

**PIKEVILLE INDEPENDENT  
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 Pikeville Independent School District  
Pikeville, 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 Pikeville Independent School District (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof 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

PIKEVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Year ended June 30, 2024

This section of the financial statements for the District presents management's discussion and analysis of the financial performance of the Pikeville Independent School District during the fiscal year that ended on June 30, 2024. As management of the District, we offer readers of the District's financial statements this narrative overview and analysis to highlight and further explain the financial events that have taken place in the past year. We encourage readers to consider the information presented herein along with the District's financial statements, which immediately follow this section.

### FINANCIAL HIGHLIGHTS

- The total General Fund Balance was \$2,686,290 at June 30, 2024, compared to \$2,024,185 at June 30, 2023.
- General Fund revenues totaled \$14,293,983, which primarily consisted of funding through the state's Support Education Excellence in Kentucky (SEEK) program and revenues from property, utilities, and motor vehicle taxes. General Fund revenues were \$15,015,760 in FY 2023.
- Excluding inter-fund transfers, General Fund expenditures totaled \$14,070,406 million. This compares to \$14,819,100 in the prior year.
- SEEK revenue for FY23 totaled \$3,941,959.

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

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

The statement of net position presents information on *all* of the district's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively. To assess the District's overall health, one needs to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities. 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 expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods.

In the government-wide financial statements, the District's activities are divided into two categories:

- Governmental activities – Most of the District's basic services are included here, such as regular and special needs education, transportation, and administration. Property taxes and state formula aid finance most of these activities.



PIKEVILLE INDEPENDENT SCHOOL DISTRICT  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**

Year ended June 30, 2024

- Business-type activities – The District charges fees to help cover the costs of certain services it provides. The District’s food services, and daycare and community education operations are included here.

**Fund Financial Statements:** The fund financial statements provide more detailed information about the District’s funds, focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State Laws and by bond covenants. The District establishes other funds to control and manage money for specific purposes (like the Construction Fund) or to show that it is properly using certain Revenues (like the Building Fund, Capital Outlay Fund, and Special Revenue Fund).

The District has two kinds of funds:

- Governmental funds: Most of the District’s basic services are included in governmental funds, which generally focus on how money flows into and out of those funds and the balances left at year end that are available for spending in future periods. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information with the governmental funds statement that explains the relationships (or differences) between the governmental activities and the governmental funds, through the Statement of Net position and the Statement of Activities.
- Proprietary funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

**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 the District’s financial position.

The largest portion of the District’s net position reflects its investment in capital assets (e.g., land and improvements, building and improvements, vehicles, furniture and equipment, and construction in progress), 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.

**PIKEVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year ended June 30, 2024**

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

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

	Governmental Activities		Business-type Activities		Totals	
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>
Current assets	\$ 3.76	\$ 4.65	\$ 1.03	\$ 0.87	\$ 4.79	\$ 5.52
Non-current assets	6.36	6.04	0.12	0.15	6.48	6.19
<b>Total assets</b>	<b>10.12</b>	<b>10.69</b>	<b>1.15</b>	<b>1.02</b>	<b>11.27</b>	<b>11.71</b>
Deferred outflows	3.42	2.77	0.04	0.04	3.46	2.81
Current liabilities	0.47	0.38	-	0.01	0.47	0.39
Non-current liabilities	9.43	7.04	0.14	0.10	9.57	7.14
<b>Total liabilities</b>	<b>9.90</b>	<b>7.42</b>	<b>0.14</b>	<b>0.11</b>	<b>10.04</b>	<b>7.53</b>
Deferred inflows	2.76	3.74	0.04	0.07	2.80	3.81
Net position:						
Invested in capital assets, net of debt	4.59	4.45	0.13	0.14	4.72	4.59
Restricted	1.05	1.27	0.89	0.74	1.94	2.01
Unrestricted (deficit)	(4.77)	(3.43)	-	-	(4.77)	(3.43)
<b>Total net position</b>	<b>\$ 0.87</b>	<b>\$ 2.29</b>	<b>\$ 1.02</b>	<b>\$ 0.88</b>	<b>\$ 1.89</b>	<b>\$ 3.17</b>

**PIKEVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year ended June 30, 2024**

**GOVERNMENTAL ACTIVITIES**

Ending net position was \$3.17 million for the District. This was an increase of \$1.27 million from 2023.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2023-2024
	2023	2024	2023	2024	2023	2024	
<b>Revenues:</b>							
Charges for services	\$ 0.97	\$ 1.04	\$ 0.25	\$ 0.20	\$ 1.22	\$ 1.24	1%
Operating grants and contributions	6.78	7.41	0.76	0.79	7.54	8.20	9%
Capital grants and contributions	0.47	0.44	-	-	0.47	0.44	-6%
General revenues	10.24	10.38	-	-	10.24	10.38	1%
<b>Total revenue</b>	<b>18.46</b>	<b>19.27</b>	<b>1.01</b>	<b>0.99</b>	<b>19.47</b>	<b>20.26</b>	<b>4%</b>
<b>Expenses:</b>							
Instruction	\$ 11.24	\$ 11.06	\$ -	\$ -	\$ 11.24	\$ 11.06	-2%
Student	0.51	1.03	-	-	0.51	1.03	102%
Instructional staff	1.12	0.95	-	-	1.12	0.95	-15%
District administration	0.69	0.67	-	-	0.69	0.67	-3%
School administration	0.89	0.83	-	-	0.89	0.83	-7%
Business	0.30	0.29	-	-	0.30	0.29	-3%
Plant operation & maintenance	1.79	1.68	-	-	1.79	1.68	-6%
Student transportation	0.35	0.67	-	-	0.35	0.67	91%
Community services operations	0.11	0.11	-	-	0.11	0.11	0%
Food service operations	0.01	-	0.95	1.11	0.96	1.11	16%
Depreciation/amortization	0.46	0.50	0.01	0.02	0.47	0.51	9%
Interest on long-term debt	0.08	0.08	-	-	0.08	0.08	0%
<b>Total expenses</b>	<b>\$ 17.55</b>	<b>\$ 17.87</b>	<b>\$ 0.96</b>	<b>\$ 1.13</b>	<b>\$ 18.51</b>	<b>\$ 18.99</b>	<b>3%</b>
<b>Change in net position</b>	<b>\$ 0.91</b>	<b>\$ 1.41</b>	<b>\$ 0.05</b>	<b>\$ (0.14)</b>	<b>\$ 0.96</b>	<b>\$ 1.27</b>	<b>32%</b>

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As the District completed the year, the General Fund reflected a fund balance of \$2,686,290, a \$662,105 increase from prior year's fund balance of 2,024,185. The unassigned portion of the fund balance at the end of fiscal year 2024 is \$2,655,289, compared to \$2,002,733 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.

*SEE SCHEDULE ON NEXT PAGE*

**PIKEVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year ended June 30, 2024**

<b>REVENUES</b>	<b>Fund 1</b>	<b>Fund 2</b>	<b>Fund 310</b>	<b>Fund 320</b>	<b>Fund 360</b>	<b>Fund 400</b>	<b>Fund 51</b>
Local Revenue Sources	\$ 6,497,536	\$ 83,648	\$ -	\$ 346,097	\$ -	\$ -	\$ 197,230
State Revenue Sources	7,741,819	352,326	111,788	221,788	-	115,247	102,093
Federal Revenue Sources	54,628	2,495,497	-	-	-	-	689,116
Other	155,317	-	-	-	-	-	-
Transfers	304,857	21,646	-	-	-	186,993	-
<b>TOTALS</b>	<b>\$ 14,754,157</b>	<b>\$ 2,953,117</b>	<b>\$ 111,788</b>	<b>\$ 567,885</b>	<b>\$ -</b>	<b>\$ 302,240</b>	<b>\$ 988,439</b>
<b>EXPENDITURES</b>	<b>Fund 1</b>	<b>Fund 2</b>	<b>Fund 310</b>	<b>Fund 320</b>	<b>Fund 360</b>	<b>Fund 400</b>	<b>Fund 51</b>
Instruction	\$ 8,715,535	\$ 2,347,498	\$ -	\$ -	\$ -	\$ -	\$ -
Student Support Services	462,803	93,066	-	-	-	-	-
Instructional Staff Support Services	667,040	285,651	-	-	-	-	-
District Admin Support	672,009	-	-	-	-	-	-
School Admin Support	830,636	-	-	-	-	-	-
Business Support Services	289,349	-	-	-	-	-	-
Plant Operation & Management	1,681,552	-	-	-	-	-	-
Student Transportation	673,171	121,155	-	-	-	-	-
Food Service Operations	-	-	-	-	-	-	1,114,519
Day Care Operations	-	-	-	-	-	-	-
Community Services	-	105,747	-	-	-	-	-
Building Improvements	-	-	-	-	-	-	-
Debt Service	78,311	-	-	-	-	302,240	-
Depreciation	-	-	-	-	-	-	15,677
Transfers	21,646	-	111,788	380,062	-	-	-
<b>TOTALS</b>	<b>\$ 14,092,052</b>	<b>\$ 2,953,117</b>	<b>\$ 111,788</b>	<b>\$ 380,062</b>	<b>\$ -</b>	<b>\$ 302,240</b>	<b>\$ 1,130,196</b>
Excess / (Deficit)	662,105	-	-	187,823	-	-	(141,757)

**General Fund Revenue/Expenditures (Fund 1)**

Revenue was mostly derived from State Sources 54% with local property, motor vehicle and utility taxes making up the other 45% of total revenue.

The instruction function comprises 62% of the expenditures. The instruction function includes school expenditures for staff and supplies. The student support services function makes up 21% of the expenditures and is comprised of spending for attendance services, guidance counseling, health services, psychological testing, and speech, hearing and vision services. The instructional staff support function includes spending for staff support personnel and librarians. The district administration support function includes spending for workers compensation, sick leave pay for retirees, property insurance, tax collection fees, and superintendent's office expenses. The school support function includes spending for principals and secretaries. The Plant Operation and Maintenance function accounts for 12% of the expenditures, while the Student Transportation services function accounts for 5%. Community services expenditures includes activities concerned with providing services to students, staff, or the community which are not considered instructional.

**PIKEVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

Year ended June 30, 2024

**Special Revenue Fund Revenue/Expenditures**

The majority of revenue was derived from federal sources (85%). The majority of expenditures (79%) is spent in the instructional function.

**FSPK and Construction Funds Revenue/Expenditures**

Fund 310 is the capital outlay fund and Fund 320 is the building fund (FSPK). State funding makes up the Capital Outlay fund and the building fund is made up of state and local revenue. During the FY 2024 school year, these funds were used to make bond payments on existing debt and for approved expenditures through Capital Funds Request.

**Food Service Fund Revenue/Expenditures**

Revenue is received from local, state and federal monies, with the largest percentage of the revenue being from federal funding (87%), then state and local sources (13%).

**CAPITAL ASSETS**

At the end of fiscal 2024, the District had \$6,127,631 invested in capital assets (Net of Depreciation), including land, buildings, buses, computers and other equipment. This amount represents a decrease (including additions and deductions) of \$357,555 from last year.

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

	Governmental Activities		Business-type Activities		Totals	
	2023	2024	2023	2024	2023	2024
Land	\$ 454,468	\$ 454,468	\$ -	\$ -	\$ 454,468	\$ 454,468
Land Improvements	174,443	157,210	-	-	174,443	157,210
Buildings	5,009,628	4,656,206	-	-	5,009,628	4,656,206
Vehicles	581,816	600,849	-	-	581,816	600,849
General Equipment	137,436	= 114,277	127,395	144,621	264,831	258,898
<b>Totals</b>	<b>\$6,357,791</b>	<b>\$5,983,010</b>	<b>\$127,395</b>	<b>\$ 144,621</b>	<b>\$6,485,186</b>	<b>\$6,127,631</b>

**DEBT**

Finance purchase obligations and general obligation debt decreased \$168,141 from FY 2023.

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

	Government Activities	
	2023	2024
General Obligation Bonds	\$ 1,790,400	\$ 1,542,056
Finance Purchase Obligations	311,656	391,859
<b>Total Obligations</b>	<b>\$ 2,102,056</b>	<b>\$ 1,933,915</b>

PIKEVILLE INDEPENDENT SCHOOL DISTRICT  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year ended June 30, 2024

**Comments on Budget Comparisons**

Over the course of the fiscal year, the District revised the annual operating budget as needed and to meet the statutory deadlines from the Kentucky Department of Education.

- General Fund budget compared to actual revenue varied somewhat in most line items with the ending actual balance being \$573,976 less than budgeted.
- Net of the contingency, expenditures were \$2,052,344 less than budgeted.

**FUTURE BUDGETARY IMPLICATIONS**

In Kentucky the public school fiscal year is July 1-June 30. Some federal programs operate on a different fiscal calendar, but are reflected in the district overall budget. By law, the budget must have a minimum 2% contingency. State funding is not keeping pace with mandated state requirements and will continue to be an issue.

Issues which will impact future budgets include:

- State budgetary shortfalls which could result in the inability to fully fund SEEK.
- Possible sequestration of Federal Funds.
- Insufficient funding of the state transportation formula.
- Increasing retirement costs to be borne by district could be significant.
- The District has experienced a very small amount of growth in student population over the past several years, although cost of providing services continues to increase. Thus, management will continue to be challenged with balancing our staffing needs with declining enrollment and prudently providing the resources to meet the students' needs in a time of increasing prices for goods and services.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact Denise Clark, Finance Officer, at (606) 432-8161 or by mail at Pikeville Independent Schools, 148 Second Street, Pikeville, Kentucky 41501.

Pikeville Independent School District  
**Statement of Net Position**  
June 30, 2024

	Primary Government		
	Governmental Activities	Business- type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,599,462	\$ 857,798	\$ 4,457,260
Receivables (net)	1,051,265		1,051,265
Inventories		11,460	11,460
Funded OPEB asset	56,307	2,094	58,401
Capital assets:			
Land and construction in progress	454,468		454,468
Other capital assets, net of depreciation	5,528,542	144,621	5,673,163
Total capital assets	5,983,010	144,621	6,127,631
Total assets	10,690,044	1,015,973	11,706,017
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	691,171	25,706	716,877
Deferred outflows related to OPEB CERS	305,677	11,369	317,046
Deferred outflows related to OPEB TRS	1,764,749		1,764,749
Deferred savings from refunding bonds	6,945		6,945
Total deferred outflows of resources	2,768,542	37,075	2,805,617
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	13,458,586	1,053,048	14,511,634
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	70,806	11,133	81,939
Accrued interest payable	17,558		17,558
Unearned revenue	45,002		45,002
Long-term liabilities:			
Due within 1 year:			
Bond obligations	183,000		183,000
Finance purchase obligations	67,956		67,956
Total due within 1 year	250,956	-	250,956
Due in more than 1 year:			
Bond obligations	1,359,056		1,359,056
Finance purchase obligations	323,903		323,903
Sick leave	71,944		71,944
Net pension liability	2,616,919	97,328	2,714,247
Net OPEB liability TRS	2,670,000		2,670,000
Total due in more than 1 year	7,041,822	97,328	7,139,150
Total liabilities	7,426,144	108,461	7,534,605
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	696,378	25,900	722,278
Deferred inflows related to OPEB CERS	1,082,479	40,259	1,122,738
Deferred inflows related to OPEB TRS	1,966,000		1,966,000
Total deferred inflows of resources	3,744,857	66,159	3,811,016
<b>NET POSITION</b>			
Net Investment in capital assets	4,447,899	144,621	4,592,520
Restricted for:			
Capital projects	1,106,049		1,106,049
Student activities	161,742		161,742
Food services		733,807	733,807
Unrestricted (Deficit)	(3,428,105)		(3,428,105)
Total net position	2,287,585	878,428	3,166,013
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	\$ 13,458,586	\$ 1,053,048	\$ 14,511,634

See the accompanying notes to the financial statements.

Pikeville Independent School District  
**Statement of Activities**  
Year ended June 30, 2024

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	Primary Government		
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
Instruction	\$ 11,064,424	\$ 531,588	\$ 4,825,932	\$ -	\$ (5,706,904)	\$ -	\$ (5,706,904)
Support services:							
Student	1,024,664	511,913	424,849		(87,902)		(87,902)
Instructional staff	952,691		395,008		(557,683)		(557,683)
District administration	672,009		278,630		(393,379)		(393,379)
School administration	830,636		344,401		(486,235)		(486,235)
Business	289,349		119,971		(169,378)		(169,378)
Plant operation & maintenance	1,681,552		697,210	333,576	(650,766)		(650,766)
Student transportation	673,930		279,427		(394,503)		(394,503)
Community services operations	105,747		43,845		(61,902)		(61,902)
Interest on long term debt	79,721			115,247	35,526		35,526
Depreciation*	495,177				(495,177)		(495,177)
Total governmental activities	<u>17,869,900</u>	<u>1,043,501</u>	<u>7,409,274</u>	<u>448,823</u>	<u>(8,968,302)</u>		<u>(8,968,302)</u>
Business-type activities:							
Food service operations	1,114,519	195,716	791,209			(127,594)	(127,594)
Depreciation*	15,677					(15,677)	(15,677)
Total business-type activities	<u>1,130,196</u>	<u>195,716</u>	<u>791,209</u>	<u>-</u>	<u>-</u>	<u>(143,271)</u>	<u>(143,271)</u>
Total primary government	<u>\$ 19,000,096</u>	<u>\$ 1,239,217</u>	<u>\$ 8,200,483</u>	<u>\$ 448,823</u>	<u>(8,968,302)</u>	<u>(143,271)</u>	<u>(9,111,573)</u>
General revenues:							
Taxes:							
Property taxes					4,768,978		4,768,978
Motor vehicle taxes					421,832		421,832
Utility taxes					852,055		852,055
Revenue in lieu of taxes					20,610		20,610
State and formula grants					3,941,959		3,941,959
Other local revenue					117,931	1,514	119,445
Sale of equipment					8,129		8,129
Unrestricted investment earnings					249,706		249,706
Total general revenues					<u>10,381,200</u>	<u>1,514</u>	<u>10,382,714</u>
Change in net position					1,412,898	(141,757)	1,271,141
Net Position - beginning					<u>874,687</u>	<u>1,020,185</u>	<u>1,894,872</u>
Net Position - ending					<u>\$ 2,287,585</u>	<u>\$ 878,428</u>	<u>\$ 3,166,013</u>

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

See the accompanying notes to the financial statements.



Pikeville Independent School District  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2024

**Governmental Funds**

	<u>General</u>	<u>Special Revenue</u>	<u>FSPK</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,328,727	\$ -	\$ 818,204	\$ -	\$ 452,531	\$ 3,599,462
Receivables						
Interfund	128,243					128,243
Taxes	276,590					276,590
Accounts	14,214					14,214
Intergovernmental-state		2,137				2,137
Intergovernmental-federal		177,486				177,486
Total assets	<u>2,747,774</u>	<u>179,623</u>	<u>818,204</u>	<u>-</u>	<u>452,531</u>	<u>4,198,132</u>
<b>LIABILITIES</b>						
Accounts payable	61,484	6,378			2,944	70,806
Interfund payable		128,243				128,243
Unearned revenue		45,002				45,002
Total liabilities	<u>61,484</u>	<u>179,623</u>	<u>-</u>	<u>-</u>	<u>2,944</u>	<u>244,051</u>
<b>FUND BALANCE</b>						
Restricted			818,204		287,845	1,106,049
Committed	31,001				161,742	192,743
Unassigned	2,655,289					2,655,289
Total fund balance	<u>2,686,290</u>	<u>-</u>	<u>818,204</u>	<u>-</u>	<u>449,587</u>	<u>3,954,081</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 2,747,774</u>	<u>\$ 179,623</u>	<u>\$ 818,204</u>	<u>\$ -</u>	<u>\$ 452,531</u>	<u>\$ 4,198,132</u>

See the accompanying notes to the financial statements.

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

<b>Fund balance-total governmental funds</b>	\$	3,954,081
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
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.		5,983,010
Accounts receivable from delinquent property taxes are not recorded in the fund financial statements because they are not available for use (received within 60 days). These receivables are accrued on the statement of net position because they have been earned and are measurable		580,838
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		6,945
The other pension benefits actuarial valuation funding over the future estimated costs.		56,307
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, accrued interest payable, other accounts payable, and net pension obligations) are not due and payable in the current period and, therefore, are not reported in the funds		
Accrued interest payable		(17,558)
Bonds payable		(1,542,056)
Finance purchase obligations		(391,859)
Sick leave liability		(71,944)
Net pension liability		(2,616,919)
Net OPEB liability		(2,670,000)
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		691,171
Deferred inflows related to pensions		(696,378)
Deferred outflows related to OPEB		2,070,426
Deferred inflows related to OPEB		(3,048,479)
		(3,048,479)
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u><u>2,287,585</u></u></b>

See the accompanying notes to the financial statements.

Pikeville Independent School District  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
Year ended June 30, 2024

	Governmental Funds					
	General	Special Revenue	FSPK	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
From local sources						
Taxes						
Property	\$ 4,387,462	\$ -	\$ 346,097	\$ -	\$ -	\$ 4,733,559
Motor vehicle	421,832					421,832
Utilities	852,055					852,055
Revenue in lieu of taxes	20,610					20,610
Earnings on investments	249,706					249,706
Tuition	531,588					531,588
Other local revenue	34,283	83,648				117,931
Student activities					511,913	511,913
Intergovernmental - state	7,741,819	352,326	221,788	115,247	111,788	8,542,968
Intergovernmental - federal	54,628	2,495,497				2,550,125
Total revenues	<u>14,293,983</u>	<u>2,931,471</u>	<u>567,885</u>	<u>115,247</u>	<u>623,701</u>	<u>18,532,287</u>
<b>EXPENDITURES</b>						
Instruction	8,715,535	2,347,498				11,063,033
Support services						
Student	462,803	93,066			468,795	1,024,664
Instructional staff	667,040	285,651				952,691
District administration	672,009					672,009
School administration	830,636					830,636
Business	289,349					289,349
Plant operation & maintenance	1,681,552					1,681,552
Student transportation	673,171	121,155				794,326
Food service operations						-
Community services operations		105,747				105,747
Debt service	78,311			302,240		380,551
Total expenditures	<u>14,070,406</u>	<u>2,953,117</u>	<u>-</u>	<u>302,240</u>	<u>468,795</u>	<u>17,794,558</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	223,577	(21,646)	567,885	(186,993)	154,906	737,729
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of equipment	8,129					8,129
Finance purchase proceeds	147,188					147,188
Operating transfers in	304,857	21,646		186,993		513,496
Operating transfers (out)	(21,646)		(380,062)		(111,788)	(513,496)
Total other financing sources and (uses)	<u>438,528</u>	<u>21,646</u>	<u>(380,062)</u>	<u>186,993</u>	<u>(111,788)</u>	<u>155,317</u>
<b>NET CHANGE IN FUND BALANCE</b>	662,105	-	187,823	-	43,118	893,046
<b>FUND BALANCE-BEGINNING</b>	<u>2,024,185</u>	<u>-</u>	<u>630,381</u>	<u>-</u>	<u>406,469</u>	<u>3,061,035</u>
<b>FUND BALANCE-ENDING</b>	<u>\$ 2,686,290</u>	<u>\$ -</u>	<u>\$ 818,204</u>	<u>\$ -</u>	<u>\$ 449,587</u>	<u>\$ 3,954,081</u>

See the accompanying notes to the financial statements.

Pikeville Independent School District  
**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

<b>Net change in fund balance-total governmental funds</b>	<b>\$</b>	<b>893,046</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report district pension and OPEB contributions as expenditures or revenue. However in the Statement of Activities, the cost of benefits earned net of employee contributions is reported as pension expense or revenue</p> <p>District OPEB contributions less costs of benefits earned net employee contributions</p>		706,963
<p>Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.</p>		(374,781)
<p>Accounts receivable from delinquent property taxes are not recorded in the fund financial statements because they are not available for use (received within 60 days). These receivables are accrued on the statement of net position because they have been earned and are measurable.</p>		35,419
<p>The difference in the issue amount of the refunding of bond proceeds and the amount for payment to the escrow account to pay the refunded bonds is amortized over the life of the refunding issue.</p>		(13,980)
<p>The discount/premium of a sale of bond is shown as an other financing source/expenditure in the fund financial statements, in the government wide financial statements the amount is netted against the bond sold and amortized over the life of the bond.</p>		3,656
<p>Bond and finance purchase payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.</p>		164,485
<p>Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.</p> <p>Accrued interest payable</p> <p>Noncurrent sick leave payable</p>		(519) <u>(1,391)</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>1,412,898</u></b>

See the accompanying notes to the financial statements.

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

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
From local sources				
Taxes				
Property	\$ 4,265,000	\$ 4,265,000	\$ 4,387,462	\$ 122,462
Motor vehicle	350,000	350,000	421,832	71,832
Utilities	850,000	850,000	852,055	2,055
Revenue in lieu of taxes	25,000	25,000	20,610	(4,390)
Earnings on investments	160,000	180,000	249,706	69,706
Tuition	540,000	525,000	531,588	6,588
Other local revenue	40,250	35,000	34,283	(717)
Intergovernmental - state	8,756,297	8,587,959	7,741,819	(846,140)
Intergovernmental - federal	40,000	50,000	54,628	4,628
Total revenues	15,026,547	14,867,959	14,293,983	(573,976)
<b>EXPENDITURES</b>				
Instruction	9,681,075	9,695,325	8,715,535	979,790
Support services				
Student	563,665	563,665	462,803	100,862
Instructional staff	747,522	749,522	667,040	82,482
District administration	781,189	789,579	672,009	117,570
School administration	902,601	902,601	830,636	71,965
Business	334,949	336,949	289,349	47,600
Plant operation & maintenance	1,900,627	2,169,684	1,681,552	488,132
Student transportation	606,625	746,625	673,171	73,454
Food service operations	11,765	11,765	-	11,765
Debt service	70,725	157,035	78,311	78,724
Total expenditures	15,600,743	16,122,750	14,070,406	2,052,344
<b>EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES</b>	(574,196)	(1,254,791)	223,577	1,478,368
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of equipment	500	750	8,129	7,379
Finance purchase proceeds			147,188	147,188
Operating transfers in		304,857	304,857	-
Operating transfers (out)	(25,000)	(25,000)	(21,646)	3,354
Total other financing sources and (uses)	(24,500)	280,607	438,528	157,921
<b>NET CHANGE IN FUND BALANCE</b>	(598,696)	(974,184)	662,105	1,636,289
<b>FUND BALANCE-BEGINNING</b>	1,598,696	2,024,184	2,024,185	1
	\$ 1,000,000	\$ 1,050,000	\$ 2,686,290	\$ 1,636,290

See the accompanying notes to the financial statements.

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Other local revenue	\$ 45,077	\$ 49,000	\$ 83,648	\$ 34,648
Intergovernmental - state	371,283	339,567	352,326	12,759
Intergovernmental - federal	910,419	1,592,990	2,495,497	902,507
Total revenues	<u>1,326,779</u>	<u>1,981,557</u>	<u>2,931,471</u>	<u>949,914</u>
<b>EXPENDITURES</b>				
Instruction	959,223	1,562,647	2,347,498	(784,851)
Support services				
Student	70,595	70,595	93,066	(22,471)
Instructional staff	214,720	214,720	285,651	(70,931)
Student transportation	1,676	1,676	121,155	(119,479)
Community services operations	105,565	105,565	105,747	(182)
Total expenditures	<u>1,351,779</u>	<u>1,955,203</u>	<u>2,953,117</u>	<u>(997,914)</u>
<b>EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES</b>	(25,000)	26,354	(21,646)	(48,000)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	25,000	21,646	21,646	-
Total other financing sources and (uses)	<u>25,000</u>	<u>21,646</u>	<u>21,646</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	48,000	-	(48,000)
<b>FUND BALANCE-BEGINNING</b>	-	-	-	-
<b>FUND BALANCE-ENDING</b>	<u>\$ -</u>	<u>\$ 48,000</u>	<u>\$ -</u>	<u>\$ (48,000)</u>

See the accompanying notes to the financial statements.

Pikeville Independent School District  
**Statement of Net Position**  
**Proprietary Fund**  
June 30, 2024

		<b>School Food Services</b>
<b>ASSETS</b>		
Cash	\$	857,798
Inventories		11,460
Funded OPEB asset		2,094
Capital assets:		
Other capital assets, net of depreciation		144,621
Total assets		<u>1,015,973</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions		25,706
Deferred outflows related to OPEB		11,369
Total deferred outflows of resources		<u>37,075</u>
 <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		<u><u>1,053,048</u></u>
 <b>LIABILITIES</b>		
Accounts payable		11,133
Net pension liability		97,328
Total liabilities		<u>108,461</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions		25,900
Deferred inflows related to OPEB		40,259
Total deferred inflows of resources		<u>66,159</u>
 <b>NET POSITION</b>		
Net investment in capital assets		144,621
Restricted		733,807
Total net position		<u>878,428</u>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	\$	<u><u>1,053,048</u></u>

See the accompanying notes to the financial statements.

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

		<u>School Food Services</u>
<b>OPERATING REVENUES</b>		
Lunchroom sales	\$	195,716
Other revenue from local sources		<u>1,514</u>
Total operating revenues		<u>197,230</u>
<b>OPERATING EXPENSES</b>		
Depreciation		15,677
Food service operations		
Employee services		366,603
Operational expenses		<u>747,916</u>
Total operating expenses		<u>1,130,196</u>
Operating income (loss)		<u>(932,966)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Federal grants		689,116
State grants		<u>102,093</u>
Total nonoperating revenues (expenses)		<u>791,209</u>
<b>CHANGE IN NET POSITION</b>		(141,757)
<b>NET POSITION-BEGINNING</b>		<u>1,020,185</u>
<b>NET POSITION-ENDING</b>	\$	<u><u>878,428</u></u>

See the accompanying notes to the financial statements.



Pikeville Independent School District  
**Statement of Cash Flows**  
**Proprietary Fund**  
Year ended June 30, 2024

	<u>School Food Services</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 197,230
Payments to suppliers	(752,264)
Payments to employees	(366,603)
Net cash provided (used) by operating activities	<u>(921,637)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Operating grants and contributions	<u>791,209</u>
Net cash provided (used) by noncapital financing activities	<u>791,209</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>	
Purchase of capital assets	<u>(32,903)</u>
Net cash provided (used) by capital financing activities	<u>(32,903)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(163,331)
<b>CASH AND CASH EQUIVALENTS-BEGINNING</b>	<u>1,021,129</u>
<b>CASH AND CASH EQUIVALENTS-ENDING</b>	<u>\$ <u>857,798</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used)</b>	
<b>by operating activities:</b>	
Operating income (loss)	\$ (932,966)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	15,677
Changes in assets and liabilities:	
OPEB asset	(2,094)
Outflow Deferrals	6,040
Inflow Deferrals	28,166
Inventory	(1,690)
Pension liability	(10,335)
OPEB liability	(29,386)
Accounts payable	4,951
Net cash provided (used) by operating activities	<u>\$ (921,637)</u>

**NONCASH NONCAPITAL FINANCING ACTIVITIES**

During the year, the district received \$49,176 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 \$95,847 provided by state government.

See the accompanying notes to the financial statements.

PIKEVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

Reporting Entity

The Pikeville Independent Board of Education (“Board”), a five-member group, is the level of government, which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Pikeville Independent 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 Pikeville Independent 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:

Pikeville Independent Board Of Education Finance Corporation

The Board authorized establishment of the Pikeville Independent 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 Pikeville Independent 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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

The District has the following funds:

### I. Governmental Fund Types

#### (A) General Fund

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

### (D) Capital Project Funds

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

#### SEEK Capital Outlay Fund

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

#### Building (FSPK) Fund

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

#### Construction Fund

The Construction Fund accounts for proceeds from sale of bonds and other revenues to be used for authorized construction and/or remodeling.

### (E) Debt Service Fund

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

### 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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 non-exchange transactions must also be available before it can be recognized.

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

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

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

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

### Cash and Cash Equivalents

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

### Inventories

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Prepaid Assets

Payments made that will benefit periods beyond the fiscal period end 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:

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

### 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 non-current 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 are reported in three categories: 1) invested in capital assets net of related debt – 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 invested in capital assets. It is the District's policy to first

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 \$.747 per \$100 valuation of real property, \$.747 per \$100 valuation for tangible personal property and \$.793 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 fixed 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 inter-fund loans are classified as “inter-fund 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.

### Inter-fund 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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds and after non-operating 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.

### Other Postemployment Benefits (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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 to prepare the Statements 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. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end. The Kentucky Department of Education does not require the Capital Project Funds and Debt Service Funds to prepare budgets.

The District's Special Revenue Fund exceeded budgeted appropriations by \$997,914.

### 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 \$4,457,259. The bank balance for the same time was \$4,733,676.

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

### NOTE C – CAPITAL ASSETS

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

SEE SCHEDULE NEXT PAGE

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

<b><u>Governmental Activities</u></b>	<b><u>July 1, 2023</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b><u>June 30, 2024</u></b>
Land-nondepreciable	\$ 454,468	\$ -	\$ -	\$ 454,468
Land improvements	928,585	-	-	928,585
Buildings	16,057,337	-	-	16,057,337
Technology equipment	7,475	-	2,030	5,445
Vehicles	1,894,746	120,396	297,248	1,717,894
General equipment	620,960	-	-	620,960
<b>Total at historical cost</b>	<b>\$ 19,963,570</b>	<b>\$ 120,396</b>	<b>\$ 299,278</b>	<b>\$ 19,784,688</b>
Less: Accumulated depreciation				
Land improvements	\$ 754,142	\$ 17,234	\$ -	\$ 771,376
Buildings	11,047,709	353,422	-	11,401,131
Technology equipment	7,475	-	2,030	5,445
Vehicles	1,312,929	101,363	297,248	1,117,044
General equipment	483,525	23,158	-	506,683
<b>Total accumulated depreciation</b>	<b>\$ 13,605,779</b>	<b>\$ 495,177</b>	<b>\$ 299,278</b>	<b>\$ 13,801,679</b>
<b>Governmental Activities</b>				
Capital Assets-net	\$ 6,357,791	\$ (374,781)	\$ -	\$ 5,983,010
<b><u>Business-Type Activities</u></b>	<b><u>July 1, 2023</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b><u>June 30, 2024</u></b>
General equipment	373,835	32,903	-	406,739
<b>Total at historical cost</b>	<b>\$ 373,835</b>	<b>\$ 32,903</b>	<b>\$ -</b>	<b>\$ 406,739</b>
Less: Accumulated depreciation				
General equipment	246,440	15,678	-	262,118
<b>Total accumulated depreciation</b>	<b>\$ 246,440</b>	<b>\$ 15,678</b>	<b>\$ -</b>	<b>\$ 262,118</b>
<b>Business-Type Activities</b>				
Capital Assets-net	\$ 127,395	\$ 17,226	\$ -	\$ 144,621

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

**NOTE D – LONG TERM DEBT OBLIGATIONS**

**Bonds**

The amount shown in the accompanying financial statements as bonded debt and lease obligations represent the District’s future obligations to make payments relating to the bonds issued by the Pikeville Independent 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 Pikeville Independent School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

The 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:

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

Bond Issue	Original Amount	Maturity Date	Interest Rates	2023			2024
				Outstanding Balance	Additions	Retirements	Outstanding Balance
2017	\$ 645,000	8/1/2037	3 - 3.5%	\$ 520,000	\$ -	\$ 30,000	\$ 490,000
2006	360,000	5/1/2026	4.25%	85,000	-	25,000	60,000
2012R	1,840,000	6/1/2024	1.15 - 3.0%	75,000	-	75,000	-
2019R	905,000	6/1/2024	2%	630,000	-	100,000	530,000
2020	\$ 580,000	2/1/2040	2.5-3.0%	508,000	-	22,000	486,000
				1,818,000	-	252,000	1,566,000
Less:	Discount			(27,600)	-	(3,656)	(23,944)
Totals				\$ 1,790,400	\$ -	\$ 248,344	\$ 1,542,056

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		Interest		Principal	Interest
	Local	SFCC	Local	SFCC	Total	Total
2025	\$ 115,603	\$ 67,397	\$ 12,137	\$ 31,273	\$ 183,000	\$ 43,410
2026	120,694	69,306	9,145	29,365	190,000	38,510
2027	90,740	71,260	6,050	27,410	162,000	33,460
2028	94,739	73,261	4,226	25,409	168,000	29,635
2029	94,688	75,312	2,327	23,358	170,000	25,685
2030-2034	7,441	322,559	1,729	86,196	330,000	87,925
2035-2039	6,150	320,850	702	30,843	327,000	31,545
2040	1,120	34,880	34	1,046	36,000	1,080
	\$ 531,175	\$ 1,034,825	\$ 36,350	\$ 254,900	\$ 1,566,000	\$ 291,250

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Finance Purchases

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

<u>KISTA Issue</u>	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>2023</u>			<u>2024</u>
				<u>Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding Balance</u>
2017	\$ 202,648	3/1/2027	2.55%	\$ 80,347	\$ -	\$ 21,004	\$ 59,343
2020	220,941	3/1/2030	2.00%	152,117	-	21,636	130,481
2021	108,816	3/1/2031	1.25% - 1.5%	79,192	-	9,961	69,231
2023	\$ 147,188	3/1/2033	3-3.75%	-	147,188	14,384	132,804
Totals				\$ 311,656	\$ 147,188	\$ 66,985	\$ 391,859

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:

<u>Fiscal Year Ended June 30th</u>	<u>Principal Local</u>	<u>Interest Local</u>	<u>Total</u>
2025	\$ 67,956	\$ 10,344	\$ 78,300
2026	64,757	8,656	73,413
2027	66,353	7,066	73,419
2028	48,383	5,433	53,816
2029	45,367	4,254	49,621
2030-2033	99,043	6,868	105,911
	<u>\$ 391,859</u>	<u>\$ 42,620</u>	<u>\$ 434,479</u>
Total minimum payments		\$	434,479
Less: Amount representing interest			<u>(42,620)</u>
Present Value of Net Minimum Payments		\$	<u>391,859</u>

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Accumulated Sick Leave

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

		<b>2023</b>		<b>2024</b>
	\$	<u>Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>
Sick Leave	\$	70,553	\$ 1,391 -	\$ -
				\$ 71,944

### Net Pension and OPEB Liability

The net pension liability is \$2,616,919 for governmental activities and \$97,328 for business-type activities for a total of \$2,714,247 as of June 30, 2024. (See Note E for additional information) The net OPEB liability is \$2,670,000 for governmental activities and \$0 for business-type activities for a total of \$2,670,000 as of June 30, 2024. (See Note F for additional information)

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

<u>Description</u>		<b>2023</b>		<b>2024</b>	
	\$	<u>Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding Balance</u>
Bonds, net of premium and discount	\$	1,790,400	\$ -	\$ 248,344	\$ 1,542,056
Finance purchases		311,656	147,188	66,985	391,859
Sick leave		70,553	1,391	-	71,944
Net pension liability		3,022,644	-	308,397	2,714,247
Net OPEB liability		4,536,027	-	1,866,027	2,670,000
<b>Total</b>	<b>\$</b>	<b>9,731,280</b>	<b>\$ 148,579</b>	<b>\$ 2,489,753</b>	<b>\$ 7,390,106</b>
					<b>\$ 250,956</b>

## **NOTE E – RETIREMENT PLANS**

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

### **Teachers Retirement System Kentucky (TRS)**

#### *Retirement Annuity Trust*

#### **Plan description**

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 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 for life, members must either:

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

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

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

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

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





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

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:

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

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

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

Options

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

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

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

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

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

Option 4(a). At the death of the beneficiary designated by the member Under Option 4, the member's benefit will revert to what would have been

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	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	\$	35,603,118
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The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. The District's proportion was 0.208900%.

### 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%

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 %
Small Cap Equity	2.6 %	5.5 %
Developed International Equity	15.7 %	5.5 %
Emerging Markets Equity	5.3 %	6.1 %
Fixed Income	15 %	1.9 %
High Yield Bonds	5 %	3.8 %
Other Additional Categories	5 %	3.6 %
Real Estate	7 %	3.2 %
Private Equity	7 %	8 %
Cash	2 %	1.6 %
Total	100 %	

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Discount Rate

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

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

	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
State's proportionate share of net pension liability	\$ 45,746,014	\$ 35,603,118	\$ 27,152,320

### 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 publically available at <http://www.TRS.ky.gov/>.

### County Employees Retirement System

#### *Non-Hazardous*

#### Plan description

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

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

#### Benefits provided

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Contributions

Funding for CERS:

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

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

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

For the year ending June 30, 2024, employers were required to contribute 23.34% of the member's salary, 23.34% pension and 0% for insurance. The District contributed \$279,217 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, \$2,714,247 was based on contributions to CERS during the fiscal year ended June 30, 2023. The District's proportion was 0.042301%.

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 \$166,942 and reported deferred outflows of resources and deferred inflows of resources related to pensions as follows.

SEE SCHEDULE NEXT PAGE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 140,511	\$ 7,375
Changes of assumptions	-	248,763
Net difference between projected and actual earnings on pension plan investments	293,216	330,239
Changes in proportion and differences between District contributions and proportionate share of contributions	3,933	135,901
District contributions subsequent to the measurement date	279,217	-
	\$ 716,877	\$ 722,278

The \$279,217 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	\$ (193,701)
Year 2	(125,235)
Year 3	60,593
Year 4	(26,275)
	\$ (284,618)

### 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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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	\$ 3,426,901	\$	2,714,247	\$	2,122,005

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
<b>Equity</b>			
Public Equity	50 %		5.9 %
Private Equity	10 %		11.73 %



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 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 F – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

### TRS – General Information about the OPEB Plans

#### *Health Insurance Trust (Medical Insurance Fund)*

#### Plan description

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

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

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

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 \$2,670,000 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 .109629%.

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	\$	2,670,000
State's proportionate share of the TRS net OPEB liability associated with the District		<u>2,251,000</u>
	\$	<u><u>4,921,000</u></u>

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

SEE SCHEDULE NEXT PAGE

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 905,000
Changes of assumptions	607,000	-
Net difference between projected and actual earnings on pension plan investments	50,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	902,000	1,061,000
District contributions subsequent to the measurement date	<u>205,749</u>	<u>-</u>
	\$ <u>1,764,749</u>	\$ <u>1,966,000</u>

The \$205,749 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:

	<u>Year Ended June 30,</u>
Year 1	\$ (162,000)
Year 2	(137,000)
Year 3	41,000
Year 4	15,000
Year 5	(73,000)
Thereafter	<u>(91,000)</u>
	\$ <u>(407,000)</u>

**Actuarial Methods and Assumptions**

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

Actuarial Cost Method	Entry age normal
Valuation Date	June 30, 2022
Discount Rate	7.10%
Amortization Period	Level percentage of payroll
Amortization Method	21 years, closed

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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:

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

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	\$ 3,434,000	\$ 2,670,000	\$ 2,039,000

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

	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
District's proportionate share of net OPEB liability	\$ 1,922,000	\$ 2,670,000	\$ 3,601,000

***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:

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

State's proportionate share of the TRS net OPEB liability associated with the District	\$	56,000
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### 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 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, 2023, the District recognized OPEB revenue in the amount of \$345,718 for support provided on-behalf of the State.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 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 \$58,401 for its proportionate share of the collective net OPEB liability which is .042299%.

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 \$201,911. The District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 40,714	\$ 829,233
Changes of assumptions	114,929	80,094
Net difference between projected and actual earnings on pension plan investments	109,295	122,849
Changes in proportion and differences between District contributions and proportionate share of contributions	15,904	90,562
District contributions subsequent to the measurement date	<u>36,204</u>	<u>-</u>
	\$ <u>317,046</u>	\$ <u>1,122,738</u>

The \$36,204 (includes \$19,075 Implicit Subsidy) reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the collective net OPEB liability for the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows.

	<u>Year Ended June 30,</u>
Year 1	\$ (223,489)
Year 2	(253,411)
Year 3	(201,018)
Year 4	<u>(163,978)</u>
	\$ <u>(841,896)</u>

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

**Changes of Benefit Terms**

None

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	4.93%	5.93%	6.93%
District's proportionate share of net OPEB liability	\$ 109,596	\$ (58,401)	\$ (199,078)

### Health Care Trend Rate Sensitivity

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

	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
District's proportionate share of net OPEB liability	\$ (187,185)	\$ (58,401)	\$ 99,798

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### **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 G – COMMITMENTS**

The District has committed fund balance for the General Fund of \$31,001 for site based council. The District had commitments of \$161,742 for the Special Revenue School Activity Fund for student activities.

### **NOTE H - 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 I - 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 J – 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 and includes Workers' Compensation insurance.

### **NOTE K – 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.

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

**NOTE L – DEFICIT FUND AND OPERATING BALANCES**

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

<u>Fund</u>	<u>Change in Net Position</u> <u>Net Change in Fund Balance</u>
Food Service	(141,757)

**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:

<u>Type</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
Operations	General Fund	Special Revenue Fund	KETS Matching	\$ 21,646
Operations	Capital Outlay	General Fund	SEEK Allocation	111,788
Operations	Building Fund	General Fund	Repair & Maintenance	193,069
Debt Service	Building Fund	Debt Service Fund	Debt Payments	\$ 186,993

**NOTE O – ON-BEHALF PAYMENTS**

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

<u>Plan/Description</u>	<u>Amount</u>
Kentucky Teachers Retirement System (GASB 68 &75)	\$ 4,057,793
Health Insurance	1,511,402
Life Insurance	1,884
Administrative Fee	15,060
HRA/Dental/Vision	58,625
Federal Reimbursement	(172,188)
Technology	67,083
SFCC Debt Service Payments	<u>115,247</u>
Total	\$ <u><u>5,654,906</u></u>

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE P – RESTRICTED FUNDS

The following funds had restricted fund balances.

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
Capital Outlay	\$ 285,267	School Facilities Construction Commission Requirement
School Food Service	733,807	School Food Service Operations
FSPK	818,204	School Facilities Construction Commission Requirement
School Activity	161,742	Student Activity
Construction	\$ 2,578	Construction Projects

### NOTE Q – SUBSEQUENT EVENTS

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

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

For the year ended June 30, 2024

	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)
<b>COUNTY EMPLOYEE'S RETIREMENT SYSTEM (CERS):</b>									
Districts' proportion of the net pension liability	0.042301%	0.043302%	0.047271%	0.044943%	0.04623%	0.05029%	0.05439%	0.052200%	0.05140%
District's proportionate share of the net pension liability	\$ 2,714,247	\$ 3,130,307	\$ 3,013,897	\$ 3,447,091	\$ 3,251,587	\$ 3,062,570	\$ 3,183,438	\$ 2,571,668	\$ 2,208,948
State's proportionate share of the net pension liability associated with the District	-	-	-	-	-	-	-	-	-
Total	\$ 2,714,247	\$ 3,130,307	\$ 3,013,897	\$ 3,447,091	\$ 3,251,587	\$ 3,062,570	\$ 3,183,438	\$ 2,571,668	\$ 2,208,948
District's covered-employee payroll	\$ 1,227,893	\$ 1,196,633	\$ 1,207,426	\$ 1,151,203	\$ 1,166,206	\$ 1,248,068	\$ 1,324,187	\$ 1,245,832	\$ 1,198,688
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	221.05%	261.59%	249.61%	299.43%	278.82%	245.38%	240.41%	206.42%	184.28%
Plan fiduciary net position as a percentage of the total pension liability	57.48%	52.42%	57.33%	47.81%	50.54%	53.54%	53.30%	59.00%	59.97%
<b>KENTUCKY TEACHER'S RETIREMENT SYSTEM (TRS):</b>									
Districts' proportion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	35,603,118	35,043,194	26,299,158	29,495,139	28,485,011	27,859,109	58,301,885	62,328,123	47,600,799
Total	\$ 35,603,118	\$ 35,043,194	\$ 26,299,158	\$ 29,495,139	\$ 28,485,011	\$ 27,859,109	\$ 58,301,885	\$ 62,328,123	\$ 47,600,799
District's covered-employee payroll	\$ 7,328,471	\$ 7,117,141	\$ 6,820,138	\$ 6,754,822	\$ 6,683,391	\$ 6,731,526	\$ 6,751,740	\$ 6,636,661	\$ 14,423,334
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.



PIKEVILLE INDEPENDENT SCHOOL DISTRICT  
**REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS**  
**CERS and TRS**

For the year ended June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>COUNTY EMPLOYEE'S RETIREMENT SYSTEM (CERS):</b>									
Contractually required contribution	\$ 279,217	\$ 309,940	\$ 303,852	\$ 273,716	\$ 260,971	\$ 238,578	\$ 228,128	\$ 247,358	\$ 212,538
Contributions in relation to the contractually required contributions	279,217	309,940	303,852	273,716	260,971	238,578	228,128	247,358	212,538
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 1,269,860	\$ 1,227,893	\$ 1,196,633	\$ 1,207,426	\$ 1,151,203	\$ 1,166,206	\$ 1,248,068	\$ 1,324,187	\$ 1,245,832
District's contributions as a percentage of it's covered-employee payroll	21.99%	25.24%	25.39%	22.67%	22.67%	20.46%	18.28%	18.68%	17.06%
<b>KENTUCKY TEACHER'S RETIREMENT SYSTEM (TRS):</b>									
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contributions	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 7,792,852	\$ 7,328,471	\$ 7,117,141	\$ 6,820,138	\$ 6,754,822	\$ 6,683,391	\$ 6,731,526	\$ 6,751,740	\$ 6,636,661
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.

PIKEVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS

For the year ended June 30, 2024

**Teachers Retirement System (TRS)**

**Retirement Annuity Trust**

*Changes of Benefit Terms*

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

*Changes of assumptions*

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

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

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

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

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

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

*Actuarial Methods and Assumptions*

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

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%

PIKEVILLE INDEPENDENT SCHOOL DISTRICT  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS**

For the year ended June 30, 2024

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%

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

	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
<b>MEDICAL INSURANCE PLAN</b>							
District's proportion of the collective net OPEB liability (asset)	0.109629%	0.149468%	0.108020%	0.112065%	0.11174%	0.21393%	0.11493%
District's proportionate share of the collective net OPEB liability (asset)	\$ 2,670,000	\$ 3,711,000	\$ 2,318,000	\$ 2,828,000	\$ 3,270,000	\$ 3,832,000	\$ 4,098,000
State's proportionate share of the collective net OPEB liability (asset) associated with the District	2,251,000	1,219,000	1,882,000	2,266,000	2,641,000	3,303,000	3,348,000
Total	\$ 4,921,000	\$ 4,930,000	\$ 4,200,000	\$ 5,094,000	\$ 5,911,000	\$ 7,135,000	\$ 7,446,000
District's covered-employee payroll	\$ 7,328,471	\$ 7,117,141	\$ 6,820,138	\$ 6,754,822	\$ 6,683,391	\$ 6,731,526	\$ 6,751,740
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	36.43%	52.14%	33.99%	41.87%	48.93%	56.93%	60.70%
Plan fiduciary net position as a percentage of the total OPEB liability	52.97%	47.75%	39.05%	39.10%	32.60%	25.50%	21.20%
<b>LIFE INSURANCE PLAN</b>							
District's proportion of the collective net OPEB liability (asset)	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of the collective net OPEB liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability (asset) associated with the District	56,000	29,000	25,000	69,000	61,000	57,000	45,000
Total	\$ 56,000	\$ 29,000	\$ 25,000	\$ 69,000	\$ 61,000	\$ 57,000	\$ 45,000
District's covered-employee payroll	\$ 7,328,471	\$ 7,117,141	\$ 6,820,138	\$ 6,754,822	\$ 6,683,391	\$ 6,731,526	\$ 6,751,740
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	76.91%	73.97%	71.57%	71.60%	73.40%	75.00%	80.00%

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>MEDICAL INSURANCE PLAN</b>							
Contractually required contribution	\$ 205,749	\$ 125,031	\$ 121,843	\$ 191,737	\$ 197,915	\$ 194,259	\$ 196,851
Contributions in relation to the contractually required contribution	<u>205,749</u>	<u>125,031</u>	<u>121,843</u>	<u>191,737</u>	<u>197,915</u>	<u>194,259</u>	<u>196,851</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 7,792,852	\$ 7,328,471	\$ 7,117,141	\$ 6,820,138	\$ 6,754,822	\$ 6,683,391	\$ 6,731,526
District's contributions as a percentage of it's covered-employee payroll	2.64%	1.71%	1.71%	2.81%	2.93%	2.91%	2.92%
<b>LIFE INSURANCE PLAN</b>							
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 7,792,852	\$ 7,328,471	\$ 7,117,141	\$ 6,820,138	\$ 6,754,822	\$ 6,683,391	\$ 6,731,526
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.

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

	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
<b>HEALTH INSURANCE PLAN</b>							
District's proportion of the collective net OPEB liability (asset)	0.042299%	0.044329%	0.047260%	0.044930%	0.04622%	0.05028%	0.05439%
District's proportionate share of the collective net OPEB liability (asset)	\$ (58,401)	\$ 854,413	\$ 904,967	\$ 1,084,923	\$ 777,416	\$ 892,783	\$ 1,093,365
State's proportionate share of the collective net OPEB liability (asset) associated with the District	-	-	-	-	-	-	-
Total	\$ (58,401)	\$ 854,413	\$ 904,967	\$ 1,084,923	\$ 777,416	\$ 892,783	\$ 1,093,365
District's covered-employee payroll	\$ 1,227,893	\$ 1,196,633	\$ 1,207,426	\$ 1,151,203	\$ 1,166,206	\$ 1,248,068	\$ 1,324,187
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	-4.76%	71.40%	74.95%	94.24%	66.66%	71.53%	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.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>HEALTH INSURANCE PLAN</b>							
Contractually required contribution	\$ 36,204	\$ 49,818	\$ 48,411	\$ 43,417	\$ 32,702	\$ 70,501	\$ 24,614
Contributions in relation to the contractually							
	<u>36,204</u>	<u>49,818</u>	<u>48,411</u>	<u>43,417</u>	<u>32,702</u>	<u>70,501</u>	<u>24,614</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 1,269,860	\$ 1,227,893	\$ 1,196,633	\$ 1,207,426	\$ 1,151,203	\$ 1,166,206	\$ 1,248,068
District's contributions as a percentage of it's covered-employee payroll	2.85%	4.06%	4.05%	3.60%	2.84%	6.05%	1.97%

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

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

**Teachers Retirement System (TRS)**

**Health Insurance Trust**

*Changes of Benefit Terms*

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

*Changes of Assumptions*

None.

*Actuarial Methods and Assumptions*

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

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



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

**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

PIKEVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-OPEB

For the year ended June 30, 2024

**County Employee Retirement System (CERS)**

**Non-Hazardous**

*Changes of Benefit Terms*

None

*Changes of assumptions*

None.

*Actuarial Methods and Assumptions*

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

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

Pikeville Independent School District  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
 June 30, 2024

	<b>Other Governmental Funds</b>			
	<b>Capital Outlay</b>	<b>Construction</b>	<b>School Activity</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 285,267	\$ 2,578	\$ 164,686	\$ 452,531
Total assets	285,267	2,578	164,686	452,531
<b>Liabilities</b>				
Accounts payable			2,944	2,944
Total liabilities	-	-	2,944	2,944
<b>Fund Balance</b>				
Restricted	285,267	2,578		287,845
Committed			161,742	161,742
Total fund balance	285,267	2,578	-	449,587
<b>Total Liabilities and Fund Balance</b>	\$ 285,267	\$ 2,578	\$ 2,944	\$ 452,531

Pikeville Independent School District  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds**  
For the year ended June 30, 2024

	<b>Other Governmental Funds</b>			
	<b>Capital Outlay</b>	<b>Construction</b>	<b>School Activity</b>	<b>Total</b>
<b>Revenues</b>				
Intergovernmental - state	\$ 111,788	\$ -	\$ -	\$ 111,788
Student activities			511,913	511,913
Total revenues	111,788	-	511,913	623,701
<b>Expenditures</b>				
Student activities			468,795	468,795
Total expenditures	-	-	468,795	468,795
<b>Excess (Deficiency) of Revenues over Expenditures</b>	111,788	-	43,118	154,906
<b>Other Financing Sources (Uses)</b>				
Operating transfer (out)	(111,788)			(111,788)
Total other financing sources (uses)	(111,788)	-	-	(111,788)
<b>Net Change in Fund Balance</b>	-	-	43,118	43,118
<b>Fund Balance Beginning</b>	285,267	2,578	118,624	406,469
<b>Fund Balance Ending</b>	\$ 285,267	\$ 2,578	\$ 161,742	\$ 449,587

Pikeville Independent School District  
**Combining Balance Sheet - School Activity Funds**  
 June 30, 2024

	<b>SCHOOL ACTIVITY FUND</b>		
	<b>PIKEVILLE HIGH SCHOOL</b>	<b>PIKEVILLE ELEMENTARY</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 134,283	\$ 30,403	\$ 164,686
Total assets	134,283	30,403	164,686
<b>LIABILITIES</b>			
Accounts payable	2,944	-	2,944
Total liabilities	2,944	-	2,944
<b>FUND BALANCE</b>			
School activities	131,339	30,403	161,742
Total liabilities & fund balances	\$ 134,283	\$ 30,403	\$ 164,686

Pikeville Independent School District  
**Combining Statement of Revenues, Expenses, and Changes in Fund Balance**  
**School Activity Funds**  
For the year ended June 30, 2024

	<b>SCHOOL ACTIVITY FUND</b>		
	<b>PIKEVILLE HIGH SCHOOL</b>	<b>PIKEVILLE ELEMENTARY</b>	<b>TOTAL</b>
<b>REVENUES</b>			
Student revenues	\$ 434,028	\$ 77,885	\$ 511,913
<b>EXPENSES</b>			
Student activities	396,614	72,181	468,795
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	37,414	5,704	43,118
<b>FUND BALANCE - BEGINNING</b>	93,925	24,699	118,624
<b>FUND BALANCE - ENDING</b>	\$ 131,339	\$ 30,403	\$ 161,742

Pikeville Independent School District  
**Statement of Revenues, Expenses, and Changes in Fund Balance - Pikeville High School**  
For the year ended June 30, 2024

	FUND BALANCE BEGINNING	REVENUES	EXPENSES	TRANSFER	FUND BALANCE ENDING
OFFICE	\$ 2,320	\$ 11,460	\$ 8,915	\$ -	\$ 4,865
POSTAGE	46				46
GENERAL	239		1		238
TEXTBOOKS	66				66
SCHOOL RESERVED	-	23,080	25,195	2,115	-
START UP	-	3,700	3,700		-
ATHLETIC CONTINGENCY	7,516	3,833	9,285		2,064
PHS HALL OF FAME	42	510			552
PROJECT PROM	2	12,880	12,831		51
GENE DAVIS FUNDS	-	1,000	350		650
STUDENT VENDING	4,325	4,783	6,146	256	3,218
TEACHER VENDING	1,528	4,237	3,938		1,827
ATHLETICS	10,913	206,523	191,132		26,304
CORP SPONSORSHIP	16,184	47,300	21,670		41,814
MOCK TRIAL	380				380
GIFTED AND TALENTED	657				657
PHS INTERACT CLUB	51	250	129		172
FUTURE CITY 2016	1		1		-
7TH GRADE ACTIVITY FUND	522	1,842	1,733		631
PIKEVILLE E-SPORTS	304				304
FCA	203	850	566		487
HONOR SOCIETY	1,133	1,337	985		1,485
HS ACADEMICS	3,661	5,537	5,390	(2,115)	1,693
JH ACADEMICS	163		97		66
JH PEP CLUB	2,058	793	766		2,085
PEP CLUB HS	3,119	3,720	2,741		4,098
STUDENT COUNCIL	55				55
PREPPY PANTHER	190			(190)	-
SCHOOL STORE/JAG	-	3,090	2,503	1,690	2,277
SPECIAL ED FOUNDATION	144	310	314		140
BETA CLUB	1,279	1,719	1,881		1,117
BAND	157	390	182		365
CHORUS	3,581	41,662	41,239		4,004
ART	28				28
DRAMA	676	1,013	1		1,688
SPANISH	-	593	506		87
PHS Y-CORP	208	10,884	10,803		289
PROM	910	10,455	9,050		2,315
YEARBOOK	19,011	5,130	7,027		17,114
COUNSELOR NEEDS	311	872	202		981
LIBRARY	1,487	3,643	2,776		2,354
HELP	118		1		117
CLASS OF 2026	690				690
CLASS OF 2027	297	426			723
CLASS OF 2028	-	2,457	2,457		-
CLASS OF 2023	-	40		(40)	-
CLASS OF 2024	2,189	5,572	7,741	(20)	-
PANTHER BASKETBALL CAMP	(889)	4,820	3,931		-
CLASS OF 2025	262	956	936		282
COMPETITIVE CHEER AC	1,007		1,007		-
COOKING TEAM	1,694	2		(1,696)	-
PANTHER FOOTBALL CA	932	1,520	2,452		-
EMPTY CHAIR	20				20
TEEN'S WHO CARE	4,135	4,839	6,034		2,940
	<u>\$ 93,925</u>	<u>\$ 434,028</u>	<u>\$ 396,614</u>	<u>\$ -</u>	<u>\$ 131,339</u>

Pikeville Independent School District  
**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
US Department of Agriculture					
Passed Through State Department of Education					
<b>School Breakfast Program</b>	10.553				
Fiscal Year 23		7760005 23	\$ -	\$ N/A	46,662
Fiscal Year 24		7760005 24	-	N/A	200,338
<b>National School Lunch Program</b>	10.555				
Fiscal Year 23		7750002 23	-	N/A	72,315
Fiscal Year 24		7750002 24	-	N/A	280,188
Fiscal Year 23		9980000 23	-	N/A	39,242
Child Nutrition Cluster Subtotal					<u>638,744</u>
<b>State Administrative Grant for Nutrition</b>	10.560				
Fiscal Year 23		7700001 23	-	N/A	1,196
Passed Through State Department of Agriculture					
<b>Food Donation-Commodities</b>	10.565				
Fiscal Year 24		510.495 24	-	N/A	49,176
Total US Department of Agriculture					<u>689,116</u>
US Department of Education					
Passed Through State Department of Education					
<b>Title I Grants to Local Educational Agencies</b>	84.010A				
Fiscal Year 23		3100002 23	-	353,938	68,407
Fiscal Year 24		3100002 24	-	555,559	243,792
					<u>312,199</u>
<b>Special Education Grants to States</b>	84.027A				
Fiscal Year 23		3810002 23	-	230,189	190,573
Fiscal Year 24		3810002 24	-	246,469	12,717
<b>COVID-19- ARP Individuals with Disabilities Education Act</b>	84.027X				
Fiscal Year 22		4910002-21	-	56,967	1,817
<b>Special Education - Preschool Grants</b>	84.173A				
Fiscal Year 22		3800002 22	-	8,591	39
Fiscal Year 23		3800002 23	-	9,141	4,376
Fiscal Year 24		3800002 24	-	9,401	9,215
<b>COVID-19- ARP Individuals with Disabilities Education Act- Preschool</b>	84.173X				
Fiscal Year 22		4900002-21	-	7,902	916
Special Education Cluster Subtotal					<u>219,653</u>
<b>Vocation Education - Basic Grants to States</b>	84.048				
Fiscal Year 23		3710002 23	-	1,254	1,254
Fiscal Year 24		3710002 24	-	15,163	15,163
					<u>16,417</u>
<b>Office of innovation and improvemet</b>	84.215J				
Fiscal Year 23		518JJ	-	557,229	551,661
Fiscal Year 24		518KJ	-	535,634	171,119
					<u>722,780</u>
<b>Rural Education</b>	84.358B				
Fiscal Year 23		3140002 23	-	32,472	8,430
<b>Improving Teacher Quality State Grants</b>	84.367A				
Fiscal Year 23		3230002 23	-	43,994	5,934
Fiscal Year 24		3230002 24	-	62,561	43,673
					<u>49,607</u>
* <b>COVID-19- ESSER</b>	84.425D				
Fiscal Year 21		4000002 21	-	1,196,141	57,141
Fiscal Year 22		4200003-21	-	2,948	1,157
Fiscal Year 22		4200003-21	-	81,177	2,467
Fiscal Year 24		4000002 21	-	137,276	137,913
* <b>COVID-19- ARP ESSER</b>	84.425U				
FY21 ARP Emergency Relief Fund		4300002-21	-	2,660,617	909,894
FY22 Digital Learning Coach		4300003-21	-	1,473	1,473
FY22 DLC ARP ESSER		4300003-21	-	1,473	348
FY22 Deeper Learning		4300005-21	-	46,605	37,641
Educational Stabilization Fund Subtotal					<u>1,148,034</u>
<b>Title IV Part A</b>	84.424				
Fiscal Year 23		3420002 22	-	25,483	21,378
Total US Department of Education					<u>2,498,498</u>
<b>Total Expenditure of Federal Awards</b>				\$	<u>3,187,614</u>

\* Major program



PIKEVILLE INDEPENDENT SCHOOL DISTRICT  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended June 30, 2024

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Pikeville Independent 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 Pikeville Independent 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 \$49,176.

**NOTE D – INDIRECT COST RATE**

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

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

To the Board of Education of the Pikeville Independent County School District  
Pikeville, 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 Pikeville Independent County School District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2024.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

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

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

**Purpose of This Report**

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

*White & Associates, PSC*

Richmond, Kentucky

November 15, 2024

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major 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

PIKEVILLE INDEPENDENT SCHOOL DISTRICT  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 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]
Dollar threshold of Type A and B programs	\$750,000
Low risk auditee?	Yes

**FINDINGS - FINANCIAL STATEMENT AUDIT**

No findings at the financial statement level.

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

No findings at the major federal award programs level.

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

There were no prior audit findings.



**MANAGEMENT LETTER POINTS**

Pikeville Independent School District  
Pikeville, Kentucky

In planning and performing our audit of the financial statements of the Pikeville Independent 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 Pikeville Independent 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.

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

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

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