,908,748	8,908,748	7,378,794	1,529,954
Support services				
Student	1,265,672	1,265,672	828,650	437,022
Instructional staff	633,741	633,741	428,001	205,740
District administration	2,072,415	2,072,415	478,565	1,593,850
School administration	961,261	961,261	597,705	363,556
Business	542,300	542,300	421,534	120,766
Plant operation & maintenance	4,391,750	4,391,750	3,209,563	1,182,187
Student transportation	1,424,575	1,424,575	1,208,483	216,092
Community services	300	300	1,571	(1,271)
Facilities	130,000	130,000		130,000
Debt service	130,000	130,000	101,260	28,740
Total expenditures	20,460,762	20,460,762	14,654,126	5,806,636
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(4,852,662)	(4,852,662)	1,799,291	6,651,953
OTHER FINANCING SOURCES (USES)				
Operating transfers in	70,000	70,000	958,126	888,126
Operating transfers (out)	(35,000)	(35,000)	(28,639)	6,361
Total other financing sources and (uses)	35,000	35,000	929,487	894,487
NET CHANGE IN FUND BALANCE	(4,817,662)	(4,817,662)	2,728,778	7,546,440
FUND BALANCE-BEGINNING	4,817,662	4,817,662	5,606,860	789,198
FUND BALANCE-ENDING	$ -	$ -	$ 8,335,638	$ 8,335,638

See accompanying notes to the financial statements.

MARTIN COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Fund
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	**Final**	**Actual**	**(Unfavorable)**
REVENUES				
From local sources				
Earnings on investments	$ -	$ -	$ 5,829	$ 5,829
Other local revenue	73,000	73,000	238,106	165,106
Intergovernmental - state	669,686	662,686	1,034,289	371,603
Intergovernmental - federal	3,022,228	2,961,657	9,352,714	6,391,057
Total revenues	3,764,914	3,697,343	10,630,938	6,933,595
EXPENDITURES				
Instruction	3,217,282	3,329,140	8,336,653	(5,007,513)
Support services				
Student	98,731	98,731	501,281	(402,550)
Instructional staff	72,905	72,905	97,820	(24,915)
Business			15,724	(15,724)
Plant operation & maintenance	61,567	61,567	127,139	(65,572)
Student transportation			151,321	(151,321)
Community services operations	289,000	282,000	392,624	(110,624)
Total expenditures	3,739,485	3,844,343	9,622,562	(5,778,219)
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	25,429	(147,000)	1,008,376	1,155,376
OTHER FINANCING SOURCES (USES)				
Operating transfers in	35,000	35,000	28,639	(6,361)
Operating transfers (out)			(1,038,203)	(1,038,203)
Total other financing sources and (uses)	35,000	35,000	(1,009,564)	(1,044,564)
NET CHANGE IN FUND BALANCE	60,429	(112,000)	(1,188)	110,812
FUND BALANCE-BEGINNING	-	-	106,217	106,217
FUND BALANCE (DEFICIT)-ENDING	$ 60,429	$ (112,000)	$ 105,029	$ 217,029

See accompanying notes to the financial statements.

MARTIN COUNTY SCHOOL DISTRICT
Statement of Net Position
June 30, 2024

		Enterprise Fund
		School Food Services
ASSETS		
Cash and cash equivalents	$	680,536
Inventories		30,198
Funded OPEB asset		8,003
Capital assets:		
Other capital assets, net of depreciation		101,344
Total assets		820,081
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions		123,554
Deferred outflows related to OPEB		51,090
Total deferred outflows of resources		174,644
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		994,725
LIABILITIES		
Accounts payable		8,690
Net pension liability		371,967
Total liabilities		380,657
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions		92,312
Deferred inflows related to OPEB		153,169
Total deferred inflows of resources		245,481
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		626,138
NET POSITION		
Net investment in capital assets		101,344
Restricted		267,243
Total net position		368,587
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$	994,725

See accompanying notes to the financial statements.

MARTIN COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Year ended June 30, 2024

	Enterprise Fund
	School Food Services
OPERATING REVENUES	
Lunchroom sales	$ 66,684
Total operating revenues	66,684
OPERATING EXPENSES	
Depreciation	15,767
Food service operations	
Salaries and benefits	683,566
Operational	1,439,610
Total operating expenses	2,138,943
Operating income (loss)	(2,072,259)
NONOPERATING REVENUES (EXPENSES)	
Federal grants	1,626,711
State grants	298,879
Transfer	(130,576)
Earnings from investments	42,134
Total nonoperating revenues (expenses)	1,837,148
CHANGE IN NET POSITION	(235,111)
NET POSITION-BEGINNING	603,698
NET POSITION-ENDING	$ 368,587

See accompanying notes to the financial statements.

MARTIN COUNTY SCHOOL DISTRICT

Statement of Cash Flows

Proprietary Fund

For the year ended June 30, 2024

	Enterprise Fund
	School Food Services
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 66,684
Payments to suppliers	(1,448,937)
Payments to employees	(683,566)
Net cash provided (used) by operating activities	(2,065,819)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer	(130,576)
Operating grants and contributions	1,925,590
Net cash provided (used) by capital financing activities	1,795,014
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	42,134
Net cash provided (used) by investing activities	42,134
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(228,671)
CASH AND CASH EQUIVALENTS-BEGINNING	909,207
CASH AND CASH EQUIVALENTS-ENDING	$ 680,536
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ (2,072,259)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	15,767
Changes in assets and liabilities:	
Inventories	9,196
OPEB asset	(8,003)
Deferral outflows	(34,483)
Deferral inflows	107,437
Pension liability	14,067
OPEB liability	(97,701)
Account payable	160
Net cash provided (used) by operating activities	$ (2,065,819)

NONCASH NONCAPITAL FINANCING ACTIVITIES

During the year, the district received $46,303 of food commodities from the U.S. Department of Agriculture.

During the year, the district recognized revenues and expenses for on-behalf payments relating to fringe benefits in the amount of $288,207 for school food services.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

Blended Component Unit

Martin County Board of Education Finance Corporation

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

Basis of Presentation

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

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

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

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

The District has the following funds:

I. Governmental Fund Types

(A) General Fund

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

(B) Special Revenue Fund

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

(C) Special Revenue (District Activity) Fund

The Special Revenue (District Activity) Fund accounts for funds collected at individual schools for operation costs of the schools or school district that allows for more flexibility in the expenditures of those funds.

(D) Special Revenue (Student Activity) Fund

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

(E) Capital Project Funds

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

SEEK Capital Outlay Fund

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

Building (FSPK) Fund

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

Construction Fund

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

(F) Debt Service Fund

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

II. Proprietary Funds (Enterprise Funds)

Food Service Fund

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

The District applies all GASB pronouncements to proprietary funds.

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resource are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis, On a modified accrual basis, revenues from nonexchange transactions must also be available before it can be recognized.

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

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

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

Cash and Cash Equivalents

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

Investments

The District holds investments in United States Treasury Notes for future construction projects. The District also holds stock in a corporation from a scholarship grant included in the Special Revenue Fund and is reported at fair value. See Note C.

Inventories

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

Prepaid Assets

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

Capital Assets

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

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

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

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

Right-of-Use Assets, Finance Purchases, Subscription-Based Information Technology Arrangements

The District records right-of-use and finance purchase assets in accordance with GASB 87 and subscription based information technology arrangement assets in accordance with GASB 96. These assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the asset into service. The assets are amortized on a straight-line basis over the life of the related lease.

Accrued Liabilities and Long-Term Obligations

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

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

Accumulated Unpaid Sick Leave Benefits

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

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

Fund Balances

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

Non-spendable: Permanently non-spendable by decree of the donor, such as an endowment, or funds that are not in a spendable form, such as prepaid expenses or inventory on hand.

Restricted: Legally restricted under legislation, bond authority, or grantor contract.

Committed: Commitments of future funds for specific purposes passed by the Board.

Assigned: Funds that are intended by management to be used for a specific purpose, including encumbrances.

Unassigned: Funds available for any purpose; unassigned amounts are reported only in the General Fund unless a fund has a deficit.

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

Net Position

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

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2024, to finance the General Fund operations were $.846 per $100 valuation of real property, $.846 per $100 valuation for tangible personal property and $.223 per $100 valuation for motor vehicles.

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

Operating and Non-Operating Revenues and Expenses

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

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

In-Kind

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

Contributions of Capital

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

Inter-fund Receivables/Payables

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

Interfund Transfers

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than OPEBs (OPEB)

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

Bond and Related Premiums, Discounts, and Issuance Costs

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

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

Estimates

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

Budgetary Process

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

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

Special Revenue Fund Expenditures exceeded budgeted appropriations by $5,778,219.

New Accounting Pronouncements

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

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

Effective in Future Years:

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

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

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

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

NOTE B – CASH AND CASH EQUIVALENTS

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

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

At year end the District's bank balances were collateralized by securities held by the pledging bank's trust department in the District's name and FDIC insurance. At year end, the carrying amount of the District's cash and cash equivalents was $9,413,204. The bank balance for the same time was $10,259,431.

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

NOTE C – INVESTMENTS

The District's total investment of $18,858,178 consist of $23,680 of stock held from a corporation, Xcel Entergy, Inc., donated to the District for a scholarship grant, and $18,834,498 of United States Treasury Notes. The District's investments held in the form of U.S. Treasury Notes are for the use of future construction projects.

Risks and Uncertainties – the District's investments are exposed to various risks such as interest rate risk, credit risk, concentration of credit risk, and custodial credit risk. Due to the level or risk associated with certain investments, it is at least reasonably possible that changes in the values of the investment will occur in the near term and that such changes could materially affect the account balances and the amounts reported in the financial statements.

Interest Rate Risk- interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the District's investment policy, the District manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature concurrent with the anticipated cash requirements for ongoing operations and investing funds primarily in shorter-term securities or similar investment pools and limiting the average maturity of the portfolio. All investments held by the District will mature in less than one year.

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

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District places no limit on the amount the District may invest in any one issuer. The District's investment percentages by investment type are 99.84% United States Treasury Notes, and 0.13% Xcel Stock.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The United States Treasury Notes are backed by the full faith and credit of the U.S. government. The District's investment in Xcel stock is uncollateralized.

Fair Value Measurement – The District's investments are measured and reported at fair value and classified according to the following hierarchy:

- Level 1 – Investments reflect prices quoted in active markets.
- Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in market that are not considered to be active.
- Level 3 – Investments reflect prices based upon unobservable sources.

The District's investments in both Excel stock and U.S. Treasury Notes are classified as level 1 investments and are measured at net asset value.

NOTE D – CAPITAL ASSETS

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

SEE SCHEDULE NEXT PAGE

Governmental Activities	July 1, 2023	Additions	Deductions	June 30, 2024
Land-nondepreciable	$ 501,150	$ -	$ -	$ 501,150
Construction in progress-nondepreciable	44,301,446	21,434	44,301,446	21,434
Land improvements	381,908	-	-	381,908
Buildings	22,024,395	44,301,446	-	66,325,841
Technology equipment	1,855,324	-	-	1,855,324
Vehicles	4,148,418	-	-	4,148,418
General equipment	1,463,936	-	-	1,463,936
Infrastructure	718,961	-	-	718,961
Total at historical cost	$ 75,395,537	$ 44,322,880	$ 44,301,446	$ 75,416,970
Less: Accumulated depreciation				
Land improvements	$ 316,275	$ 1,827	$ -	$ 318,102
Buildings	11,302,443	626,217	-	11,928,660
Technology equipment	1,849,026	1,418	-	1,850,444
Vehicles	3,113,071	186,425	-	3,299,497
General equipment	1,102,835	62,921	-	1,165,757
Infrastructure	454,352	35,956	-	490,308
Total accumulated depreciation	$ 18,138,003	$ 914,765	$ -	$ 19,052,768
Finance Purchases				
General equipment	$ 52,594	$ -	$	$ 52,594
Less: Accumulated depreciation	(9,643)	(10,519)		(20,162)
Finance Purchases-net	$ 42,951	$ (10,519)	$ -	$ 32,432
Governmental Activities				
Capital Assets-net	$ 57,300,485	$ 43,397,596	$ 44,301,446	$ 56,396,635

Business-Type Activities	July 1, 2023	Additions	Deductions	June 30, 2024
Technology equipment	$ 9,991	$ -	$ -	$ 9,991
General equipment	583,351	-	-	583,351
Total at historical cost	$ 593,342	$ -	$ -	$ 593,342
Less: Accumulated depreciation				
Technology equipment	$ 9,991	$ -	$ -	$ 9,991
General equipment	466,239	15,767	-	482,007
Total accumulated depreciation	$ 476,230	$ 15,767	$ -	$ 491,998
Business-Type Activities				
Capital Assets-net	$ 117,112	$ (15,767)	$ -	$ 101,344

NOTE E – LONG TERM DEBT OBLIGATIONS

Bonds

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

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

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

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

Bond Issues	Original Amount	Maturity Date	Interest Rates	2023 Bonds Outstanding	Additions	Retirements	2024 Bonds Outstanding
2016	$ 3,740,000	1/8/2036	2.0-3.0%	$ 3,285,000	$ -	$ 200,000	$ 3,085,000
2017	31,690,000	1/3/2037	3-3.75%	24,710,000	-	1,425,000	23,285,000
2018	5,645,000	1/11/2038	3-4.00%	4,980,000	-	180,000	4,800,000
2020R	1,425,000	1/2/2030	2.0%	1,025,000	-	135,000	890,000
2020B Ref	2,015,000	1/10/2030	2.0%	1,485,000	-	180,000	1,305,000
	$44,515,000			35,485,000		2,120,000	33,365,000
Add:	Premium			42,897	-	6,326	36,571
Less :	Discount			(462,546)	-	(32,513)	(430,033)
				$ 35,065,351	$ -	$ 2,093,814	$ 32,971,537

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

The bonds may be called prior to maturity at dates and redemption premiums specified in each issue. Assuming no issues are called prior to maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2024, for debt service, (principal and interest) are as follows:

Fiscal Year Ended June 30th	Principal Local	Principal KSFCC	Interest Local	Interest KSFCC	Principal Total	Interest Total
2025	$ 946,238	$ 1,238,762	$ 547,977	$ 532,754	$ 2,185,000	$ 1,080,731
2026	973,383	1,266,617	521,440	498,841	2,240,000	1,020,281
2027	999,242	1,305,758	494,289	464,093	2,305,000	958,382
2028	1,028,574	1,336,426	466,005	428,270	2,365,000	894,275
2029	1,056,501	1,378,499	436,704	391,427	2,435,000	828,131
2030-2034	5,798,347	6,216,653	1,664,382	1,358,511	12,015,000	3,022,894
2035-2039	5,898,867	3,921,133	572,241	297,665	9,820,000	869,906
					-	-
	$ 16,701,152	$ 16,663,848	$ 4,703,039	$ 3,971,561	$ 33,365,000	$ 8,674,600

Finance Purchases

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

Financed Purchases	Original Amount	Maturity Date	Interest Rates	2023	Additions	Retirements	2024
Series of 2018	$ 17,298	3/1/28	2.0-3.0%	$ 86,270	$ -	$ 32,269	$ 54,001
Series of 2015	209,527	3/1/2025	1.0-2.625%	38,386	-	18,953	19,433
Series of 2016	189,363	3/1/2026	2.0-2.625%	54,425	-	19,954	34,471
Series of 2020	225,638	3/1/2030	2.00%	155,351	-	22,096	133,255
2022 Lease	$ 52,594	6/1/2027	3%	43,532	-	10,174	33,358
				$ 377,964	$ -	$ 103,446	$ 274,518

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

Fiscal Year Ended June 30th	Local Principal	Interest	Total Payments
2025	$ 102,539	$ 6,508	$ 109,047
2026	72,131	3,810	75,941
2027	35,525	1,937	37,462
2028	23,926	1,286	25,212
2029	19,995	808	20,803
2030	20,402	408	20,810
	$ 274,518	$ 14,758	$ 289,276

Total minimum payments	$ 289,276
Less: Amount representing interest	(14,758)
Present Value of Net Minimum Payments	$ 274,518

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

Accumulated Sick Leave Liability

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. The activity during fiscal year 2024 for accumulated sick leave is as follows:

	2023 Outstanding Balance	Additions	Retirements	2024 Outstanding Balance
Sick Leave	$ 299,332	$ 451	$ -	$ 299,783

Net Pension & OPEB Liability

The net pension liability is $7,184,371 for governmental activities and $371,967 for business-type activities for a total of $7,556,338 as of June 30, 2024 (See Note F for additional information). The net OPEB liability is $2,253,000 for governmental activities and $0 for business-type activities for a total of $2,253,000 as of June 30, 2024 (See Note G for additional information).

Long-term liabilities for the fiscal year ended June 30, 2024, are as follows:

Description	2023 Outstanding Balance	Additions	Retirements	2024 Outstanding Balance	Current
Bonds, net of premium and discount	$ 35,065,351	$	$ 2,093,814	$ 32,971,537	$ 2,185,000
Finance purchases	377,964		103,446	274,518	102,539
Sick leave	299,332	451		299,783	
Net pension liability	7,245,071	311,267		7,556,338	
Net OPEB liability	5,666,784		3,413,784	2,253,000	
Total	$ 48,654,502	$ 311,718	$ 5,611,044	$ 43,355,176	$ 2,287,539

NOTE F – RETIREMENT PLANS

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

Teachers Retirement System Kentucky (TRS)

Retirement Annuity Trust

Plan description

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

Benefits provisions
For Members before July 1, 2008: Members become vested when they complete five years of credited service. To qualify for monthly benefits, payable for life, members must either:

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

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

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

For Members On or After July 1, 2008: Members become vested when they complete five years of credited service. To qualify for monthly retirement benefits, payable of r life, members must either:

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

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

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

For Members on and after January 1, 2022:

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

And 5 years of service.

Amount of Allowance

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

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

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

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

Disability Retirement Allowance

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

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

Benefits Payable on Separation From Service — Any member who ceases to be in service is entitled to receive his Contributions with allowable interest. A member who has completed 5

Years of creditable service and leaves his contributions with the System May be continued in the membership of the System after separation from Service, and file application for service retirement after the attainment of Age 60.

Life Insurance

A separate Life Insurance fund has been created as June 30, 2000 to pay Benefits on behalf of deceased TRS active and retired members.

Death Benefits

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

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

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

Number of Children		Annual Allowance
1	$	2,400
2	$	4,080
3	$	4,800
4 or more	$	5,280

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

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

Options

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

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

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

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

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

Option 4(a). At the death of the beneficiary designated by the member

	Under Option 4, the member's benefit will revert to what would have been Paid had he not selected an option.
Post-Retirement Adjustments	The retirement allowance of each retired member and of each beneficiary Shall be increased by 1.5% each July 1.
Member Contributions	
Members before 1/1/2022	9.105% of salary to the Retirement System.
Members on and after 1/1/2022	9% of salary to the Retirement System and an additional 2% of salary to the Supplemental benefit account. Employers also contributes 2%.

Contributions

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

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

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

State's proportionate share of the TRS net pension liability associated with the District	$	29,805,379

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. The District's proportion was 0.174900%.

Actuarial Methods and Assumptions

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

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

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

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

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

Target Allocations

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

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

Asset Class	**Target Allocation**	**Long-Term Expected Rates of Return**
Large Cap US Equity	35.4 %	5.0 %
Small Cap Equity	2.6 %	5.5 %
Developed International Equity	15.7 %	5.5 %
Emerging Markets Equity	5.3 %	6.1 %
Fixed Income	15.0 %	1.9 %
High Yield Bonds	5.0 %	3.8 %
Other Additional Categories	5.0 %	3.6 %
Real Estate	7.0 %	3.20 %
Private Equity	7.0 %	8.0 %
Cash	2.0 %	1.6 %
Total	100 %	

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

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

	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
State's proportionate share of net pension liability	$ 38,296,570	$ 29,805,379	$ 22,730,739

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

County Employees Retirement System

Non-Hazardous

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

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

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

Contributions
Funding for CERS:
Tier I plan is provided by members, who contribute 5.00% of their creditable compensation.
Tier II plan members hired after September 1, 2008 contribute 6.00% of their creditable compensation. Further, 1% of these contributions are deposited to an account created for the payment of health insurance benefits.
Tier III plan members, who began participating on or after January 1, 2014, are required to contribute to the Cash Balance Plan. That plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Employee contributions to the plan are the same as the Tier II contributions. Tier III member accounts are also credited with an employer pay credit in the amount of 4% of the member's creditable compensation.

For the year ending June 30, 2024, employers were required to contribute 23.34% of the member's salary, 23.34% pension and 0% for insurance. The District contributed $736,243 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CERS
At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 on an actuarial valuation as of that date. The District's proportion of the net pension liability, $7,556,338 was based on contributions to CERS during the fiscal year ended June 30, 2023. The District's proportion was 0.117764%.

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

The District recognized pension revenue of $271,251 and reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

SEE SCHEDULE NEXT PAGE

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 391,177	$ 20,533
Changes of assumptions	-	692,543
Net difference between projected and actual earnings on pension plan investments	816,298	919,371
Changes in proportion and differences between District contributions and proportionate share of contributions	566,226	242,822
District contributions subsequent to the measurement date	736,243	-
	$ 2,509,943	$ 1,875,269

The $736,243 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following year.

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

Year 1	$ (174,103)
Year 2	(23,000)
Year 3	168,688
Year 4	(73,153)
	$ (101,568)

Actuarial Valuation

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

Summary of Actuarial Assumptions

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

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

Discount rate
A single discount rate of 6.5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments.

Sensitivity of the District's proportionate share of net pension liability to changes in the discount rate
The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.5%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	1% Decrease	**Current Discount Rate**	**1% Increase**
	5.50%	6.50%	7.50%
District's proportionate share of net pension liability	$ 9,540,332	$ 7,556,338	$ 5,907,563

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

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

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

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

Payables to the pension plan
There are no payables to CERS.

NOTE G – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

TRS – General Information about the OPEB Plans

Health Insurance Trust (Medical Insurance Fund)

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

Medical coverage through TRS is funded by a combination of contributions from employees, the state and other employers. Coverage is provided through an account established pursuant to 26 U.S.C. sec. 401(h) and 115 trust fund that went into effect on July 1, 2010. The insurance trust fund includes employer and retired member contributions required under KRS 161.550 and KRS 161.675(4) (b).

Benefits provided

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

Contributions

Contributions are made on behalf of TRS retired members toward payment of health insurance premiums. The amount of the member's contribution is based on a table approved by the TRS board. Retired members pay premiums in excess of the monthly contribution. The Commonwealth of Kentucky bears risk for excess claims expenses that exceed the premium equivalents charged for the KEHP. The member postemployment medical contribution is 3.75% of salary. The employer postemployment medical contribution is 0.75% of member salaries.

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

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

The District reported a liability of $2,253,000 for its proportionate share of the collective net OPEB liability (NOL). The collective net OPEB liability was valued as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportion was .092497%.

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

District's proportionate share of TRS net OPEB liability	$	2,253,000
State's proportionate share of the TRS net OPEB liability associated with the District		1,899,000
	$	4,152,000

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 764,000
Changes of assumptions	512,000	-
Net difference between projected and actual earnings on pension plan investments	42,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,138,000	1,751,000
District contributions subsequent to the measurement date	128,555	-
	$ 1,820,555	$ 2,515,000

The $128,555 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the collective net OPEB liability for the year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

	Year Ended June 30,
Year 1	$ (237,000)
Year 2	(210,000)
Year 3	(63,000)
Year 4	(50,000)
Year 5	(125,000)
Thereafter	(138,000)
	$ (823,000)

Actuarial Methods and Assumptions

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

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

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

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

Target Allocations

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

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

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

Discount Rate

The discount rate used to measure the TOL as of the measurement date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 74. The projection's basis was an actuarial valuation performed as of June 30, 2022. In addition to actuarial methods and assumptions were used in the projection of cash flows:

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

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

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

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

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

		1% Decrease		Current Discount Rate		1% Increase
		6.10%		7.10%		8.10%
District's proportionate share of net OPEB liability	$	2,898,000	$	2,253,000	$	1,720,000

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

		1% Decrease		Current Trend Rate		1% Increase
District's proportionate share of net OPEB liability	$	1,622,000	$	2,253,000	$	3,039,000

Life Insurance Trust

Plan description and benefits provided

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

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

Contributions

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

Net OPEB Liability

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

State's proportionate share of the TRS net OPEB liability associated with the District	$	47,000

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

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

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

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

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

The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20 year Municipal Bond index pushed weekly by the Board of Governors of the Federal Reserve System.

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

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

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

Discount Rate

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

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

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

Revenue or Expenses for TRS OPEB plans

For the year ended June 30, 2024, the District recognized OPEB revenue in the amount of $286,872 for support provided on-behalf of the State.

CERS – General Information about the OPEB Plans

Employees' Health Plan

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

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

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs
The District reported an asset of $162,586 for its proportionate share of the collective net OPEB liability which is .117759%.

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

For the year ended June 30, 2024, the District recognized OPEB revenue of $529,444. The District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 113,347	$ 2,308,558
Changes of assumptions	319,958	222,979
Net difference between projected and actual earnings on pension plan investments	304,273	342,006
Changes in proportion and differences between District contributions and proportionate share of contributions	202,012	238,017
District contributions subsequent to the measurement date	98,270	-
	$ 1,037,861	$ 3,111,560

The $98,270 (includes $53,105 Implicit Subsidy) reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the collective net OPEB liability for the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows.

	Year Ended June 30,
Year 1	$ (599,465)
Year 2	(679,299)
Year 3	(493,029)
Year 4	(400,177)
	$ (2,171,970)

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

Changes of Benefit Terms
None

Actuarial Methods and Assumptions to Determine the Total OPEB Liability and the Net OPEB Liability
For financial reporting, the actuarial valuation as of June 30, 2023, was performed by Gabriel Roeder Smith (GRA). The total OPEB liability, net OPEB liability, and sensitivity information, were based on an actuarial valuation as of June 30, 2021. The total OPEB liability was rolled-forward from the valuation to the plan's fiscal year ending June 30, 2023, using the generally accepted actuarial principles.

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

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

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

Discount rate

Single discount rates of 5.93% were used to measure the total OPEB liability as of June 30, 2023. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.5%, and a municipal bond rate of 3.86%, as reported in Fidelity Index's "20 Year Municipal GO AA Index" as of June 30, 2023. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position on future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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

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

	1% Decrease	**Current Discount Rate**	**1% Increase**
	4.93%	5.93%	6.93%
District's proportionate share of net OPEB liability	$ 305,112	$ (162,586)	$ (554,226)

Health Care Trend Rate Sensitivity

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

	1% Decrease	**Current Trend Rate**	**1% Increase**
District's proportionate share of net OPEB liability	$ (521,116)	$ (162,586)	$ 277,835

OPEB plan fiduciary net position

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

NOTE H – COMMITMENTS

The District has committed $149,666 of General Fund balance for sick leave. The District has committed $221,309 in Special Revenue Student Activities for student activities.

NOTE I - CONTINGENCIES

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

NOTE J - LITIGATION

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

NOTE K – INSURANCE AND RELATED ACTIVITIES

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

NOTE L – RISK MANAGEMENT

The District is exposed to various risks of loss related to illegal acts, torts, theft/damage/destruction of assets, errors and omissions, injuries to employees, and natural disasters. To obtain insurance for workers' compensation, errors and omission, and general liability coverage, the District purchased commercial insurance policies.

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

NOTE M - COBRA

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

NOTE N – TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From	To	Purpose		Amount
Debt Service	Building Fund	Debt Service	Debt Payments	$	1,280,574
Debt Service	Special Revenue	Debt Service	Seek Allocation		210,653
Special Revenue	General Fund	Special Revenue	KETS		28,639
Operations	Food Service	General Fund	Indirect Costs		130,576
Operations	Special Revenue	General Fund	Indirect Costs	$	827,550

NOTE O – DEFICIT FUND AND OPERATING BALANCES

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

Fund		Change in Net Position/ Net Change in Fund Balance	Fund Balance/ Net Position
Special Revenue Fund	$	(1,188)	-
District Activity		(1,264)	-
Food Service		(235,111)	-

NOTE P – ON-BEHALF PAYMENTS

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

Plan/Description		Amount
Kentucky Teachers Retirement System (GASB 68 & 75)	$	1,945,228
Health Insurance		2,101,996
Life Insurance		3,327
Administrative Fee		26,564
HRA/Dental/Vision		147,875
Federal Reimbursements		(539,026)
Technology		79,154
SFCC Debt Service Payments		1,768,130
Total	$	5,533,248

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

NOTE Q – RESTRICTED FUND BALANCES

The following funds had restricted fund balances as of June 30, 2024:

Fund	Amount	Purpose
Construction	$ 19,250,114	Future Construction
Food Service	267,243	Food Service Operations
Capital Outlay	1,027,554	SFCC Requirements
Special Revenue	105,029	Scholarships
FSPK Fund	503,593	FSPK
District Activity	$ 15,606	District Activities

NOTE R – SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 15, 2024, the date the financial statements were available to be issued.

MARTIN COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

CERS and TRS

For the Year Ended June 30, 2024

	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)
COUNTY EMPLOYEE'S RETIREMENT SYSTEM (CERS):									
Districts' proportion of the net pension liability	0.117764%	0.105173%	0.116202%	0.120543%	0.12483%	0.13869%	0.14082%	0.148300%	0.16939%
District's proportionate share of the net pension liability	$ 7,556,338	$ 7,602,971	$ 7,408,789	$ 9,245,548	$ 8,779,771	$ 8,446,826	$ 8,242,334	$ 7,301,767	$ 6,141,527
State's proportionate share of the net pension liability associated with the District	-	-	-	-	-	-	-	-	-
Total	$ 7,556,338	$ 7,602,971	$ 7,408,789	$ 9,245,548	$ 8,779,771	$ 8,446,826	$ 8,242,334	$ 7,301,767	$ 6,141,527
District's covered-employee payroll	$ 3,418,396	$ 2,908,609	$ 2,968,610	$ 3,087,695	$ 3,153,534	$ 3,437,950	$ 3,428,497	$ 3,549,664	$ 3,421,658
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	221.05%	261.40%	249.57%	299.43%	278.41%	245.69%	240.41%	205.70%	179.49%
Plan fiduciary net position as a percentage of the total pension liability	57.48%	52.42%	57.33%	47.81%	50.54%	53.54%	53.30%	59.00%	59.97%
KENTUCKY TEACHER'S RETIREMENT SYSTEM (TRS):									
Districts' proportion of the net pension liability	0.1749%	0.2055%	0.1794%	0.2080%	0.218%	0.222%	0.227%	0.247%	0.243%
District's proportionate share of the net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net pension liability associated with the District	29,805,379	34,816,682	23,349,252	29,473,738	29,757,315	29,066,259	61,207,927	72,836,946	56,545,670
Total	$ 29,805,379	$ 34,816,682	$ 23,349,252	$ 29,473,738	$ 29,757,315	$ 29,066,259	$ 61,207,927	$ 72,836,946	$ 56,545,670
District's covered-employee payroll	$ 8,319,300	$ 8,199,636	$ 8,114,074	$ 7,938,797	$ 8,174,489	$ 8,346,833	$ 8,521,737	$ 9,065,390	$ 8,803,205
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	57.68%	56.41%	58.27%	58.27%	58.80%	59.30%	39.80%	35.22%	42.29%

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

See the accompanying notes to the required supplementary information.

MARTIN COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS

CERS and TRS

For the Year Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016
COUNTY EMPLOYEE'S RETIREMENT SYSTEM (CERS):									
Contractually required contribution	$ 736,243	$ 882,231	$ 738,562	$ 672,963	$ 699,959	$ 637,486	$ 628,519	$ 593,951	$ 605,573
Contributions in relation to the contractually required contributions	736,243	882,231	738,562	672,963	699,959	637,486	628,519	593,951	605,573
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	$ 3,347,932	$ 3,418,396	$ 2,908,609	$ 2,968,610	$ 3,087,695	$ 3,153,534	$ 3,437,950	$ 3,428,497	$ 3,549,664
District's contributions as a percentage of it's covered-employee payroll	21.99%	25.81%	25.39%	22.67%	22.67%	20.21%	18.28%	17.32%	17.06%
KENTUCKY TEACHER'S RETIREMENT SYSTEM (TRS):									
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contributions	-	-	-	-	-	-		-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	$ 7,461,402	$ 8,319,300	$ 8,199,636	$ 8,114,074	$ 7,938,797	$ 8,174,489	$ 8,346,833	$ 8,521,737	$ 9,065,390
District's contributions as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

See the accompanying notes to the required supplementary information.

Teachers Retirement System (TRS)

Retirement Annuity Trust

Changes of Benefit Terms

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

Changes of assumptions

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

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

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

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

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

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

Actuarial Methods and Assumptions

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

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

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

County Employee Retirement System (CERS)

Non-Hazardous

Changes of Benefit Terms

None.

Changes of assumptions

None.

Actuarial Methods and Assumptions

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

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

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

	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
MEDICAL INSURANCE PLAN							
District's proportion of the collective net OPEB liability (asse	0.092497%	0.148604%	0.095943%	0.111594%	0.11636%	0.11460%	0.11963%
District's proportionate share of the collective net OPEB liability (asse	$ 2,253,000	$ 3,689,000	$ 2,059,000	$ 2,816,000	$ 3,406,000	$ 3,976,000	$ 4,266,000
State's proportionate share of the collective net OPEE liability (asset) associated with the Distric	1,899,000	1,212,000	1,672,000	2,256,000	2,750,000	3,427,000	3,484,000
Total	$ 4,152,000	$ 4,901,000	$ 3,731,000	$ 5,072,000	$ 6,156,000	$ 7,403,000	$ 7,750,000
District's covered-employee payrol	$ 8,319,300	$ 8,199,636	$ 8,114,074	$ 7,938,797	$ 8,174,489	$ 8,346,833	$ 8,521,737
District's proportionate share of the collective net OPEI liability (asset) as a percentage of it covered-employee payrol	27.08%	44.99%	25.38%	35.47%	41.67%	47.63%	50.06%
Plan fiduciary net position as a percentage of th total OPEB liability	52.97%	47.75%	39.10%	39.10%	32.60%	25.50%	21.20%
LIFE INSURANCE PLAN							
District's proportion of the collective net OPEB liability (asse	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of the collective net OPEB liability (asse	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the collective net OPEE liability (asset) associated with the Distric	47,000	60,000	22,000	68,000	64,000	59,000	47,000
Total	$ 47,000	$ 60,000	$ 22,000	$ 68,000	$ 64,000	$ 59,000	$ 47,000
District's covered-employee payrol	$ 8,319,300	$ 8,199,636	$ 8,114,074	$ 7,938,797	$ 8,174,489	$ 8,346,833	$ 8,521,737
District's proportionate share of the collective net OPEI liability (asset) as a percentage of it covered-employee payrol	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of th total OPEB liability	76.91%	73.97%	71.57%	71.60%	73.40%	75.00%	80.00%

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

See the accompanying notes to the required supplementary information.

MARTIN COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS

MEDICAL AND LIFE INSURANCE PLANS

TEACHERS' RETIREMENT SYSTEM

Year Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
MEDICAL INSURANCE PLAN							
Contractually required contribution	$ 128,555	$ 166,683	$ 192,424	$ 170,323	$ 193,947	$ 198,786	$ 200,779
Contributions in relation to the contractually required contribution	128,555	166,683	192,424	170,323	193,947	198,786	200,779
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered-employee payroll	$ 7,461,402	$ 8,319,300	$ 8,199,636	$ 8,114,074	$ 7,938,797	$ 8,174,489	$ 8,346,833
District's contributions as a percentage of it's covered-employee payroll	1.72%	2.00%	2.35%	2.10%	2.44%	2.43%	2.41%
LIFE INSURANCE PLAN							
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered-employee payroll	$ 7,461,402	$ 8,319,300	$ 8,199,636	$ 8,114,074	$ 7,938,797	$ 8,174,489	$ 8,346,833
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

See the accompanying notes to the required supplementary information.

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

		Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
HEALTH INSURANCE PLAN								
District's proportion of the collective net OPEB liability (asset)		0.117759%	0.105167%	0.116175%	0.120508%	0.12481%	0.11460%	0.14082%
District's proportionate share of the collective net OPEB liability (asset)	$	(162,586) $	2,075,485 $	2,224,112 $	2,909,902 $	2,099,231 $	2,462,360 $	2,830,863
State's proportionate share of the collective net OPEB liability (asset) associated with the Distric		-	-	-	-	-	-	-
Total	$	(162,586) $	2,075,485 $	2,224,112 $	2,909,902 $	2,099,231 $	2,462,360 $	2,830,863
District's covered-employee payroll	$	3,418,396 $	2,908,609 $	2,968,610 $	3,087,695 $	3,153,534 $	3,437,950 $	3,428,497
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payrol		-4.76%	71.36%	74.92%	94.24%	66.57%	71.62%	82.57%
Plan fiduciary net position as a percentage of the total OPEB liability		104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	13.00%

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

See the accompanying notes to the required supplementary information.

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

	2024	2023	2022	2021	2020	2019	2018
HEALTH INSURANCE PLAN							
Contractually required contribution	$ 98,270	$ 128,950	$ 118,490	$ 112,698	$ 88,013	$ 71,972	$ 65,595
Contributions in relation to the contractually	98,270	128,950	118,490	112,698	88,013	71,972	65,595
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered-employee payroll	$ 3,347,932	$ 3,418,396	$ 2,908,609	$ 2,968,610	$ 3,087,695	$ 3,153,534	$ 3,437,950
District's contributions as a percentage of it's covered-employee payroll	2.94%	3.77%	4.07%	3.80%	2.85%	2.28%	1.91%

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

See the accompanying notes to the required supplementary information.

Teachers Retirement System (TRS)

Health Insurance Trust

Changes of Benefit Terms

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

Changes of Assumptions

None.

Actuarial Methods and Assumptions

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

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

Life Insurance Trust

Changes of Benefit Terms

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

Changes of Assumptions

None.

Actuarial Methods and Assumptions

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

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

County Employee Retirement System (CERS)

Non-Hazardous

Changes of Benefit Terms

None

Changes of assumptions

None.

Actuarial Methods and Assumptions

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

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

MARTIN COUNTY SCHOOL DISTRICT

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2024

	Other Governmental Funds				
	Special Revenue Student Activity	**Capital Outlay**	**FSPK**	**Special Revenue District Activity**	**Total**
Assets					
Cash and cash equivalents	$ 218,044	$ 1,027,554	$ 503,593	$ 15,606	$ 1,764,797
Receivables	3,265				3,265
Total Assets	221,309	1,027,554	503,593	15,606	1,768,062
Fund Balance					
Restricted		1,027,554	503,593	15,606	1,546,753
Committed	221,309				221,309
Total Fund Balance	$ 221,309	$ 1,027,554	$ 503,593	$ 15,606	$ 1,768,062

MARTIN COUNTY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds

Year ended June 30, 2024

	Other Governmental Funds				
	Special Revenue Student Activity	**Capital Outlay**	**FSPK**	**Special Revenue District Activity**	**Total**
Revenues					
From local sources					
Taxes					
Property	$ -	$ -	$ 479,953	$ -	$ 479,953
Student activities	824,387				824,387
Intergovernmental - State		157,092	1,116,104		1,273,196
Total Revenues	824,387	157,092	1,596,057	-	2,577,536
Expenditures					
Instruction	782,475			1,264	783,739
Total Expenditures	782,475	-	-	1,264	783,739
Excess (Deficit) of Revenues Over Expenditures	41,912	157,092	1,596,057	(1,264)	1,793,797
Other Financing Sources (Uses)					
Transfers (out)			(1,280,574)		(1,280,574)
Total Other Financing Sources (Uses)	-	-	(1,280,574)	-	(1,280,574)
Net Change in Fund Balance	41,912	157,092	315,483	(1,264)	513,223
Fund Balance Beginning	179,397	870,462	188,110	16,870	1,254,839
Fund Balance Ending	$ 221,309	$ 1,027,554	$ 503,593	$ 15,606	$ 1,768,062

MARTIN COUNTY SCHOOL DISTRICT
Combining Balance Sheet - School Activity Funds
June 30, 2024

	SCHOOL ACTIVITY FUNDS					
	MARTIN COUNTY HIGH SCHOOL	**MARTIN COUNTY MIDDLE SCHOOL**	**EDEN ELEMENTARY**	**INEZ ELEMENTARY**	**WARFIELD ELEMENTARY**	**TOTALS**
ASSETS						
Cash and cash equivalents	$ 116,194	$ 39,290	$ 12,298	$ 24,559	$ 25,703	$ 218,044
Accounts receviable	3,265					3,265
Total Assets	119,459	39,290	12,298	24,559	25,703	221,309
FUND BALANCE						
School Activities	119,459	39,290	12,298	24,559	25,703	221,309
Total Fund Balance	119,459	39,290	12,298	24,559	25,703	221,309

MARTIN COUNTY SCHOOL DISTRICT

Combining Statement of Revenues, Expenses and Changes in Fund Balance - School Activity Funds

Year ended June 30, 2024

	SCHOOL ACTIVITY FUNDS					
	MARTIN COUNTY HIGH SCHOOL	MARTIN COUNTY MIDDLE SCHOOL	EDEN ELEMENTARY	INEZ ELEMENTARY	WARFIELD ELEMENTARY	TOTALS
REVENUES						
Student revenues	$ 474,563	$ 117,825	$ 77,336	$ 84,275	$ 70,388	$ 824,387
Total revenues	474,563	117,825	77,336	84,275	70,388	824,387
EXPENDITURES						
Student activities	442,560	106,620	70,561	90,919	71,815	782,475
Total expenditures	442,560	106,620	70,561	90,919	71,815	782,475
Excess (Deficit) of Revenues Over Expenses	32,003	11,205	6,775	(6,644)	(1,427)	41,912
FUND BALANCE-BEGINNING	87,456	28,085	5,523	31,203	27,130	179,397
FUND BALANCE-ENDING	$ 119,459	$ 39,290	$ 12,298	$ 24,559	$ 25,703	$ 221,309

Statement of Revenues, Expenses and Changes in Fund Balance - Martin County High School

Year ended June 30, 2024

	FUND BALANCE BEGINNING	REVENUES	EXPENSES	TRANSFERS	FUND BALANCE ENDING
GENERAL OPERATING	$ 2,887	$ 3,612	$ 2,448	$	$ 9,289
INTEREST	160	6,206	-		6,365
DISTRICT MONEY	482	1,319	1,038		764
START UP MONEY	-	1,000	1,000		-
STAFF POP SALES	4,453	6,933	10,414		973
SCHOOL STORE	3,200	24,498	14,203	(6,016)	7,478
LIBRARY	812	-	-		812
JKG	3,949	5,647	1,782		7,814
JKG II	-	-	-		-
FOOTBALL	1,944	25,082	30,811	3,785	0
BOYS BASKETBALL	16,628	55,576	47,240	934	25,897
BASEBALL	1,277	9,094	9,214	120	1,276
WRESTLING	-	5,349	6,512	1,163	-
BOYS TENNIS	0	1,691	1,467		224
BOYS TRACK	-	161	388	227	-
CROSS COUNTRY	-	-	-		-
GIRLS GOLF	-	3,972	2,581		1,392
BOYS GOLF	-	4,120	3,616		504
VOLLEYBALL	4,728	7,590	8,873	(100)	3,345
GIRLS BASKETBALL	6,265	54,134	43,894	2,254	18,760
SOFTBALL	3,226	15,188	20,187	1,773	1
GIRLS SOCCER	4,068	10,974	11,909	(385)	2,747
BOYS SOCCER	1,046	-	-		1,046
GIRLS TENNIS	0	1,691	1,430		261
GIRLS TRACK	0	161	526	365	0
FISHING TEAM	16	24,488	24,546		(42)
ZIP ZONE	2,034	13,388	11,700	(3,451)	271
DISTRICT TOURNMENT	-	22,395	18,847	(3,548)	-
CHEERLEADERS	2,868	15,516	14,669		3,715
DANCETEAM	1,510	8,865	9,238	(450)	687
ACADEMIC TEAM	1,414	-	488		926
BAND	936	9,229	9,960		204
BETA CLUB	242	5,841	5,027		1,056
ENVIRONMENTAL CLUB	219	-	-		219
FCCLA	1,043	14,191	10,356		4,878
E DISCOVERY	1,938	-	-		1,938
COOK AROUND THE WORLD	261	-	-		261
YEARBOOK	1,558	3,014	1,910		2,661
STUDENT COUNCIL	116	-	-		116
FCA	376	-	-		376
PROM	5,009	7,427	12,315		121
CARDINAL SHOWCASE	195	-			195
ART CLUB	1,866	-			1,866
PEP CLUB	591	-			591
SENIOR TRIP	4,796	98,550	99,354		3,992
JROTC	1,436	-			1,436
BOOK CLUB	120	-			120
CCSC	-	-			-
DRAMA PLAY	1,937	2,940	1,928		2,949
UNITE CLUB	42	-			42
MOCK TRAIL	-	-			-
DEBATE TEAM	-	-			-
CORN HOLE CLUB	1,807	931	805		1,932
POSTER MAKER		525	3,853	3,328	-
					-
Totals	$ 87,456	$ 471,297	$ 444,533	$ -	$ 119,459

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Program or Award Amount	Expenditures
U.S. Department of Agriculture					
Passed Through State Department of Education					
School Breakfast Program	10.553				
Fiscal Year 23		7760005 23	$ -	$ N/A	$ 93,047
Fiscal Year 24		7760005 24	-	N/A	349,399
National School Lunch Program	10.555				
Fiscal Year 23		7750002 23	-	N/A	221,593
Fiscal Year 24		7750002 24	-	N/A	752,942
Fiscal Year 23		9980000 23	-	N/A	56,862
Summer Food Service	10.559				
Fiscal Year 23		7740023 23	-	N/A	27,164
Fiscal Year 24		7740023 24	-	N/A	2,358
Fiscal Year 23		7690024 23	-	N/A	2,840
Fiscal Year 24		7690024 24	-	N/A	242
Fruit & Vegetable Program	10.582				
Fiscal Year 22		7720012 23	-	N/A	5,158
Fiscal Year 23		7720012 24	-	N/A	46,742
Child Nutrition Cluster Subtotal					1,558,347
Child & Adult Care Food Program	10.558				
Fiscal Year 23		7790021 23	-	N/A	3,479
Fiscal Year 24		7790021 24	-	N/A	11,988
Fiscal Year 23		7800016 23	-	N/A	184
Fiscal Year 24		7800016 24	-	N/A	628
					16,279
State Administration Expenses for Child Nutrition	10.560				
Fiscal Year 23		7700001 23	-	N/A	5,448
Passed Through State Department of Agriculture					
Food Donation-Commodities	10.565				
Fiscal Year 23		510.4950	-	N/A	46,303
Total U.S. Department of Agriculture					1,626,377
US Department of Education					
Passed Through State Department of Education					
Title I Grants to Local Educational Agencies	84.010A				
FY21 Title I, Part A		3100002-20	-	1,218,344	500
FY23 Title I, Part A		3100002-22	-	1,181,854	698,364
FY24 Title I, Part A		3100002-23	-	1,260,536	864,570
					1,563,434
Special Education Grants to States	84.027A				
FY 23 IDEA Basic		3810002-23	-	531,412	476,084
FY 24 IDEA Basic		3810002-24	-	526,669	176,650
Special Education - Preschool Grants	84.327A				
FY22 IDEA PRESCHOOL		3800002-21	-	34,943	8,909
FY23 IDEA PRESCHOOL		3800002-22	-	35,763	35,763
FY24 IDEA PRESCHOOL		3800002-23	-	36,201	8,202
COVID 19- ARP IDEA Preschool	84.327X				
FY22 IDEA Preschool-American Rescue Plan Act of 2021 (ARP)		4900002-21	-	13,849	5,043
Special Education Cluster Subtotal					710,651
Vocation Education - Basic Grants to States	84.048				
FY 23 Perkins Carry Forward		3710002-21	-	911	911
FY 24 Perkins Vocational Education		3710002-22	-	11,008	11,008
					11,919
Rural Education	84.358B				
FY24 Title V- Rural and Low Income Schools		350K	-	47,359	47,359
Improving Teacher Quality State Grants	84.367A				
FY24 Title II, Part A Supporting Effective Instruction		401K	-	127,504	127,504
21st Century	84.287				
Fiscal Year 22		3400002 21	-	250,000	99,941
Fiscal Year 23		3400002 22	-	213,800	181,809
					281,750
Rehabilitation Services	84.126A				
Fiscal Year 24		376K	-	2,000	70
Title IV Part A	84.424A				
FY21 Title IV-Part A Student Support & Academic Enrichment		3420002-20	-	71,700	3,263
FY22 Title IV-Part A Student Support & Academic Enrichment		3420002-21	-	71,708	24,157
FY23 Title IV-Part A Student Support & Academic Enrichment		3420002-22	-	185,322	77,420
FY24 Title IV-Part A Student Support & Academic Enrichment		3420002-23	-	93,224	40,480
					145,320

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Program or Award Amount	Expenditures
* **COVID-19- ESSER**	84.425D				
FY21 Elementary and Secondary School Emergency Relief Fund II		554GS	-	118,908	113,441
* **COVID-19- ARP ESSER**	84.425U				
FY21 ARP Emergency Relief Fund		4300002-21	-	8,793,902	5,583,116
Post-School Predictor Implementation Project		4300005-21	-	182,020	57,904
* **ARP ESSER Homeless Children and Youth II**	84.425W				
Fiscal Year 23		476IC	-	28,475	28,799
Educational Stabilization Fund Subtotal					5,783,260
Total U.S. Department of Education					8,671,267
U.S. Department of Health and Human Services					
Passed through Big Sandy Area Community Action Program					
Head Start	93.600				
Fiscal Year 24		04CH010269	-	644,586	686,683
Total U.S. Department of Health and Human Services					686,683
Total Expenditure of Federal Awards					$ 10,984,327

* Major program

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2024

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. For the year ended June 30, 2024, the District received food commodities totaling $46,303.

NOTE D – INDIRECT COST RATE

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

White & Associates, PSC
Certified Public Accountants & Consultants

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

To the Board of Education of the Martin County School District
Inez, Kentucky

And the State Committee for School District Audits

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits, in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit /Contract and requirements, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Martin County School District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

Purpose of This Report

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

White & Associates, PSC

Richmond, Kentucky

November 15, 2024

White & Associates, PSC
Certified Public Accountants & Consultants

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(859) 624-3926

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

To the Board of Education of the Martin County School District
Inez, Kentucky

And the State Committee for School District Audits

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

White & Associates, PSC

Richmond, Kentucky

November 15, 2024

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

SUMMARY OF AUDITOR'S RESULTS

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

FINDINGS - FINANCIAL STATEMENT AUDIT

No findings at the financial statement audit level.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings at the major federal award programs level.

MARTIN COUNTY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended June 30, 2024

There were no prior year findings.

White & Associates PSC
CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT LETTER POINTS

Martin County School District
Inez, Kentucky

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

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

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

Larry James, Superintendent is the person responsible for initiation of any corrective action plan communicated written, or orally. We would like to thank the Finance Officer, Earnest Hale, and his department for their support and assistance during our audit.

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

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