

SHELBY COUNTY BOARD OF EDUCATION

FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

YEAR ENDED JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

State Committee for School District Audits
Members of the Board of Education
Shelby County Board of Education
Shelbyville, Kentucky

Report on the Audit of the Financial Statements

Opinions

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board 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 Board'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 Board'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 Board's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information; the Schedules of Proportionate Share of the Net Pension Liability and Schedule of Pension Contributions; the Schedule of Proportionate Share of the Net OPEB Liability and Schedule of OPEB Contributions, 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 Board'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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2024 on our consideration of the Board'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 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 Board'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 Board's internal control over financial reporting and compliance.

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
November 13, 2024

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the Year Ended June 30, 2024

As management of the Shelby County Public School District (District), we offer readers of the financial statements this narrative overview and analysis to highlight and further explain the financial events that have taken place over 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 General Fund had \$80.3 million in revenues, which primarily consisted of funding from the State's Support Education Excellence in Kentucky (SEEK) program and revenues from taxes, which include property taxes, motor vehicle taxes, and utilities taxes. This compares to \$82.8 million in General Fund revenues for the prior year, which is a decrease of \$2.5 million. The decrease in revenues is attributable to a decrease in the on-behalf payments received from the State.
- Net General Fund SEEK revenue for the year was \$20.7 million compared to \$21.9 million for the prior year. This represents a decrease of \$1.2 million from the previous year due to an increase in assessed valuations and the discontinuation of hold harmless average daily attendance.
- Construction is set to begin during 2024-25 on a large-scale renovation project at Heritage Elementary School.
- The District's bonding potential at June 30, 2024 is approximately \$74.2 million.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflow of resources. Net position is reported as assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government'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 or related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The entity-wide financial statements can be found on pages 19-20 of this report.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the entity-wide financial statements. However, unlike the entity-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the entity-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the entity-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the special revenue fund, the capital outlay fund, the Facilities Support Program of Kentucky (FSPK) fund, the school construction fund, and the debt service fund, all of which are considered major funds.

Proprietary funds. Proprietary funds are used to account for food services and day care programs which are operated by the District like a business. The proprietary funds statements offer short- and long-term financial information about the activities of these funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the entity-wide financial statements because the District cannot use these funds to finance its operations.

The fund financial statements can be found on pages 21-29 of this report.

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

The notes to the financial statements can be found on pages 30-63 of this report.

ENTITY-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$75,943,094 at the close of the most recent fiscal year. Unrestricted net position is (\$15,055,354) due to the recognition of the district's proportionate share of the pension and other post-employment benefits (OPEB) liabilities. Without the effect of the pension and OPEB liabilities, unrestricted net position would be approximately \$25.1 million. Net position is summarized in Table 1.

- The largest portion of the District's net position, or 107.6%, reflects its investment in capital assets (e.g. land, buildings, furniture and equipment, vehicles), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in 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.
- An additional portion of the District's net position, or 12.2%, represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital projects.
- Unrestricted net position of (\$15,055,354), or (19.8%), represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. GASB Statements 68 and 75 impacted the district's net position in governmental funds negatively by approximately \$22.7 million in net pension liability and (\$1) million in pension expense and by approximately \$12.1 million in net other post-employment benefits liability and (\$2) million in other post-employment benefits expense. The proprietary funds' net assets were negatively impacted by approximately \$1.8 million in net pension liability and (\$66) thousand in pension expense and by approximately \$38 thousand in net funded other post-employment benefits asset and (\$61) thousand in other post-employment benefits expense.

Table 1
SHELBY COUNTY PUBLIC SCHOOL DISTRICT
NET POSITION
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current and other assets	\$ 38,784,459	\$ 3,338,085	\$ 42,122,544
Capital assets	178,497,348	844,926	179,342,274
Deferred outflows of resources	18,540,594	780,485	19,321,079
Total assets and deferred outflows of resources	<u>235,822,401</u>	<u>4,963,496</u>	<u>240,785,897</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities and deferred inflows of resources:			
Current and other liabilities	\$ 9,081,567	\$ 15,115	\$ 9,096,682
Long-term liabilities outstanding	126,794,932	1,770,544	128,565,476
Deferred inflows of resources	24,002,808	1,098,076	25,100,884
Total liabilities and deferred inflows of resources	<u>159,879,307</u>	<u>2,883,735</u>	<u>162,763,042</u>
Net position:			
Net Investment in Capital Assets	81,733,331	844,926	82,578,257
Restricted	9,265,117	(428,064)	8,837,053
Unrestricted	(15,055,354)	1,662,899	(13,392,455)
Total net position	<u>75,943,094</u>	<u>2,079,761</u>	<u>78,022,855</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 235,822,401</u>	<u>\$ 4,963,496</u>	<u>\$ 240,785,897</u>

Table 2 presents a summary of the District's revenues for the year:

Table 2
SHELBY COUNTY PUBLIC SCHOOL DISTRICT
REVENUES
For the Year Ended June 30, 2024

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>	<u>Percent</u>
Property taxes	\$ 37,696,175	\$ -	\$ 37,696,175	34.3%
Motor vehicle taxes	3,011,438	-	3,011,438	2.7%
Utilities taxes	3,763,383	-	3,763,383	3.4%
Earnings on investment	2,519,430	-	2,519,430	2.3%
Other local revenues	3,036,647	123,128	3,159,775	2.9%
State revenue	46,394,073	349,338	46,743,411	42.5%
Federal revenue	7,962,750	4,057,902	12,020,652	10.9%
Lunchroom sales	-	210,101	210,101	0.2%
Child care fees	-	923,619	923,619	0.8%
Total	104,383,896	5,664,088	110,047,984	100.0%

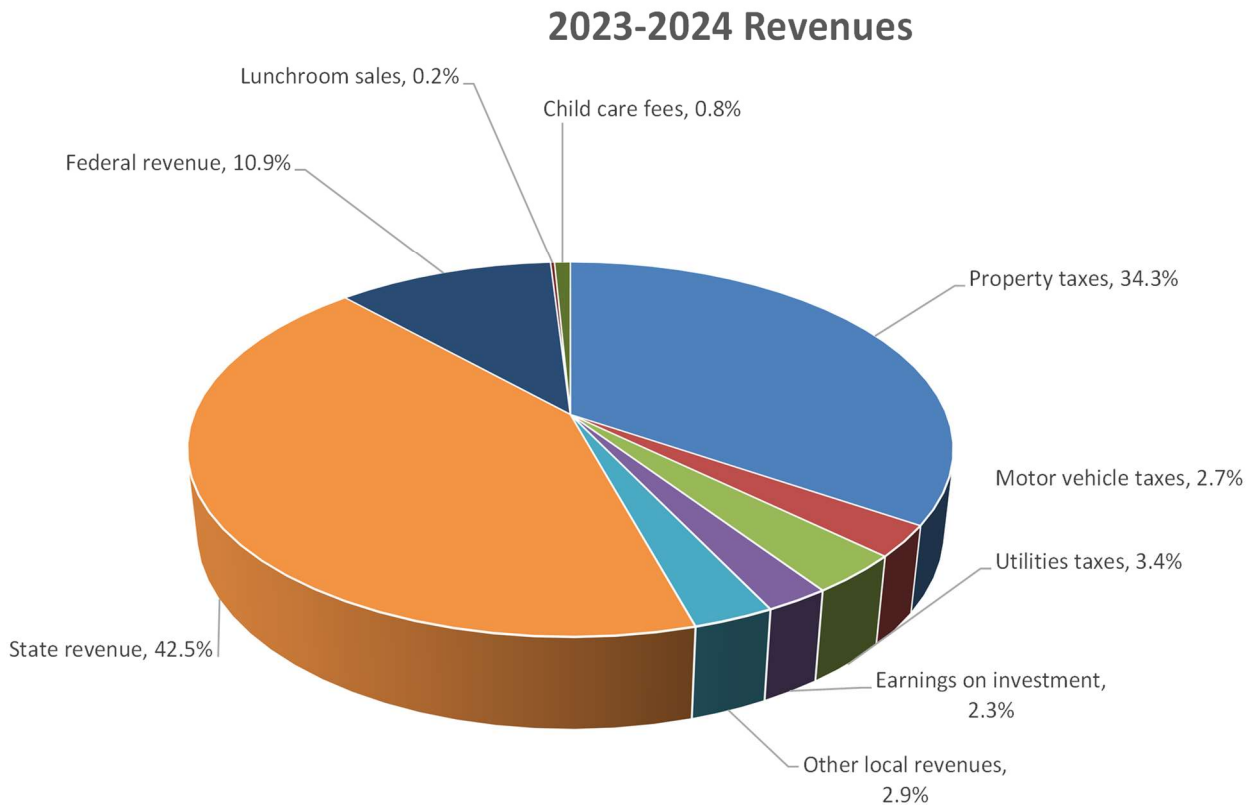


Table 3 presents a summary of the District's expenditures for the year.

Table 3
SHELBY COUNTY PUBLIC SCHOOL DISTRICT
EXPENDITURES
For the Year Ended June 30, 2024

	Governmental Funds	Proprietary Funds	Total	Percent
Instruction	\$ 51,575,512	\$ -	\$ 51,575,512	47.8%
Student support	4,540,111	-	4,540,111	4.2%
Instructional staff support	7,095,510	-	7,095,510	6.6%
District administration	1,944,048	-	1,944,048	1.8%
School administration	5,554,845	-	5,554,845	5.1%
Business support	1,914,543	-	1,914,543	1.8%
Operation and maintenance of facilities	10,760,233	-	10,760,233	10.0%
Student transportation	4,711,221	-	4,711,221	4.4%
Food service operations	155,534	3,984,059	4,139,593	3.8%
Day care operations	395,720	383,307	779,027	0.7%
Community services	724,482	-	724,482	0.7%
Education foundation operations	-	8,052	8,052	0.0%
Capital outlay	5,864,796	-	5,864,796	5.4%
Debt service	8,355,264	-	8,355,264	7.7%
Total	103,591,819	4,375,418	107,967,237	100.0%

2023-2024 Expenditures

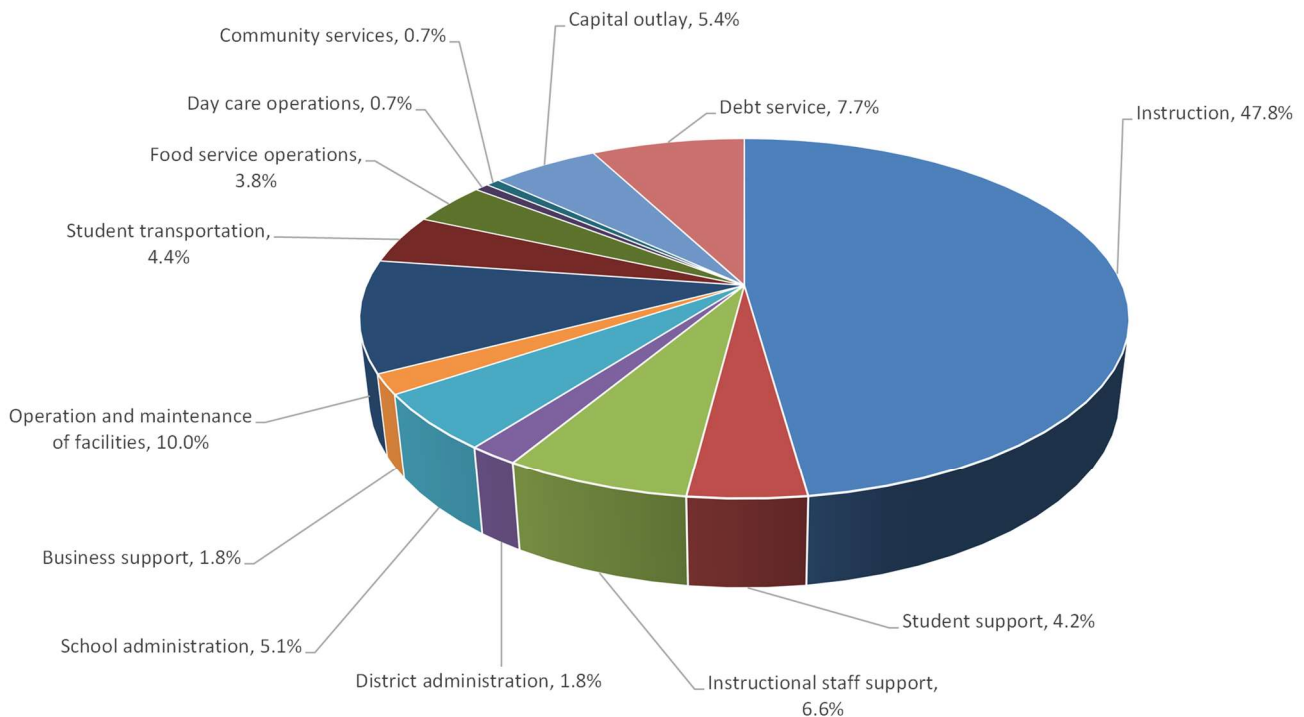


Table 4
SHELBY COUNTY PUBLIC SCHOOL DISTRICT
NET POSITION
For the Years Ended June 30, 2024 and June 30, 2023

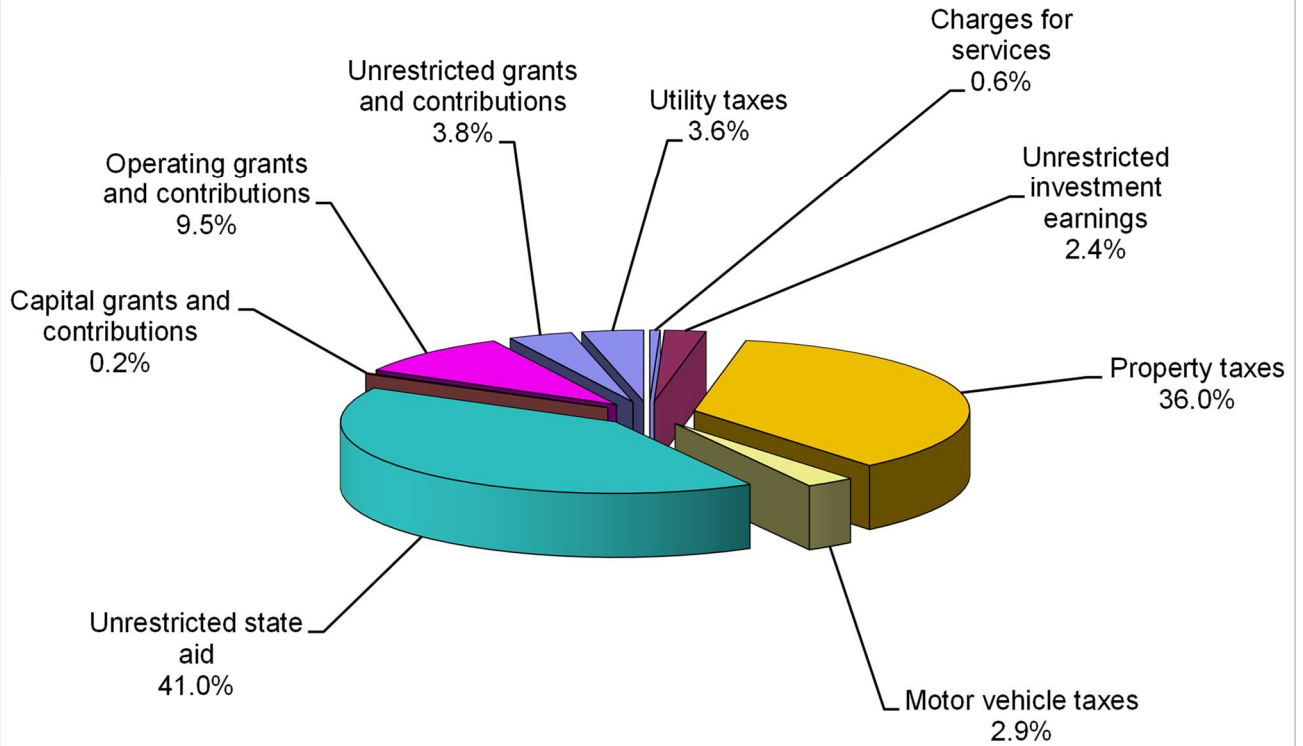
	2024	2023	
	Governmental	Governmental	
	Activities	Activities	Variance
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current and other assets	\$ 38,784,459	\$ 37,934,195	\$ 850,264
Capital assets	178,497,348	179,837,829	(1,340,481)
Deferred outflows of resources	18,540,594	22,897,683	(4,357,089)
Total assets and deferred outflows of resources	<u>235,822,401</u>	<u>240,669,707</u>	<u>(4,847,306)</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities and deferred inflows of resources:			
Current and other liabilities	\$ 9,081,567	\$ 9,516,672	\$ (435,105)
Long-term liabilities outstanding	126,794,932	146,686,922	(19,891,990)
Deferred inflows of resources	24,002,808	16,136,935	7,865,873
Total liabilities and deferred inflows of resources	<u>159,879,307</u>	<u>172,340,529</u>	<u>(12,461,222)</u>
Net position:			
Net Investment in Capital Assets	81,733,331	78,383,923	3,349,408
Restricted	9,265,117	12,904,962	(3,639,845)
Unrestricted	(15,055,354)	(22,959,707)	7,904,353
Total net position	<u>75,943,094</u>	<u>68,329,178</u>	<u>7,613,916</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 235,822,401</u>	<u>\$ 240,669,707</u>	<u>\$ (4,847,306)</u>

	2024	2023	
	Business-Type	Business-Type	
	Activities	Activities	Variance
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current and other assets	\$ 3,338,085	\$ 2,824,043	\$ 514,042
Capital assets	844,926	453,941	390,985
Deferred outflows of resources	780,485	895,206	(114,721)
Total assets and deferred outflows of resources	<u>4,963,496</u>	<u>4,173,190</u>	<u>790,306</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities and deferred inflows of resources:			
Current and other liabilities	\$ 15,115	\$ 32,972	\$ (17,857)
Long-term liabilities outstanding	1,770,544	2,438,472	(667,928)
Deferred inflows of resources	1,098,076	633,021	465,055
Total liabilities and deferred inflows of resources	<u>2,883,735</u>	<u>3,104,465</u>	<u>(220,730)</u>
Net position:			
Net Investment in Capital Assets	844,926	453,941	390,985
Restricted	(428,064)	(544,180)	116,116
Unrestricted	1,662,899	1,158,964	503,935
Total net position	<u>2,079,761</u>	<u>1,068,725</u>	<u>1,011,036</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 4,963,496</u>	<u>\$ 4,173,190</u>	<u>\$ 790,306</u>

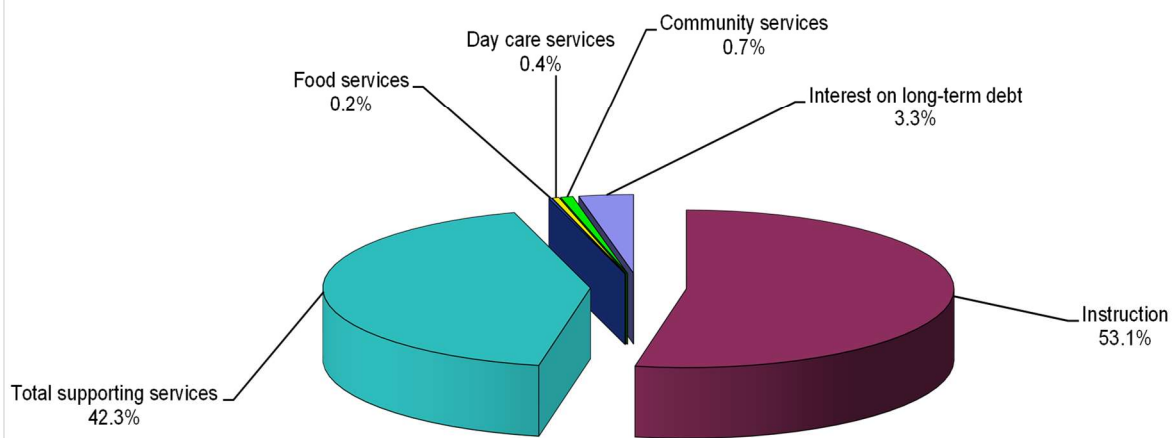
Table 5
SHELBY COUNTY PUBLIC SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Years Ended June 30, 2024 and June 30, 2023

	2024	2023	
	Governmental	Governmental	Variance
	Activities	Activities	
Revenues:			
Program revenues:			
Charges for services	\$ 630,554	\$ 91,446	\$ 539,108
Operating grants and contributions	9,971,205	13,479,328	(3,508,123)
Capital grants and contributions	207,883	226,898	(19,015)
General revenues:			
Property taxes	37,696,175	34,740,656	2,955,519
Motor vehicle taxes	3,011,438	2,794,568	216,870
Utilities taxes	3,763,383	3,901,498	(138,115)
Earnings on investment	2,519,430	1,518,517	1,000,913
State grants	42,887,288	49,652,778	(6,765,490)
Federal grants	1,290,447	1,178,929	111,518
Other local amounts	2,645,222	3,452,382	(807,160)
Total revenues	104,623,025	111,037,000	(6,413,975)
Expenses:			
Instruction	51,637,913	57,282,397	(5,644,484)
Supporting services:			
Students	4,551,367	4,936,671	(385,304)
Instructional staff	7,095,510	7,624,039	(528,529)
District admin.	1,959,382	1,843,339	116,043
School admin.	5,886,045	6,330,217	(444,172)
Business services	1,915,637	1,953,333	(37,696)
Operation and Maint.	14,547,740	12,872,287	1,675,453
Transportation	5,219,880	4,866,005	353,875
Total supporting services	41,175,561	40,425,891	749,670
Food services	155,534	234,373	(78,839)
Day care services	395,720	506,353	(110,633)
Community services	724,482	760,423	(35,941)
Interest on long-term debt	3,197,533	3,315,638	(118,105)
Total expenses	97,286,743	102,525,075	(5,238,332)
Change in net position before transfers	7,336,282	8,511,925	(1,175,643)
Transfers	277,634	338,317	(60,683)
Change in net position with transfers and other items	7,613,916	8,850,242	(1,236,326)
Net position - beginning	68,329,178	59,478,936	8,850,242
Net position - Ending	\$ 75,943,094	\$ 68,329,178	\$ 7,613,916

Revenues by Source



Expenditures by Function



BUDGET COMPARISONS – (SEE PAGE 65 FOR THE COMPLETE SCHEDULE)

Revenues – General fund revenues exceeded the amount budgeted by approximately \$5.1 million. The difference is primarily due to receiving \$1.5 million more in state support and \$1.5 million more in interest revenue than the estimated amounts included in the budget. Property tax revenues were budgeted with 99% accuracy.

Expenditures – Actual general fund expenditures were less than budgeted by approximately \$20.3 million. This is primarily due to net effect of 1) contingency of \$13.7 million included in budget but not actual; 2) staff turnover and vacant positions; 3) nonrecurring projects which were incomplete at June 30, 2024; and 4) carryforward purchase orders.

By law the District must have at least a 2% contingency for budgetary purposes but management has concluded a higher reserve is needed due to significant fluctuations and instability in state and federal funding. The District ended the year with \$13.7 million remaining in budgeted contingency or 16.9% of actual expenditures in the general and food service funds combined.

Budget Approach – The District prepares its budget in a conservative manner. A sizable fund balance at the beginning of the fiscal year is important since the majority of the District's tax revenue is not received until approximately five months into the fiscal year. Adequate funds must be maintained in contingency to continue services to students in the event of unforeseen events including natural disaster, fire, or pandemic.

In addition, the District receives nearly half its funding from state sources. As a result, it is important that the District continue to budget conservatively due to periodic changes in state and federal funding, such as cuts in state and federal grants and downward adjustments to state SEEK allocations.

FACTORS AFFECTING THE DISTRICT'S FINANCIAL OUTLOOK

The following factors may affect the District's financial position in the upcoming fiscal year:

- Tax rates for 2024-25 were set at 71.4 for real estate and personal property, the same as the 2023-24 rates. The rates adopted are slightly below the maximum rates (4% increase with exonerations) allowed without being subject to recall due to an increase in property assessments.

Property assessments are expected to continue to rise. This limits the District's ability to generate additional tax revenue.

- The General Assembly's biennial budget included an increase to the per pupil base SEEK funding to \$4,326 for the 2024-25 year and \$4,586 for the 2025-26 year. Discontinuation of funding for full-day kindergarten would significantly negatively impact the District's state revenues.

Transportation has been underfunded historically by the legislature. Despite an uptick in the current biennial budget, the District was funded at only 57% of the calculated entitlement for the 2023-24 year.

The District has a significant student population of English Learners. State funding for these students is inadequate to support their learning.

- Enrollment is projected to steadily grow over the next five years, however actual enrollment has declined due to transfers and home schooling as a result of Covid-19. Enrollment has improved but still has not yet returned to normal levels as of October 2024.

- Recruitment and retention of qualified staff has become a significant issue. The District provided for a substantial salary improvement package for the 2024-25 year including a 4% across-the-board pay increase for all employees, improvements to the annual step increases, and extension of both certified and classified salary schedules to 40 years.
- A large scale renovation project is beginning at Heritage Elementary. The District will sell bonds to finance the project during the 2024-25 fiscal year.
- \$1.8 million in committed funds for construction remains available as of June 30, 2024.

CONTACTING THE DISTRICT'S FINANCIAL MANAGER

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability of the public funds it receives. If you have questions about this report or need additional information, contact Susan Barkley, Chief Financial Officer, Shelby County Public Schools, 1155 Main Street, Shelbyville, Kentucky 40065. She can also be reached by electronic mail at susan.barkley@shelby.kyschools.us or by telephone at 502-633-2375.

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets:			
Cash and cash equivalents	36,466,291	\$ 3,202,414	\$ 39,668,705
Investments	47,579	-	47,579
Accounts Receivable			
Taxes	971,772	-	971,772
Intergovernmental	1,088,262	-	1,088,262
Other	193,038	59,201	252,239
Prepaid workers' compensation premiums	17,517	-	17,517
Inventory	-	38,374	38,374
Funded OPEB Asset	-	38,096	38,096
Total capital assets, net of depreciation	<u>178,497,348</u>	<u>844,926</u>	<u>179,342,274</u>
Total assets	<u>217,281,807</u>	<u>4,183,011</u>	<u>221,464,818</u>
Deferred outflows of resources:			
Deferred outflows - pension contributions	2,471,595	193,197	2,664,792
Deferred outflows - OPEB contributions	1,097,232	-	1,097,232
Deferred outflows - pension changes in assumptions, expectations	4,652,039	363,636	5,015,675
Deferred outflows - OPEB changes in assumptions, expectations	10,419,200	223,652	10,642,852
Deferred outflows from advanced bond refundings	(99,472)	-	(99,472)
Total deferred outflows of resources	<u>18,540,594</u>	<u>780,485</u>	<u>19,321,079</u>
Total assets and deferred outflows of resources	<u>\$ 235,822,401</u>	<u>\$ 4,963,496</u>	<u>\$ 240,785,897</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Liabilities:			
Bank overdraft	\$ -	\$ -	\$ -
Accounts payable	1,280,876	3,195	1,284,071
Unearned revenue	1,314,313	11,920	1,326,233
Current maturities of bond obligations	5,010,000	-	5,010,000
Current portion of lease liability	148,938	-	148,938
Current portion of accumulated sick leave	202,129	-	202,129
Interest payable	1,125,311	-	1,125,311
Noncurrent maturities of bond obligations	91,140,000	-	91,140,000
Noncurrent portion of lease liability	465,079	-	465,079
Net pension liability	22,650,751	1,770,544	24,421,295
Net OPEB liability	12,099,632	-	12,099,632
Noncurrent portion of accumulated sick leave	439,470	-	439,470
Total liabilities	<u>135,876,499</u>	<u>1,785,659</u>	<u>137,662,158</u>
Deferred inflows of resources:			
Deferred inflows of resources - pension	4,961,364	387,815	5,349,179
Deferred inflows of resources - OPEB	19,041,444	710,261	19,751,705
Total deferred inflows of resources	<u>24,002,808</u>	<u>1,098,076</u>	<u>25,100,884</u>
Total liabilities and deferred inflows of resources	<u>\$ 159,879,307</u>	<u>\$ 2,883,735</u>	<u>\$ 162,763,042</u>
Net Position:			
Net Investment in Capital Assets	\$ 81,733,331	\$ 844,926	82,578,257
Restricted for:			
Special projects	1,194,229	(428,064)	766,165
Capital projects/debt service	8,070,888	-	8,070,888
Unrestricted	(15,055,354)	1,662,899	(13,392,455)
Total net position	<u>\$ 75,943,094</u>	<u>\$ 2,079,761</u>	<u>\$ 78,022,855</u>

See Notes to Financial Statements

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense), Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction	51,637,913	310,333	5,472,383	-	(45,855,197)	-	(45,855,197)
Supporting services:							
Students	4,551,367	27	482,336	-	(4,069,004)	-	(4,069,004)
Instructional staff	7,095,510	-	751,954	-	(6,343,556)	-	(6,343,556)
District administration	1,959,382	-	207,648	-	(1,751,734)	-	(1,751,734)
School administration	5,886,045	-	623,780	-	(5,262,265)	-	(5,262,265)
Business support services	1,915,637	-	203,012	-	(1,712,625)	-	(1,712,625)
Operation and maintenance of facilities	14,547,740	320,194	1,541,712	-	(12,685,834)	-	(12,685,834)
Student transportation	5,219,880	-	553,182	-	(4,666,698)	-	(4,666,698)
Food services	155,534	-	16,483	-	(139,051)	-	(139,051)
Day care operations	395,720	-	41,937	-	(353,783)	-	(353,783)
Community services	724,482	-	76,778	-	(647,704)	-	(647,704)
Interest on long-term debt	3,197,533	-	-	207,883	(2,989,650)	-	(2,989,650)
Total governmental activities	97,286,743	630,554	9,971,205	207,883	(86,477,101)	-	(86,477,101)
Business-type activities:							
Food services	3,984,059	210,101	4,407,240	-	-	633,282	633,282
Child care	383,307	923,619	-	-	-	540,312	540,312
Education Foundation Operating Fund	8,052	-	-	-	-	(8,052)	(8,052)
Total business-type activities	4,375,418	1,133,720	4,407,240	-	-	1,165,542	1,165,542
Total Primary Government	101,662,161	1,764,274	14,378,445	207,883	(86,477,101)	1,165,542	(85,311,559)
General revenues:							
Property taxes					37,696,175	-	37,696,175
Motor vehicle taxes					3,011,438	-	3,011,438
Utilities taxes					3,763,383	-	3,763,383
Earnings on investment					2,519,430	-	2,519,430
State grants					42,887,288	-	42,887,288
Federal grants					1,290,447	-	1,290,447
Proceeds from disposal of assets					239,129	-	239,129
Other local amounts					2,406,093	123,128	2,529,221
Total general revenues					93,813,383	123,128	93,936,511
Transfers in (out)					277,634	(277,634)	-
Change in net position					7,613,916	1,011,036	8,624,952
Net position - beginning					68,329,178	1,068,725	69,397,903
Net position - ending					75,943,094	2,079,761	78,022,855

See Notes to Financial Statements

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2024

	1	2	21	25	310	320	360	400	Total
	General	Special	District	School	SEEK	Facility Support	School	Debt	Total
	Current Expense	Revenue	Activity	Activity	Capital Outlay	Program (FSPK)	Construction	Service	Governmental
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	
ASSETS									
Assets:									
Cash and cash equivalents	\$ 26,834,281	\$ 243,050	\$ 399,649	\$ 805,321	\$ 1,984,773	\$ 796,322	\$ 5,402,895	\$ -	\$ 36,466,291
Investments	47,579	-	-	-	-	-	-	-	47,579
Taxes	971,772	-	-	-	-	-	-	-	971,772
Intergovernmental	-	1,088,262	-	-	-	-	-	-	1,088,262
Other receivables	193,038	-	-	-	-	-	-	-	193,038
Prepaid workers' compensation premiums	17,517	-	-	-	-	-	-	-	17,517
Total assets	28,064,187	1,331,312	399,649	805,321	1,984,773	796,322	5,402,895	-	38,784,459
TOTAL ASSETS	\$ 28,064,187	\$ 1,331,312	\$ 399,649	\$ 805,321	\$ 1,984,773	\$ 796,322	\$ 5,402,895	\$ -	\$ 38,784,459
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	1,140,034	\$ 16,999	\$ 1,760	\$ 8,981	\$ -	\$ -	\$ 113,102	\$ -	1,280,876
Unearned revenue	-	1,314,313	-	-	-	-	-	-	1,314,313
Current portion of accumulated sick leave	10,908	-	-	-	-	-	-	-	10,908
Total liabilities	1,150,942	1,331,312	1,760	8,981	-	-	113,102	-	2,606,097
Fund Balances:									
Nonspendable	17,517	-	-	-	-	-	-	-	17,517
Restricted	-	-	-	796,340	1,984,773	796,322	5,289,793	-	8,867,228
Committed	1,843,424	-	-	-	-	-	-	-	1,843,424
Assigned	1,726,689	-	397,889	-	-	-	-	-	2,124,578
Unassigned	23,325,615	-	-	-	-	-	-	-	23,325,615
Total fund balances	26,913,245	-	397,889	796,340	1,984,773	796,322	5,289,793	-	36,178,362
TOTAL LIABILITIES AND FUND BALANCES	\$ 28,064,187	\$ 1,331,312	\$ 399,649	\$ 805,321	\$ 1,984,773	\$ 796,322	\$ 5,402,895	\$ -	\$ 38,784,459

See Notes to Financial Statements

**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2024**

Total fund balances - governmental funds	\$ 36,178,362
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds. The historical cost of the assets is \$263,205,594 and the accumulated depreciation is \$83,367,764.	178,497,348
Deferred outflows are not reported in the governmental funds because they are not current financial resources, but they are reported in the statement of net position.	18,540,594
Deferred inflows of resources are not reported in the fund financial statement because they are not due and payable, but they are reported in the statement of net position.	(24,002,808)
Bonds payable are not reported in the governmental funds balance sheet because they are not due and payable in the current period, but they are presented in the statement of net position	(96,150,000)
The noncurrent portion of accumulated sick leave is not reported in the governmental funds balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(630,691)
Interest payable is not reported in the governmental funds balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(1,125,311)
Pension liability is not reported in the governmental funds balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(22,650,751)
Other post-employment benefit liability is not reported in the governmental funds balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(12,099,632)
Lease payable is not reported in the governmental funds balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	<u>(614,017)</u>
Total net position - governmental activities	<u>\$ 75,943,094</u>

See Notes to Financial Statements

SHELBY COUNTY PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	1	2	21	25	310	320	360	400	Total
	General	Special	District	School	SEEK	Facility Support	School	Debt	Total
	Current Expense	Revenue	Activity	Activity	Capital Outlay	Program (FSPK)	Construction	Service	Governmental
	Fund	Funds	Funds	Funds	Fund	Fund	Fund	Fund	
Revenues:									
Local sources:									
Property taxes	\$ 28,803,504	\$ -	\$ -	\$ -	\$ -	\$ 8,892,671	\$ -	\$ -	\$ 37,696,175
Motor vehicle taxes	3,011,438	-	-	-	-	-	-	-	3,011,438
Utility taxes	3,763,383	-	-	-	-	-	-	-	3,763,383
Earnings on investments	2,100,644	5,133	26,849	4,462	-	-	382,342	-	2,519,430
Other local	998,713	224,341	148,387	1,665,206	-	-	-	-	3,036,647
State sources	40,336,909	3,298,902	-	-	660,021	1,166,052	-	932,189	46,394,073
Federal sources	1,290,447	6,672,303	-	-	-	-	-	-	7,962,750
Total revenues	80,305,038	10,200,679	175,236	1,669,668	660,021	10,058,723	382,342	932,189	104,383,896
Expenditures:									
Instruction	43,200,316	6,638,664	464,921	1,271,611	-	-	-	-	51,575,512
Supporting services:									
Students	4,387,037	153,074	-	-	-	-	-	-	4,540,111
Instructional staff	5,002,386	2,065,559	27,565	-	-	-	-	-	7,095,510
District administration	1,944,048	-	-	-	-	-	-	-	1,944,048
School administration	5,512,356	42,489	-	-	-	-	-	-	5,554,845
Business support services	1,914,543	-	-	-	-	-	-	-	1,914,543
Operation and maintenance of facilities	10,539,714	209,946	10,573	-	-	-	-	-	10,760,233
Student transportation	4,550,137	125,503	35,581	-	-	-	-	-	4,711,221
Food services	107,123	48,411	-	-	-	-	-	-	155,534
Day care operations	-	395,720	-	-	-	-	-	-	395,720
Community services	-	724,482	-	-	-	-	-	-	724,482
Capital outlay	-	-	-	-	-	-	5,812,612	-	5,812,612
Debt service	52,184	-	-	-	-	-	-	8,355,264	8,355,264
Total expenditures	77,209,844	10,403,848	538,640	1,271,611	-	-	5,812,612	8,355,264	103,591,819
Excess (deficiency) of revenues over expenditures	3,095,194	(203,169)	(363,404)	398,057	660,021	10,058,723	(5,430,270)	(7,423,075)	792,077
Other financing sources (uses):									
Proceeds from loss of assets	239,129	-	-	-	-	-	-	-	239,129
Proceeds from the sale of bonds	-	-	-	-	-	-	-	-	-
Transfers in	2,389,467	345,472	343,236	9,376	-	-	504,170	7,423,075	11,014,796
Transfers (out)	(775,105)	(142,303)	(4,060)	(326,113)	-	(9,489,581)	-	-	(10,737,162)
Total other financing sources (uses)	1,853,491	203,169	339,176	(316,737)	-	(9,489,581)	504,170	7,423,075	516,763
Net change in fund balances	4,948,685	-	(24,228)	81,320	660,021	569,142	(4,926,100)	-	1,308,840
Fund balances - beginning	21,964,560	-	422,117	715,020	1,324,752	227,180	10,215,893	-	34,869,522
Fund balances - ending	\$ 26,913,245	\$ -	\$ 397,889	\$ 796,340	\$ 1,984,773	\$ 796,322	\$ 5,289,793	\$ -	\$ 36,178,362

See Notes to Financial Statements

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024**

Net change fund balances - governmental funds	\$ 1,308,840
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeds depreciation.	(1,340,482)
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Deferred loss on bond refundings are not reported as expenditures in the governmental funds but are capitalized and amortized over the life of the related bonds on the statement of activities. This is the amount by which the deferred loss on bond refundings has increased/(decreased).	(37,355)
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The repayment of the principal of long-term debt is shown as expenditures in the governmental funds financial statements at the time the payments are made. However, these payments are shown as a reduction of long-term debt in the statement of net position.	5,135,000
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Lease liability is recognized in the statement of activities but not in the governmental funds. This is the amount by which lease liability has (increased)/decreased.	(445,111)
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Deferred outflows from pensions. This is the amount by which deferred outflows from pensions has increased/(decreased).	(63,419)
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Deferred outflows from other post-employment benefits. This is the amount by which deferred outflows from other post-employment benefits has increased/(decreased).	(4,256,315)
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Deferred inflows from pensions. This is the amount by which deferred inflows from pensions has (increased)/decreased.	(975,447)
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Deferred inflows from other post-employment benefits. This is the amount by which deferred inflows from other post-employment benefits has (increased)/decreased.	(6,890,426)
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Accumulated sick leave is reported as a liability in the statement of net position, but is only reported in the governmental funds to the extent that the amounts will be paid with current financial resources. This is the amount by which accumulated sick leave has (increased)/decreased	(51,924)
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Pension liability is recognized in the statement of activities but not in the governmental funds. This is the amount by which pension liability has (increased)/decreased.	2,038,901
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Other post-employment benefits liability is recognized in the statement of activities but not in the governmental fund financial statements because it is not paid with existing financial resources. This is the amount by which other post-employment benefits liability has (increased)/decreased.	13,168,923
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due but in the statement of activities, interest expense is recognized as the interest accrues. This is the amount by which accrued interest has (increased)/decreased.	22,731
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Change in net position of governmental activities	\$ 7,613,916
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See Notes to Financial Statements

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2024

	School Food Service Fund	Child Care Fund	Education Foundation Operating Fund	Total Proprietary Funds
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 1,549,248	\$ 1,612,673	\$ 40,493	\$ 3,202,414
Accounts receivable	47,415	11,786	-	59,201
Inventory	38,374	-	-	38,374
Funded OPEB asset	38,096	-	-	38,096
Noncurrent Assets				
Capital assets, net of depreciation	844,926	-	-	844,926
Total assets	2,518,059	1,624,459	40,493	4,183,011
Deferred outflows of resources:				
Deferred outflows - pension contributions	193,197	-	-	193,197
Deferred outflows - OPEB contributions	-	-	-	-
Deferred outflows - pension changes in assumptions, expectations	363,636	-	-	363,636
Deferred outflows - OPEB changes in assumptions, expectations	223,652	-	-	223,652
Total deferred outflows of resources	780,485	-	-	780,485
Total assets and deferred outflows of resources	\$ 3,298,544	\$ 1,624,459	\$ 40,493	\$ 4,963,496
LIABILITIES				
Current Liabilities				
Accounts payable	2,368	252	575	3,195
Unearned revenue	10,694	1,226	-	11,920
Net pension liability	1,770,544	-	-	1,770,544
Total liabilities	1,783,606	1,478	575	1,785,659
Deferred inflows of resources:				
Deferred inflows of resources - pension	387,815	-	-	387,815
Deferred inflows of resources - OPEB	710,261	-	-	710,261
Total deferred inflows of resources	1,098,076	-	-	1,098,076
Total liabilities and deferred inflows of resources	\$ 2,881,682	\$ 1,478	\$ 575	\$ 2,883,735
NET POSITION				
Net Investment in Capital Assets	844,926	-	-	844,926
Restricted for special projects	(428,064)	-	-	(428,064)
Unrestricted	-	1,622,981	39,918	1,662,899
Total net position	\$ 416,862	\$ 1,622,981	\$ 39,918	\$ 2,079,761

See Notes to Financial Statements

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS

For the Year Ended June 30, 2024

	School Food Service Fund	Child Care Fund	Education Foundation Operating Fund	Total Proprietary Funds
Operating Revenues				
Lunchroom sales	\$ 210,101	\$ -	\$ -	\$ 210,101
Child care fees	-	923,619	-	923,619
Total operating revenues	210,101	923,619	-	1,133,720
Operating Expenses				
Salaries and benefits	2,094,776	313,856	51	2,408,683
Contract services	29,708	2,521	7,501	39,730
Materials and supplies	1,770,345	44,214	500	1,815,059
Depreciation	84,975	-	-	84,975
Other	4,255	22,716	-	26,971
Total operating expenses	3,984,059	383,307	8,052	4,375,418
Operating income (loss)	(3,773,958)	540,312	(8,052)	(3,241,698)
Nonoperating Revenues				
Federal grants	3,918,063	-	-	3,918,063
Donated commodities	139,839	-	-	139,839
State grants	349,338	-	-	349,338
Capital contributions	-	-	-	-
Gain on disposal of assets	-	-	-	-
Local revenues	100,829	-	22,299	123,128
Total nonoperating revenues	4,508,069	-	22,299	4,530,368
Income (loss) before operating transfers	734,111	540,312	14,247	1,288,670
Operating transfer in	32,013	-	-	32,013
Operating transfer out	(259,023)	(50,624)	-	(309,647)
Change in net position	507,101	489,688	14,247	1,011,036
Net position as of July 1, 2023	(90,239)	1,133,293	25,671	1,068,725
Net position as of June 30, 2024	\$ 416,862	\$ 1,622,981	\$ 39,918	\$ 2,079,761

See Notes to Financial Statements

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2024

	School Food Service Fund	Child Care Fund	Education Foundation Operating Fund	Total Proprietary Funds
Cash flows from operating activities				
Cash received from:				
Lunchroom sales	\$ 209,699	\$ -	\$ -	\$ 209,699
Child care fees	-	926,453	-	926,453
Cash paid for:				
Employees and contract services	(1,937,096)	(316,377)	(7,552)	(2,261,025)
Materials and supplies	(1,631,213)	(62,504)	(220)	(1,693,937)
Other	(4,255)	(22,716)	-	(26,971)
Net cash provided by (used in) operating activities	(3,362,865)	524,856	(7,772)	(2,845,781)
Cash flows from noncapital financing activities				
Government grants	3,971,399	-	-	3,971,399
Other local revenues	353	-	22,299	22,652
Net cash provided by noncapital financing activities	3,971,752	-	22,299	3,994,051
Cash flows from capital and related financing activities				
Purchase of assets	(475,960)	-	-	(475,960)
Net operating transfer to general fund	(227,010)	(50,624)	-	(277,634)
Net cash used in capital and related financing activities	(702,970)	(50,624)	-	(753,594)
Cash flows from investing activities				
Receipt of interest income	100,476	-	-	100,476
Net cash provided by investing activities	100,476	-	-	100,476
Net decrease in cash	6,393	474,232	14,527	495,152
Cash as of July 1, 2023	1,542,855	1,138,441	25,966	2,707,262
Cash as of June 30, 2024	<u>\$ 1,549,248</u>	<u>\$ 1,612,673</u>	<u>\$ 40,493</u>	<u>\$ 3,202,414</u>
Reconciliation of operating income (loss) to net cash used in operating activities				
Operating income (loss)	\$ (3,773,958)	\$ 540,312	\$ (8,052)	\$ (3,241,698)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation	84,975	-	-	84,975
Donated commodities	139,839	-	-	139,839
On behalf payments	313,636	-	-	313,636
Changes in assets and liabilities:				
Accounts receivable	-	3,806	-	3,806
Inventory	(2,234)	-	-	(2,234)
Deferred outflows	114,721	-	-	114,721
Unearned revenues	(402)	(972)	-	(1,374)
Accounts payable	1,527	(18,290)	280	(16,483)
Deferred inflows	465,055	-	-	465,055
Capital assets	-	-	-	-
Net pension liability	(145,032)	-	-	(145,032)
Net other post-employment benefits liability	(560,992)	-	-	(560,992)
Net cash provided by (used in) operating activities	<u>\$ (3,362,865)</u>	<u>\$ 524,856</u>	<u>\$ (7,772)</u>	<u>\$ (2,845,781)</u>
Schedule of noncash transactions				
Donated commodities	\$ 139,839	\$ -	\$ -	139,839

See Notes to Financial Statements

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

June 30, 2024

	Private Purpose Trust Fund
ASSETS	
Assets:	
Cash and cash equivalents	\$ 1,500
Receivables	-
Total assets	<u>1,500</u>
Deferred outflows of resources:	
Total deferred outflows of resources	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 1,500</u>
LIABILITIES	
Liabilities:	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
Deferred inflows of resources:	
Total deferred inflows of resources	<u>-</u>
Total liabilities and deferred inflows of resources	<u>\$ -</u>
Total net position	<u>\$ 1,500</u>

See Notes to Financial Statements

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

For the Year Ended June 30, 2024

	Private Purpose Trust Fund
Additions	
Earnings on investment	\$ -
Contributions	8,000
Total additions	<u>8,000</u>
Deductions	
Scholarships	<u>10,000</u>
Total deductions	<u>10,000</u>
Income (loss) before operating transfer	<u>(2,000)</u>
Operating transfer in	<u>-</u>
Change in net position	(2,000)
Net position as of July 1, 2023	<u>3,500</u>
Net position as of June 30, 2024	<u><u>\$ 1,500</u></u>

See Notes to Financial Statements

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Shelby County Board of Education (Board), a five member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Shelby County School District (District). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the Board is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards as 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 Board, for financial purposes, includes all of the funds and account groups relevant to the operation of the Shelby County Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc.

The financial statements of the Board 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:

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

Basis of Presentation

Entity-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 Board that are governmental and those that are considered business-type activities.

The entity-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The District’s activities are generally financed through state funding, property and utility taxes, and federal, state, and local grants. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flows take place. Revenues from grants are recognized in the fiscal year in which eligibility requirements are met.

The entity-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 proprietary fund financial statements is on individual funds rather than reporting funds by type. Each fund is presented in a separate column.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues applicable to the current fiscal year and collected within 60 days of year end are recognized as revenue.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when they come due for payment. General capital asset acquisitions are reported as expenditures in governmental funds, and proceeds of general long-term debt are reported as other financing sources.

Under the terms of the District's grant agreements, certain programs are funded by specific cost-reimbursement grants and general revenues. Generally, the District applies cost-reimbursement funds first to finance such programs with remaining costs paid by general revenues.

Proprietary funds utilize the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues generally result from providing services in connection with the fund's principal operations. The funds' principal operating revenues are food service charges and childcare fees. Operating expenses include salaries and benefits, materials and supplies, administrative costs, and depreciation on capital assets.

Fiduciary funds utilize the economic resources measurement focus and the accrual basis of accounting.

Accounting principles generally accepted in the United States of America require the General Fund be reported as a major fund. All other governmental and proprietary funds whose assets, liabilities, revenues, or expenditures comprise at least 10% of the total for the relevant fund category and at least 5% of the corresponding total for all governmental and proprietary funds combined must also be reported as major funds, at a minimum. The District has determined all funds should be reported as major funds.

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the general operating fund of the District. It accounts for and reports all financial resources not accounted for and reported in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the

capital improvement costs that are not paid through other funds are paid from the General Fund.

- (B) The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
 - 1. The Special Revenue Fund accounts for the activities of restricted grants from local, state, and federal sources. This is a major fund of the District.
 - 2. The District Activity Fund accounts for funds generated by schools which are defined as district activity funds in accordance with *Accounting Procedures for Kentucky School Activity Funds* Redbook. This is a major fund of the District.
 - 3. The Student Activity Fund accounts for activities of student groups in accordance with *Accounting Procedures for Kentucky School Activity Funds* Redbook. This is a major fund of the District.
- (C) Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, and to provide financial resources for debt service requirements. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that are held in trust.
 - 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as capital outlay funds and is generally restricted for use in financing projects identified in the district's facility plan (including payment of bonded lease obligations). This is a major fund of the District.
 - 2. The Facility Support Program of Kentucky (FSPK) Fund accounts for and reports funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the district's facility plan. This is a major fund of the District.
 - 3. The Construction Fund accounts for and reports proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.

II. Debt Service Fund

The Debt Service Fund accounts for and reports expenditures for debt payments. This is a major fund of the District.

III. Proprietary Funds (Enterprise Fund)

- 1. The School Food Service Fund accounts for and reports school food service activities, including the National School Lunch Program and the National School Breakfast Program, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. This is a major fund for the District.
- 2. The Child Care Fund is used to account for and report the activities of the day care programs where a fee is charged for participating. This is a major fund of the District.
- 3. The Education Foundation Operating Fund is used to account for the operating revenues and expenses associated with the activities of the Shelby County Education Foundation, for which the District acts as a fiscal agent.

IV. Fiduciary Fund Type (Agency and Private Purpose Trust Funds)

The Private Purpose Trust Fund accounts for and reports a scholarship fund under which principal and income are used to benefit individuals by providing scholarships.

Budgetary Process

The District's budgetary process accounts for transactions on the modified accrual basis of accounting which is consistent with the accounting principles generally accepted in the United States of America.

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

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

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

The Board must also adopt a tentative working budget for the subsequent fiscal year by May 30 of each year. This budget must contain a 2% reserve.

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

The Board has the ability to amend the working budget. The working budget was amended during the year.

Cash and Cash Equivalents

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

Investments

The District holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the District's mission, the District determines that the disclosures related to these investments only need to be disaggregated by major type. The District chooses a narrative format for the fair value disclosures.

Inventories

On entity-wide financial statements inventories are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

The food service fund uses the specific identification method.

Prepaid Assets

Payments made that will benefit periods beyond the end of the fiscal year are recorded as prepaid items using the consumption method. Prepaid assets are only recorded if material to the financial statements.

Bond Issuance Costs

Bond issuance costs are expensed as incurred.

Deferred Loss on Bond Refundings

Deferred loss on bond refundings represents losses equal to the principal amount borrowed to refund the principal amount outstanding on previous bond issues. These amounts are recognized as deferred outflows of resources on the accompany statement of net position. The amounts are amortized over the life of the new bond or the life of the refunded bond (whichever is shorter), and included in interest expense on the accompanying statement of activities.

Interfund Balances

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

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 governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective proprietary 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 five thousand dollars. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

<u>Description</u>	<u>Estimated Useful 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	12 years
Furniture and fixtures	20 years

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements if they will be liquidated with current resources. In general, payments made within 60 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.

Unearned Revenue

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

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 accumulated sick leave.

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

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the general fund. The noncurrent portion of the liability is not reported.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources, and expense, information about the fiduciary net position of the CERS and TRS and additions to /deductions from the fiduciary net position have been determined on the same basis as they are reported by CERS and TRS. The plans recognizes benefit payments when due and payable in accordance with the benefit term.

Fund Balances

The District classifies its governmental fund balances as follows:

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

Restricted – This category includes resources that are either; (a) externally imposed by creditors, grantors, contributors, or laws or regulations or other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The SEEK Capital Outlay Fund and the FSPK Fund are restricted to be used for future debt service or future construction projects. The Construction Fund is restricted for future construction projects. The Debt Service Fund is restricted for debt service.

Committed – This category includes funds that have been designated for specific purposes by formal action of the Board of Education. Only the Board may commit funds and modify or rescind the commitment.

Assigned Fund Balance – This category represents funds that have been assigned for a specific purpose or, in the general fund only, for existing purchase obligations. Assignments can be made by authorized members of management.

Unassigned Fund Balance – This category represents the remainder of the governmental fund balances that do not belong in any other fund balance classifications.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned funds are available, the funds will first be spent from committed, then assigned, and then finally unassigned.

The Board will use restricted funds before unrestricted (committed, assigned, or unassigned) funds when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Amounts invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Interfund Activity

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. These transactions are eliminated in the governmental and business-type activities columns of the statement of activities.

Encumbrances

Encumbrances are not liabilities and therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next fiscal year.

Estimates

The process of preparing financial statements in conformity with general accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances, and disclosure of contingent assets and liabilities at the date of the financial statements, and the

reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The District has evaluated and considered the need to recognize or disclose subsequent events through November 13, 2024, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2024, have not been evaluated by the District.

NOTE B – CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the District's total cash and cash equivalents was \$39,670,205 which was covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

Due to the nature of the accounts and limitations imposed by bond issue requirements, construction projects, and financial assistance programs, each cash amount within the following funds is considered to be restricted: Special Revenue Funds, Capital Outlay Fund, Facilities Support Program (FSPK) Fund, School Construction Fund, and Private Purpose Trust Funds.

District funds are considered to be public funds. Therefore their investment is limited by statute to certain obligations of the United States or similar government agencies, cash instruments, and certain pooled investment funds.

Interest rate risk. In accordance with the District's investment policy, interest rate risk is limited by investing in public funds with the highest rate of return with the maximum security of principal. Investments are undertaken in a manner that seeks to ensure preservation of the capital in its portfolio.

Credit risk. The District's investment policy limits the types of authorized investment instruments to obligations of the United States, its agencies, and instrumentalities. In addition, certificates of deposit or bonds of a bank or the Commonwealth of Kentucky, securities issued by a state or local government or shares of mutual funds are acceptable investments.

Concentration of credit risk. The district may invest, at any one time, funds in any one of the above listed categories with no limitation of the total amount of funds invested on behalf of the District.

Custodial credit risk – deposits. For deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned. The District maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2024, the District's deposits are entirely insured and/or collateralized with securities held by the financial institutions on the District's behalf and the FDIC insurance.

Cash and cash equivalents at June 30, 2024 consisted of the following:

	Book Balance
General Checking Account	
General Fund	\$26,834,281
Special Revenue Fund 2	243,050
Special Revenue Fund 21	399,649
Special Revenue Fund 25	805,321
Capital Outlay Fund	1,984,773
FSPK Fund	796,322
School Construction Fund	5,402,895
Food Service Account	1,549,248
Day Care Fund	1,612,673
Education Foundation Operating Fund	40,493
Fiduciary Fund	1,500
Total General Checking Account	<u>39,670,205</u>

Breakdown per financial statements:

Governmental Funds	\$36,466,291
Proprietary Funds	3,202,414
Fiduciary Funds	1,500
Total	<u>39,670,205</u>

NOTE C – INVESTMENTS

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

The District has the following recurring fair value measurements as of June 30, 2024:

Securities of \$47,579 are valued using quoted market prices (Level 1 inputs)

NOTE D – PROPERTY TAXES

Property taxes are levied each September on the assessed value listed as of the prior January 1 for all real and personal property located in the district. 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 in which they were levied.

The property tax rates assessed for the year ended June 30, 2024, to finance operations were \$0.714 per \$100 valuation for real property, \$0.714 per \$100 valuation for business personal property and \$0.465 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 District, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial and mixed gas.

The due date and collection periods for all taxes exclusive of vehicle taxes are as follows:

Description	per KRS 134.015
Discount, 2%	by November 1
Face value amount payment date	November 2 thru December 31
Delinquent date, 5% penalty	January 1 -31
Delinquent date, 10% penalty	February 1

Vehicle taxes are collected by the County Clerk and are due and collected in the birth month of the vehicle's licensee.

NOTE E – CAPITAL ASSETS

The District did not enter into any subscriptions subject to reporting requirements during fiscal year 2024.

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

<u>Governmental Activities</u>	Beginning Balance	Additions	Retirements	Ending Balance
	6/30/2023			6/30/2024
Land	3,360,274	-	-	3,360,274
Land Improvements	1,333,315	114,000	(92,480)	1,354,835
Buildings & Building Improvements	213,684,286	34,023,344	-	247,707,630
Technology Equipment	1,575,526	-	(186,116)	1,389,410
Vehicles	7,322,560	565,845	(526,629)	7,361,776
Leased Vehicles	215,466	225,895	-	441,361
General Equipment	3,772,865	448,618	(347,259)	3,874,224
Leased Equipment	-	593,450	-	593,450
Construction Work in Progress	31,941,302	479,663	(31,941,302)	479,663
Infrastructure	489,833	-	-	489,833
Totals at Historical Cost	263,695,427	36,450,815	(33,093,786)	267,052,456
Less Accumulated Depreciation and Amortization:				
Land	-	-	-	-
Land Improvements	1,087,927	21,872	(81,310)	1,028,489
Buildings & Building Improvements	74,521,164	4,638,616	-	79,159,780
Technology Equipment	1,251,279	162,166	(186,116)	1,227,329
Vehicles	4,641,558	527,281	(526,629)	4,642,210
Leased Vehicles	49,333	76,465	-	125,798
General Equipment	1,816,503	274,843	(328,367)	1,762,979
Leased Equipment	-	118,690	-	118,690
Infrastructure	489,833	-	-	489,833
Total Accumulated Depreciation and Amortization	83,857,597	5,819,933	(1,122,422)	88,555,108
Net Capital Assets - Governmental Activities	179,837,830	30,630,882	(31,971,364)	178,497,348

Business-Type Activities

Food Service Equipment	1,779,039	475,960	(140,799)	2,114,200
Less Accumulated Depreciation:				
Food Service Equipment	1,325,098	84,975	(140,799)	1,269,274
Net Capital Assets - Business-Type Activities	453,941	390,985	-	844,926

Depreciation and amortization expense was charged to functions of the governmental activities as follows:

Instruction	1,164,883
Student Support Services	11,256
Staff Support Services	15,334
District Administration	331,200
School Administration	1,094
Plant Operations and Maintenance	3,787,507
Student Transportation	508,659
Total depreciation and amortization expense, governmental activities	5,819,933

NOTE F – BONDED DEBT AND LEASE OBLIGATIONS

The amount shown in the accompanying financial statements as bond obligations represents the District's future obligations to make bond principal and interest payments relating to the bonds issued by the Shelby County School District Finance Corporation. The original amount of each issue, the issue date, and interest rates are summarized below:

Issue	Proceeds	Interest Rates
2011	9,620,000	0.70 - 2.80%
2012	5,010,000	0.70 - 2.55%
2013	18,590,000	2.00 - 3.125%
2014	3,405,000	1.00 - 2.50%
2016	8,020,000	2.00 - 3.00%
2016	31,555,000	1.00 - 4.00%
2018	35,355,000	1.60 - 3.60%
2021	13,700,000	0.20 - 2.10%

The District, through the General Fund (including utility taxes) and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued 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 District entered into "participation agreements" with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The participation agreements generally provide for the Commission to assist the District in meeting bond obligations and are renewable, at the Commission's option, biannually. Should the Kentucky General Assembly choose to not fund the Commission in the future, the District would be responsible for meeting the

full requirements of the bond issues. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

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

Fiscal Year Ending	DISTRICT		KENTUCKY SCHOOL FACILITY CONSTRUCTION COMMISSION		Total
	Principal	Interest	Principal	Interest	
2025	4,530,862	2,889,925	569,138	188,087	8,178,012
2026	4,664,797	2,759,388	585,203	171,423	8,180,811
2027	4,846,525	2,582,282	603,475	153,150	8,185,433
2028	5,027,654	2,398,212	622,346	134,280	8,182,492
2029	5,218,167	2,207,767	641,833	114,791	8,182,559
2030	5,427,504	1,996,679	457,496	94,559	7,976,238
2031	5,579,683	1,848,060	470,317	81,739	7,979,799
2032	5,726,442	1,694,431	483,558	68,498	7,972,929
2033	5,887,711	1,536,113	497,289	54,766	7,975,879
2034	6,122,393	1,304,613	247,607	40,067	7,714,680
2035	6,305,307	1,118,023	254,693	32,981	7,711,004
2036	6,502,736	921,494	262,264	25,410	7,711,903
2037	6,713,194	710,823	251,806	17,540	7,693,363
2038	6,953,507	471,777	176,493	10,523	7,612,300
2039	6,637,266	205,628	152,734	4,772	7,000,400
2040	1,802,502	72,883	42,498	1,717	1,919,600
2041	1,841,651	36,833	43,349	867	1,922,700
	<u>89,787,901</u>	<u>24,754,932</u>	<u>6,362,099</u>	<u>1,195,168</u>	<u>122,100,099</u>

The following is a summary of the changes in outstanding bonds during the fiscal year ended June 30, 2024:

Issue	Balance June 30, 2023	Additions	Deductions	Payments	Balance June 30, 2024
2011	1,885,000	-	-	(1,885,000)	-
2012	3,640,000	-	-	(65,000)	3,575,000
2013	16,650,000	-	-	(210,000)	16,440,000
2014	685,000	-	-	(340,000)	345,000
2016	30,245,000	-	-	(75,000)	30,170,000
2016	955,000	-	-	(1,895,000)	(940,000)
2018	34,255,000	-	-	(300,000)	33,955,000
2021	12,970,000	-	-	(365,000)	12,605,000
	<u>101,285,000</u>	<u>-</u>	<u>-</u>	<u>(5,135,000)</u>	<u>96,150,000</u>

Leased assets include vehicles and apple devices and are reported with other capital assets in Note E. The following is a summary of the upcoming payments for leased assets over the next five years:

Lease payments due in fiscal year 2025	245,229
Lease payments due in fiscal year 2026	245,228
Lease payments due in fiscal year 2027	93,529
Lease payments due in fiscal year 2028	49,881
Lease payments due in fiscal year 2029	13,036

The District also has the following lines of credit:

Amazon	\$150,000
John Deere	\$7,500
Kroger	2,000
Lowe's	20,700
Fifth Third	750,000
Wright Express	11,400
	<u>\$941,600</u>

NOTE G – ACCUMULATED UNPAID SICK LEAVE BENEFITS

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

The entire compensated absence liability is reported on the entity-wide financial statements. For governmental fund financial statements, the current portion of unpaid accumulated sick leave is the amount expected to be paid using expendable available financial resources. These amounts are recorded in the accumulated sick leave payable account in the General Fund. The noncurrent portion of the liability is not reported in the governmental fund financial statements.

A summary of the changes in the estimated accumulated unpaid sick leave benefits during the fiscal year ended June 30, 2024 is as follows:

Balance as of July 1, 2023	\$ 619,904
Plus additions to sick leave payable	21,695
Balance as of June 30, 2024	641,599
Less Current Portion	<u>(202,129)</u>
Noncurrent portion	<u>\$ 439,470</u>

NOTE H – CONTINGENCIES

The District receives funding from Federal, State and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantor’s review, the funds are considered not to have 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 unreimbursed disbursements, if

any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

NOTE I – INSURANCE, RISK MANAGEMENT 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, etc. Each of these risk areas is covered through the purchase of commercial insurance.

The District has purchased certain policies which are retrospectively rated including Workers' Compensation insurance.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE J – INTERFUND RECEIVABLES AND PAYABLES

There were no Interfund balances at June 30, 2024.

NOTE K – DEFICIT OPERATING/FUND BALANCES

The following funds had operations that resulted in a current year operating loss, resulting in a corresponding reduction to fund balance (net position):

District Activity Fund	(24,228)
Construction Fund	(4,926,100)

The current year operating loss was planned for both of these funds and did not adversely impact the District's financial position.

NOTE L – 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.

NOTE M – TRANSFER OF FUNDS

The following transfers were made during the fiscal year ended June 30, 2024:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	General	Special Revenue	Matching funds	345,472
Financing	General	District Activity	Funding	41,450
Operating	General	Construction	Future Construction	356,170
Operating	General	Food Service	Administrative	32,013
Financing	FSPK	Debt Service	Debt Payments	7,346,581
Financing	FSPK	General	Capital Funds Request	1,995,000
Financing	FSPK	Construction	Future Construction	148,000
Operating	Food Service	General	Indirect Costs	259,023
Operating	School Activity	District Activity	Administrative	311,162
Financing	Special Revenue	Debt Service	Debt Payments	76,494
Financing	School Activity	General	Funding	19,011
Operating	Special Revenue	General	Indirect Costs	65,809
Operating	Daycare	General	Administrative	50,624
				\$11,046,809

NOTE N – ON-BEHALF PAYMENTS

The District receives on-behalf payments for fringe benefits from the Commonwealth of Kentucky. The following amounts are included as revenues and expenditures/expenses on the statement of activities, and the statement of revenues, expenditures, and changes in fund balance/net position in each of the functions.

Additionally, the Commonwealth of Kentucky paid \$186,715 in technology related expenses and the School Facilities Construction Commission paid \$932,190 in debt service on-behalf of the District. These amounts are included as revenues and expenditures/expenses on the statement of activities, and the statement of revenues, expenditures, and changes in fund balance.

Instruction	\$13,678,117
Support Services	
Student	1,063,131
Instructional Staff	1,305,773
District Administration	171,750
School Administration	1,820,269
Business	308,537
Plant Operation and Maintenance	519,667
Student Transportation	422,216
Food Service	313,636
Total	\$19,603,096

NOTE O – TAX ABATEMENTS

During the fiscal year ended June 30, 2024, the District's property tax revenues were reduced by \$330,967 pursuant to agreements entered into by the Fiscal Court of Shelby County on May 1, 2008 and March 1, 2010. Under the agreement(s), payments in lieu of taxes are remitted to the District. The District received \$330,967 for in lieu of tax payment collections during the fiscal year ended June 30, 2024.

NOTE P – RETIREMENT PLANS

The following are payroll and retirement amounts for the years ended June 30, 2024, 2023, and 2022.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total payroll	\$48,707,605	\$48,320,211	\$49,171,977
TRS total payroll	36,574,409	37,285,618	37,676,040
CERS total payroll	19,722,752	19,576,461	17,604,435
Contributions requirement for CERS	2,664,792	3,065,676	2,859,614
CERS contribution - District portion	2,664,792	3,065,676	2,859,614
CERS contribution - Employee portion	635,228	634,120	578,562
TRS contribution - Commonwealth of KY	10,980,502	16,484,363	10,951,524
TRS contribution - District federal employees	1,488,669	1,732,302	1,759,803

NOTE Q – GENERAL INFORMATION ABOUT THE PENSION PLANS

	<u>Governmental</u>	<u>Food Service</u>	<u>Total</u>
Pension liability			
CERS	\$ 22,650,751	\$ 1,770,544	\$ 24,421,295
OPEB liability			
CERS	\$ (487,368)	\$ (38,096)	\$ (525,464)
TRS	12,587,000	-	12,587,000
Total	\$ 12,099,632	\$ (38,096)	\$ 12,061,536
Deferred outflows			
CERS subsequent contributions	\$ 2,471,595	\$ 193,197	\$ 2,664,792
CERS other pension	4,652,039	363,636	5,015,675
CERS OPEB subsequent contributions	-	-	-
CERS other OPEB	2,861,200	223,652	3,084,852
TRS OPEB subsequent contributions	1,097,232	-	1,097,232
TRS other OPEB	7,558,000	-	7,558,000
Total	\$ 18,640,066	\$ 780,485	\$ 19,420,551
Deferred inflows			
CERS pension	\$ 4,961,364	\$ 387,815	\$ 5,349,179
CERS OPEB	9,086,444	710,261	9,796,705
TRS OPEB	9,955,000	-	9,955,000
Total	\$ 24,002,808	\$ 1,098,076	\$ 25,100,884

Teachers' Retirement System of the State of Kentucky (TRS)

Plan Description – Teaching-certified employees of the District are provided pensions through the Teachers' Retirement System of the State of Kentucky (TRS) – a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public education 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://trs.ky.gov/financial-reports-information>.

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

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

For members prior to July 1, 2008 - Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of services, including the first ten years. In addition, members who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for members hired on or after that date.

For members after July 1, 2008 – The annual retirement allowance for non-university members is equal to (a) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is 10 years or less; (b) two percent (2.0%) 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) two and three tenths percent (2.3%) of final average salary of each year of credited service if their service is greater than 20 years but no more than 26 years; (d) two and one half percent (2.5%) of financial average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; (e) three percent (3.0%) of financial average salary for years credited service greater than 30 years.

For members after January 1, 2022 – condition for retirement is attainment of age 57 and 10 years of service or attainment of age 65 and 5 years of service. The annual foundational benefit for non-university members is equal to service times a multiplier times final average salary, based on a table. The annual foundational benefit is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 30 years of service. The annual supplemental benefit is equal to the account balance which includes member and employer contributions and interest credited annually on June 30. Options include annualizing the balance or receiving the balance as a lump sum either at the time of retirement or at a later date.

Final average salary is defined as the member's five (5) highest annual salaries which the member has received for service in a covered position and on which the member has made contributions or on which the public board, institution, or agency has picked up the members contributions. For a

member hired before January 1, 2022, who retires after attaining age 55 with 27 years of service, “final average salary” means the average of the three (3) highest annual salaries.

Contributions - Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university members are required to contribute 12.855% of their salaries to the System.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions of the amount 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative members 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.

Medical Insurance Plan

Plan description - In addition to the pension benefits described above, Kentucky Revised Statute 161.675 requires TRS to provide post-employment healthcare benefits to eligible members and dependents. The TRS Medical Insurance benefit is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

Eligibility for access to retiree medical plan coverage: Members before 7/1/2008 – completion of 27 years of service, or attainment of age 55 and 5 years of service. Member on and after 7/1/2008 but before 1/1/2022 – completion of 27 years of service, or attainment of age 55 and 10 years of service, or attainment of age 60 and 5 years of service. Members on and after 1/1/2002 - attainment of age 57 and 10 years of service or attainment of age 65 and 5 years of service.

Funding policy – In order to fund the post-retirement healthcare benefit, seven and one half percent (7.50%) of the gross annual payroll of members is contributed. Three percent (3.00%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three and three quarter percent (3.00%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

Life Insurance Plan Benefits

Effective July 1, 2000, the Teachers’ Retirement System shall:

- (a) Provide a life insurance benefit in a minimum amount of five thousand dollars (\$5,000) for its members who are retired for service or disability if hired prior to January 1, 2022. Provide a life insurance benefit in a minimum amount of ten thousand dollars (\$10,000) for its members who are retired for service or disability if hired on or after January 1, 2022. This life insurance benefit shall be payable upon the death of a member retired for service or disability to the member’s estate or to a party designated by the member on a form prescribed by the retirement system; and
- (b) Provide a life insurance benefit in a minimum amount of two thousand dollars (\$2,000) for its active contributing members if hired prior to January 1, 2022. Provide a life insurance benefit in a minimum amount of five thousand dollars (\$5,000) for its active contributing members if hired on or after January 1, 2022. This life insurance benefit shall be payable upon the death of an active contributing member to the member’s estate or to a party designated by the member on a form prescribed by the retirement system.

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

At June 30, 2024, the Kentucky School District did not report a liability for its proportionate share of the net pension liability because the State of Kentucky provides the pension support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

State’s proportionate share of the net pension liability associated with the District	<u>\$ 168,393,416</u>
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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 that date. 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. At June 30, 2023, the State’s proportion for the District was 0.9883 percent.

For the year ended June 30, 2023, the State recognized pension expense for the District of \$10,129,071 and revenue of \$10,129,071 for support provided by the State on the Fund financial statements.

Actuarial assumptions – The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.10%, net of pension plan investment expense, including inflation.
Projected salary increases	3.00 – 7.50%, including inflation
Municipal Bond Index Rate	3.37%
Single Equivalent Interest Rate	7.10%

Mortality rates were based on the Pub-2010 (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 actuarial assumptions used in the June 30, 2021 valuation were based on the results of the experience investigation for the five-year period ending June 30, 2020. In addition, the contribution requirements for the fiscal year ending June 30, 2024 use a direct rate smoothing methodology over a five-year period. These revised assumption changes and methods were adopted by the Board on September 20, 2021.

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.

The target asset 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 Rate of Return
Large Cap U.S. Equity	35.4%	5.0%
Small Cap U.S. Equity	2.6%	5.5%
Developed International Equity	15.7%	5.5%
Emerging Markets Equity	5.3%	6.1%
Fixed Income	15.0%	1.9%
High Yield Bonds	5.0%	3.8%
Additional Categories	5.0%	3.6%
Real Estate	7.0%	3.2%
Private Equity	7.0%	8.0%
Cash	2.0%	1.6%
Total	100.0%	

Discount rate - The discount rate used to measure the TPL 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 rates for all fiscal years in the future. 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 State's proportionate share of the net pension liability for the District of the System, calculated using the discount rate of 7.10%, as well as what the proportionate share of the 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 (8.1%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
System's net pension liability	\$216,366,655	\$168,393,416	\$128,423,356

June 30, 2022 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of June 30, 2023 using standard roll forward techniques. The roll-forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit payments, and refunds for the plan year and then applies the expected investment rate of return for the year. In addition, it has been determined an expected TPL as of June 30, 2023, based on the TPL roll-forward in the June 30, 2022 GASB 67 report. The difference between this amount and the roll-forward of the actual TPL before the assumption changes is reflected as an experience gain or loss for the year.

The District did not report any deferred outflows of resources and deferred inflows of resources related to pensions.

The District did not have any collective amounts to report as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in future years as pension expense.

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

OPEB

The Actuarially Determined Contribution rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the indicated Valuation Date. The following actuarial methods and assumptions were used to determine contribution rates reported in the schedule for the year ending June 30, 2023 for the Life Trust:

Valuation Date	June 30, 2020
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Amortization period (Closed)	24 years
Asset valuation method	5-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage Inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount Rate	7.50%

The Health Trust is not funded based on an actuarially determined contribution, but instead is funded based on statutorily determined amounts. The Schedule of Employer Contributions details the statutorily determined amounts for the Health Trust.

The Total OPEB Liability (TOL) as of June 30, 2022 was determined based on an actuarial valuation prepared as of June 30, 2022, using the new actuarial assumptions adopted by the Board subsequent to the June 30, 2022 valuation based on the experience investigation for the five-year period ending June 30, 2020. The following actuarial assumptions are applied to all periods included in the measurement:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.00% - 7.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including Inflation	
MIF	7.10%
LIF	7.10%
Municipal Bond Index Rate	3.66%
Year FNP is projected to be depleted	
MIF	n/a
LIF	n/a

Single Equivalent Interest Rate, net of OPEB	
Plan investment expense, including price	
Inflation	
MIF	7.10%
LIF	7.10%
MIF Health Care Cost Trends	
Medical Trend	6.75% for FYE 2023 decreasing to an Ultimate rate of 4.50% by FYE 2032
Medicare Part B Premiums	1.55% for FYE 2023 with an ultimate Rate of 4.50% by 2034

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2022 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2022, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends) used in the June 30, 2022 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation. The health care cost trend assumption was updated for the June 30, 2022 valuation and was shown as an assumption change in the TOL roll forward while the change in initial per capita claims costs were included with experience in the TOL roll forward.

The long-term expected rate of return on Health Trust and Life Trust 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 following exhibit presents the NOL of the Plan, calculated using the health care cost trend rates, as well as what the Plan's NOL would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate. This chart is not shown for the Life Insurance Fund (LIF) since there is no health care trend component of the liabilities:

	<u>Health Care Cost Trend Rate Sensitivity</u>		
	1% Decrease	Current	1% Increase
MIF Net OPEB Liability	\$9,061,000	\$12,587,000	\$16,976,000
	<u>Health Care NOL Rate Sensitivity</u>		
	6.1%	7.1%	8.1%
Health Net OPEB Liability	\$16,189,000	\$12,587,000	\$9,609,000

Discount rate (SEIR): The discount rate used to measure the TOL at June 30, 2023 was 8.00% for the Health Trust and 7.50% for the Life Trust.

Projected cash flows:

Health Trust discount rate (SEIR). 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 74. The projection's basis was an actuarial valuation performed as of June 30, 2022. In addition to the actuarial methods and assumptions of the June 30, 2022 actuarial valuation, the following 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 PM 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 contribution to the Health 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 MIF achieves a sufficient prefunded status, as determined by the retirement system's actuary, the following MIF statutory contributions are to be decreased, suspended, or eliminated:
 - Employee contributions
 - School District/University 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 amounts in the years if/when 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 Trust's FNP was not projected to be depleted.

Life Trust Discount rate (SEIR). 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 74. The projection's basis was an actuarial valuation performed as of June 30, 2021. In addition to the 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 Trust's 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 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 contribute to the plan.
- Cash flows occur mid-year.

Based on these assumptions, the Life Trust's FNP was not projected to be depleted.

The FNP projections are based upon the Health Trust's and the Life Trust's financial statuses on the Valuation Date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing basis, reflecting the impact of future members. Therefore, the results of these tests do not necessarily indicate whether or not the Health Trust and the Life Trust will actually run out of money, the financial condition of the Health Trust and Life Trust, or the Health Trust's and the Life Trust's ability to make benefit payments in future years.

The target asset 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 tables:

Asset Class	HIT Target Allocation	Long Term Expected Real Rate of Return
Large Cap U.S. Equity	35.4%	5.0%
Small Cap U.S. 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	100.0%	

Asset Class	LIT Target Allocation	Long Term Expected Real Rate of Return
U.S. 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	100.0%	

The following is the Proportionate Share of the Net OPEB Liability:

	District	State	Total
HIT	\$12,587,000	\$10,609,000	\$23,196,000
LIT	\$ -	\$263,000	\$263,000

District's Proportion of the Collective NOL

	Current Year	Prior Year
Health	0.516767%	0.746393%
Life	0.000000%	0.000000%

There were no changes between the measurement date of the collective net OPEB liability and the employer's reporting date.

Please see Section V of the report on the website for the development of the collective OPEB expense. The District's proportionate share of the net OPEB expense is \$(199,000).

Since certain items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce OPEB expense they are labeled deferred inflows. If they will increase OPEB expense they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive system members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five year period.

The table below provides a summary of the deferred inflows and outflows as of the Measurement Date. The allocation of deferred inflows and outflows will be determined by the System.

Health Insurance Trust	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Experience	-	4,266,000
Changes in Assumptions	2,861,000	-
Net difference between projected and actual earnings on plan investments	235,000	-
Change in proportion and differences between employer contributions and proportionate share of contributions	4,462,000	5,689,000
District contributions subsequent to the measurement date	1,097,232	-
Total	<u>8,655,232</u>	<u>9,955,000</u>

There are no deferred outflows or inflows for the Life Insurance Trust.

The collective amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

	<u>Deferred Outflows /(Inflows) of Resources</u>	
	Health Insurance Trust	Life Insurance Trust
Year 1	(731,000)	-
Year 2	(621,000)	-
Year 3	125,000	-
Year 4	(63,000)	-
Year 5	(537,000)	-
thereafter	(570,000)	-
Total	<u>(2,397,000)</u>	<u>-</u>

There are non-employer contributions recognized for the support provided by non-employer contributing entities in TRS.

KENTUCKY RETIREMENT SYSTEM
County Employees Retirement System (CERS)

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. The plan covers substantially all regular full-time members employed in non-hazardous duty positions of each county and school board, and any additional eligible local agencies electing to participate in the plan. The plan provides for retirement, disability and death benefits to plan members.

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 Public Pensions Authority, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky, 40601, or by calling (502) 564-4646 or at <https://kyret.ky.gov>.

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

Contributions: Funding for CERS is provided by members who contribute 5% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions and by employers of members who contribute 23.40% of the member's salary. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2022. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2023. At June 30, 2023, the District's proportion was 0.380601%.

For the year ended June 30, 2024, the District recognized pension expense of \$2,953,997. At June 30, 2024, the District reported deferred outflows of resources for District contributions subsequent to the measurement 2,677,746, deferred outflows of resources from change of assumptions and expectations of \$5,066,923, and deferred inflows of resources related to pensions from the net difference between projected and actual earnings on pension plan investments in the amount of \$4,295,169.

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

	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
Liability experience	1,264,243	66,360
Assumption changes	-	2,238,229
Investment experience	2,638,191	2,971,311
Change in proportion and differences between employer contributions and proportionate share of contributions	1,113,240	73,279
District contributions subsequent to the measurement date	2,664,792	-
Total	7,680,466	5,349,179

District contributions subsequent to the measurement date of \$2,677,746 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CERS will be recognized in pension expense as follows:

	Deferred Outflows (Inflows)
Year 1	27,674
Year 2	(669,938)
Year 3	545,182
Year 4	(236,422)
Year 5	-
Total	(333,504)

Actuarial Methods and Assumptions for Determining the Total Pension Liability and Net Pension Liability

The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2023. The financial reporting actuarial valuation as of June 30, 2023, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Amortization Period	30 years, closed period at June 30, 2019 <i>Gains/Losses incurring after 2019 will be amortized Over separate closed 20-year amortization bases</i>
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
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
Phase-In provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

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

The investment return assumption changed from 6.25% to 6.50% for this valuation. Additionally, there have been no plan provision changes that would materially impact the total pension liability since June 30, 2021.

Senate Bill 169 passed during the 2021 legislative session increased the disability benefits for certain qualifying members who become “totally and permanently disabled” in the line of duty or as a result of a duty-related disability. The Total Pension liability as of June 30, 2023 is determined using these updated benefit provisions. There were no other material plan provision changes.

Senate Bill 249 passed during the 2021 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2021. There were no other material plan provision changes.

The mortality table used for active members was a Pub-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a 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. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Discount Rate: The projection of cash flows used to determine the discount rate of 6.50% for the CERS Non-hazardous assumed that local employers would contribute the required employer contributions each future year, as determined by the current funding policy established in Statute as amended by House Bill 362 (passed in 2018) over the remaining 29 years (closed) amortization period of the unfunded actuarial accrued liability.

The projection of cash flows used to determine the discount rate of 6.50% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended House Bill 8 (passed in 2021, over the remaining 29 years (closed) amortization period of the unfunded actuarial accrued liability.

The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the Annual Comprehensive Financial Report (ACFR).

Basis of Accounting

The underlying financial information used to prepare allocation schedules is based on KPPA's combining financial statements. KPPA's combining financial statements for all plans are prepared using the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) that apply to governmental accounting for fiduciary funds.

Use of Estimates in Preparation of Schedules

The preparation of the schedules in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect certain amounts and

disclosures. KPPA accrues employer contributions using estimates based on historical data. Actual results could differ from those estimates.

The long-term expected return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables below. The current long term inflation assumption is 2.50% per annum for both the non-hazardous and hazardous system.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equity	60.0%	
Public Equity	50.0%	5.90%
Private Equity	10.0%	11.73%
Fixed Income	20.0%	
Core Fixed Income	10.0%	2.45%
Specialty Credit	10.0%	3.65%
Cash	0.0%	1.39%
Inflation Protected	20.0%	
Real Estate	7.0%	4.99%
Real Return	13.0%	5.15%
Expected Real Return	100.0%	5.75%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

Deferred Inflows and Outflows of Resources

The Deferred Inflows and Outflows, and Pension Expense included in the Schedule of Pension Amounts by Employer 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 by Employer does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2023, is based on the June 30, 2022, actuarial valuation rolled forward. 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.

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

	1% Decrease (5.50%)	Current discount rate (6.50%)	1% Increase (7.50%)
District's proportionate share of the net pension liability	30,833,361	24,421,295	19,092,628

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: At June 30, 2024 the District had payables to CERS in the amount of \$0 for June's covered payroll with contributions required to be paid in July.

OPEB

CERS Non-hazardous Insurance Fund is a cost-sharing multiple-employer defined benefit Other Postemployment Benefits (OPEB) plan for members that cover all regular full-time members. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

The net OPEB liability is the total OPEB liability, less the amount of the plan's fiduciary net position. The total OPEB liability, net OPEB liability, and sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2022. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2023, using generally accepted actuarial principles.

Discount Rate:

Single discount rate of 5.93% was used to measure the total OPEB liability as of June 30, 2023. The single discount rate is based on the expected rate of return on OPEB plan investments of 6.50%, and a municipal bond rate of 3.86% as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer's subsidy was not included in the calculation of the KRS' actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KRS' trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the ACFR.

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

The District's proportionate share of the Net OPEB Liability as of June 30, 2022 is (\$525,464). The District's proportionate share is 0.380587%. The District's proportionate share of the OPEB expense is (\$925,614). The total Deferred Outflows of Resources is \$2,383,789 and the total Deferred Inflows of Resources is \$9,796,705. Total employer contributions were \$374,525, implicit subsidy was \$171,294 for a total contributions of \$545,819.

Discount Rate Sensitivity

	1% Decrease (4.93%)	Current discount rate (5.93%)	1% Increase (6.93%)
Net OPEB liability	986,094	(525,464)	(1,791,210)

Healthcare Cost Trend Rate Sensitivity

	1% Decrease	Current discount rate	1% Increase
Net OPEB liability	(1,684,203)	(525,464)	897,938

The following actuarial methods and assumptions were used in performing the actuarial valuation as of June 30, 2023.

Payroll Growth Rate	2.00%
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates (Pre-65)	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Healthcare Trend Rates (Post-65)	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rate from MP-2014 mortality improvement scale using a base year of 2019

Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003, by \$5 for each year of service a 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. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA.

The total OPEB liability as of June 30, 2023, is determined using these updated benefit provisions. There were no other material plan provision changes.

Deferred Inflows and Outflows of Resources

The Deferred Inflows and Outflows of Resources, and OPEB Expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes in assumptions and differences between projected and actual earnings on plan investments. The Schedule of OPEB Amounts does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net OPEB liability as of June 30, 2023, is based on the June 30, 2022, 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.

	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
Liability experience	366,328	7,461,062
Assumption changes	1,034,076	720,647
Investment experience	983,385	1,105,336
Change in proportion and differences between employer contributions and proportionate share of contributions	701,063	509,660
District contributions subsequent to the measurement date	-	-
Total	3,084,852	9,796,705

The \$591,683 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024.

The following is a summary of collective deferred outflows and Inflows of Resources arising from current and prior reporting periods.

Deferred Amounts to be recognized in Fiscal Years Ending:

	Deferred Outflows <u>(Inflows)</u>
Year 1	(1,613,571)
Year 2	(2,190,892)
Year 3	(1,510,990)
Year 4	(1,396,400)
Year 5	-
thereafter	-
Total	(6,711,853)

SUPPLEMENTARY INFORMATION

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance With
	Regulatory Basis			Final Budget
	Original	Final		Favorable (Unfavorable)
Revenues:				
Local sources:				
Property taxes	\$ 29,665,768	\$ 28,956,427	\$ 28,803,504	\$ (152,923)
Motor vehicle taxes	2,403,883	2,303,207	3,011,438	708,231
Utility taxes	3,300,000	3,300,000	3,763,383	463,383
Earnings on investments	203,000	503,000	2,100,644	1,597,644
Other local	80,000	657,304	998,713	341,409
State sources	37,592,287	38,828,862	40,336,909	1,508,047
Federal sources	720,000	672,000	1,290,447	618,447
Total revenues	73,964,938	75,220,800	80,305,038	5,084,238
Expenditures:				
Instruction	45,915,005	45,517,796	43,200,316	2,317,480
Supporting services:				
Students	4,100,043	4,642,445	4,387,037	255,408
Instructional staff	5,223,069	5,498,843	5,002,386	496,457
District administration	1,498,497	1,730,887	1,944,048	(213,161)
School administration	5,151,734	5,180,585	5,512,356	(331,771)
Business support services	1,683,512	2,063,018	1,914,543	148,475
Operation and maintenance of facilities	7,102,792	12,097,382	10,539,714	1,557,668
Student transportation	3,655,715	5,439,847	4,550,137	889,710
Food services	205,795	128,913	107,123	21,790
Capital outlay	-	1,490,722	52,184	1,438,538
Contingency	11,684,800	13,679,483	-	13,679,483
Total expenditures	86,220,962	97,469,921	77,209,844	20,260,077
Excess (deficiency) of revenues over expenditures	(12,256,024)	(22,249,121)	3,095,194	25,344,315
Other financing sources (uses):				
Proceeds from disposal of real or personal property	-	553,539	239,129	(314,410)
Transfers in	257,862	2,730,175	2,389,467	(340,708)
Transfers (out)	(60,000)	(1,155,729)	(775,105)	380,624
Total other financing sources (uses)	197,862	2,127,985	1,853,491	(274,494)
Change in fund balances	(12,058,162)	(20,121,136)	4,948,685	25,069,821
Fund balances - beginning	12,058,162	20,121,136	21,964,560	1,843,424
Fund balances - ending	\$ -	\$ -	\$ 26,913,245	\$ 26,913,245

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
For the Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance With
	Regulatory Basis			Final Budget
	Original	Final		Favorable (Unfavorable)
Revenues:				
Local sources:	\$ 256,979	\$ 241,371	\$ 229,474	\$ (11,897)
State sources	3,213,830	3,470,844	3,298,902	(171,942)
Federal sources	4,037,724	4,274,958	6,672,303	2,397,345
Total revenues	7,508,533	7,987,173	10,200,679	2,213,506
Expenditures:				
Instruction	5,454,060	5,773,409	6,638,664	(865,255)
Supporting services:				
Students	69,095	100,400	153,074	(52,674)
Instructional staff	958,607	996,733	2,065,559	(1,068,826)
District administration	-	-	-	-
School administration	41,662	42,955	42,489	466
Business support services	-	-	-	-
Operation and maintenance of facilities	57,928	176,838	209,946	(33,108)
Student transportation	113,456	107,463	125,503	(18,040)
Food services	57,464	52,533	48,411	4,122
Day care services	-	7,448	395,720	(388,272)
Community services	691,530	777,426	724,482	52,944
Total expenditures	7,443,802	8,035,205	10,403,848	(2,368,643)
Excess (deficiency) of revenues over expenditures	64,731	(48,032)	(203,169)	(155,137)
Other financing sources (uses):				
Transfers in	-	126,887	345,472	218,585
Transfers (out)	(64,731)	(64,017)	(142,303)	(78,286)
Total other financing sources (uses)	(64,731)	62,870	203,169	140,299
Change in fund balances	-	14,838	-	(14,838)
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ 14,838	\$ -	\$ (14,838)

**SHELBY COUNTY PUBLIC SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For The Year Ended June 30, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)										
TRS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CERS	24,421,295	26,605,228	21,870,853	29,916,052	22,626,289	21,198,219	20,931,369	17,432,574	16,544,238	10,038,000
Total	24,421,295	26,605,228	21,870,853	29,916,052	22,626,289	21,198,219	20,931,369	17,432,574	16,544,238	10,038,000
District's proportionate share of the net pension liability (asset)										
TRS	-	-	-	-	-	-	-	-	-	-
CERS	38.060100%	0.368034%	0.343030%	0.390044%	0.321714%	0.348065%	0.357599%	0.35406%	0.384790%	0.309409%
State's proportionate share of the net pension liability (asset) associated with the District										
TRS	\$ 168,393,416	\$ 176,848,986	\$ 137,197,013	\$ 154,061,901	\$ 146,508,276	\$ 133,481,744	\$ 280,579,526	\$ 313,466,377	\$ 255,658,927	\$ 208,488,497
District's covered employee payroll										
TRS	\$ 36,574,409	\$ 37,285,618	\$ 37,676,040	\$ 34,721,896	\$ 34,394,925	\$ 33,497,542	\$ 32,903,916	\$ 33,057,511	\$ 33,358,791	\$ 32,251,771
CERS	19,722,752	19,576,461	17,604,435	14,649,132	15,015,178	14,782,050	13,458,696	12,999,381	12,270,458	11,471,190
Total	56,297,161	56,862,079	55,280,475	49,371,028	49,410,103	48,279,592	46,362,612	46,056,892	45,629,249	43,722,961
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll										
TRS	-	-	-	-	-	-	-	-	-	-
CERS	123.82%	135.90%	124.23%	204.22%	150.69%	143.41%	155.52%	134.10%	134.83%	87.51%

**SHELBY COUNTY PUBLIC SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
For The Year Ended June 30, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions										
TRS	\$ 1,732,302	\$ 1,759,803	\$ 1,275,073	\$ 1,285,578	\$ 1,274,820	\$ 1,236,044	\$ 1,238,533	\$ 1,245,385	\$ 960,405	\$ 681,000
CRS	3,065,676	2,859,614	2,178,413	2,252,273	1,996,388	1,689,394	1,653,985	1,462,426	1,444,969	1,828,870
Total	4,797,978	4,619,417	3,453,486	3,537,851	3,271,208	2,925,438	2,892,518	2,707,811	2,405,374	2,509,870
Contributions in relation to the contractually required contribution										
TRS	\$ 1,732,302	\$ 1,759,803	\$ 1,275,073	\$ 1,285,578	\$ 1,274,820	\$ 1,236,044	\$ 1,238,533	\$ 1,245,385	\$ 960,405	\$ 681,000
CRS	3,065,676	2,859,614	2,178,413	2,252,273	1,996,388	1,689,394	1,653,985	1,462,426	1,444,969	1,828,870
Total	4,797,978	4,619,417	3,453,486	3,537,851	3,271,208	2,925,438	2,892,518	2,707,811	2,405,374	2,509,870
Contribution deficiency (excess)										
TRS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CRS	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
District's covered employee payroll										
TRS	\$ 36,574,409	\$ 37,285,618	\$ 37,676,040	\$ 34,721,896	\$ 34,394,925	\$ 33,497,542	\$ 32,903,916	\$ 33,057,511	\$ 33,358,791	\$ 32,251,771
CRS	19,722,752	19,576,461	17,604,435	14,649,132	15,015,178	14,782,050	13,458,696	12,999,381	12,270,458	11,471,190
Total	56,297,161	56,862,079	55,280,475	49,371,028	49,410,103	48,279,592	46,362,612	46,056,892	45,629,249	43,722,961
Contributions as a percentage of covered employee payroll										
TRS	4.74%	4.72%	3.38%	3.70%	3.71%	3.69%	3.76%	3.77%	2.88%	2.11%
CRS	15.54%	14.61%	12.37%	15.37%	13.30%	11.43%	12.29%	11.25%	11.78%	15.94%

**SHELBY COUNTY PUBLIC SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
For The Year Ended June 30, 2024**

	2024	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability (asset)							
CERS	\$ (525,464)	\$ 7,262,451	\$ 6,565,587	\$ 9,543,506	\$ 5,409,589	\$ 6,179,630	\$ 7,188,963
TRS - Medical Insurance	12,587,000	18,529,000	11,946,000	13,915,000	15,853,000	18,117,000	19,462,000
TRS - Life Insurance	-	-	-	-	-	-	-
Total	12,061,536	25,791,451	18,511,587	23,458,506	21,262,589	24,296,630	26,650,963
District's proportionate share of the net OPEB liability (asset)							
CERS	38.058700%	0.367996%	0.342949%	0.395226%	0.321631%	0.348054%	0.357599%
TRS - Medical Insurance	51.676700%	0.746393%	0.556742%	0.551345%	0.541645%	0.522146%	0.545479%
TRS - Life Insurance	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
State's proportionate share of the net OPEB liability (asset) associated with the District							
TRS - Medical Insurance	\$ 10,609,000	\$ 6,087,000	\$ 9,702,000	\$ 11,146,000	\$ 12,802,000	\$ 15,613,000	\$ 15,897,000
TRS - Life Insurance	263,000	303,000	129,000	337,000	297,000	268,000	213,000
Total	10,872,000	6,390,000	9,831,000	11,483,000	13,099,000	15,881,000	16,110,000
District's covered employee payroll							
TRS	\$ 36,574,409	\$ 37,285,618	\$ 37,676,040	\$ 34,721,896	\$ 34,394,925	\$ 33,497,542	\$ 32,903,916
CERS	19,722,752	19,576,461	17,604,435	14,649,132	15,015,178	14,782,050	13,458,696
Total	56,297,161	56,862,079	55,280,475	49,371,028	49,410,103	48,279,592	46,362,612
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll							
CERS	-2.66%	37.10%	37.30%	65.15%	36.03%	41.80%	53.42%
TRS - Medical Insurance	34.41%	49.69%	31.71%	40.08%	46.09%	54.08%	59.15%
TRS - Life Insurance	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							
CERS	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%
TRS - Medical Insurance	52.97%	47.75%	51.74%	39.05%	32.58%	25.54%	21.18%
TRS - Life Insurance	76.91%	73.97%	89.15%	71.57%	73.40%	74.97%	79.99%

Note: The schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**SHELBY COUNTY PUBLIC SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
For The Year Ended June 30, 2024**

	2024	2023	2022	2021	2020	2019	2018
Contractually required contributions							
CERS	\$ 374,525	\$ 424,409	\$ 417,065	\$ 482,027	\$ 520,926	\$ 479,212	\$ 456,933
TRS - Medical Insurance	979,188	990,369	988,221	973,714	943,151	930,107	935,084
TRS - Life Insurance	-	-	-	-	-	-	-
Total	1,353,713	1,414,778	1,405,286	1,455,741	1,464,077	1,409,319	1,392,017
Contributions in relation to the contractually required contribution							
CERS	\$ 374,525	\$ 424,409	\$ 417,065	\$ 482,027	\$ 520,926	\$ 479,212	\$ 456,933
TRS - Medical Insurance	979,188	990,369	988,221	973,714	943,151	930,107	935,084
TRS - Life Insurance	-	-	-	-	-	-	-
Total	1,353,713	1,414,778	1,405,286	1,455,741	1,464,077	1,409,319	1,392,017
Contribution deficiency (excess)							
CERS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TRS - Medical Insurance	-	-	-	-	-	-	-
TRS - Life Insurance	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
District's covered employee payroll							
TRS	\$ 36,574,409	\$ 37,285,618	\$ 37,676,040	\$ 34,721,896	\$ 34,394,925	\$ 33,497,542	\$ 32,903,916
CERS	19,722,752	19,576,461	17,604,435	14,649,132	15,015,178	14,782,050	13,458,696
Total	56,297,161	56,862,079	55,280,475	49,371,028	49,410,103	48,279,592	46,362,612
Contributions as a percentage of covered employee payroll							
TRS	1.90%	2.17%	2.37%	3.29%	3.47%	3.24%	3.40%
CERS	2.68%	2.66%	2.62%	2.80%	2.74%	2.78%	2.84%

Note: The schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

SHELBY COUNTY PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

June 30, 2023 – TRS Pension

The following changes to assumptions were made during the year:

The Municipal Bond Index rate was changed from 3.37% to 3.66%.

June 30, 2023 – TRS OPEB

The following changes to assumptions were made during the year:

The Municipal Bond Index rate was changed from 3.37% to 3.66%.

Health Trust and Life Trust

Health care trend rates, as well as the TRS 4 retirement decrements, were updated to reflect future anticipated experience.

June 30, 2023 – CERS OPEB

The following changes to assumptions were made during the year:

The current discount rate was changed from 5.70% to 5.93%.

Investment return assumption was changed from 6.25% to 6.50%.

**SHELBY COUNTY PUBLIC SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

School	Cash Balance		Receipts	Disbursements	Cash Balance		Accounts Receivable		Accounts Payable		Due To Student Groups
	July 1, 2023	June 30, 2024			June 30, 2024	June 30, 2024	June 30, 2024	June 30, 2024	June 30, 2024		
Clear Creek Elementary	\$ 7,665	\$ 8,786	\$ 10,886	\$ 9,765	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,786
Heritage Elementary	27,424	26,358	29,141	30,207	-	-	-	-	-	-	26,358
Painted Stone Elementary	27,586	18,547	47,346	56,385	-	-	-	-	-	-	18,547
Simpsonville Elementary	7,910	7,740	11,371	11,541	-	-	-	-	-	-	7,740
Southside Elementary	6,838	6,030	11,615	12,423	-	-	-	-	-	-	6,030
Wright Elementary	24,159	26,081	36,775	34,853	-	-	-	-	-	-	26,081
East Middle	66,353	80,061	193,526	179,818	-	-	-	3,983	-	-	76,078
West Middle	71,192	86,009	121,393	106,576	-	-	-	-	-	-	86,009
Marnel C. Moorman School	51,585	36,789	142,548	157,344	-	-	-	-	2,355	-	34,434
Martha Layne Collins High	217,535	252,389	495,233	460,379	-	-	-	-	1,016	-	251,373
Shelby County High	216,045	256,524	579,210	538,731	-	-	-	-	1,620	-	254,904
Shelby County Education Center	150	-	-	150	-	-	-	-	-	-	-
Totals	\$ 724,442	\$ 805,314	\$ 1,679,044	\$ 1,598,172	\$ -	\$ -	\$ 805,314	\$ -	\$ 8,974	\$ -	\$ 796,340

**SHELBY COUNTY PUBLIC SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
MARTHA LAYNE COLLINS HIGH SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

Activity Account	Cash Balance July 1, 2023	Receipts	Disbursements	Cash Balance June 30, 2024	Account Receivable June 30, 2024	Account Payables June 30, 2024	Due To Student Groups June 30, 2024
Academic Team	\$ 48	\$ 144	\$ -	\$ 192	\$ -	\$ -	\$ 192
AP Testing	7,691	10,227	(4,443)	13,475	-	-	13,475
Art Club	-	1,023	(235)	788	-	-	788
Band	226	26,148	(12,949)	13,425	-	-	13,425
Baseball	13,160	26,547	(26,809)	12,898	-	632	12,266
Bass Fishing	279	11,574	(11,853)	-	-	-	-
Beta Club	3,477	1,579	(991)	4,065	-	-	4,065
Bowling	196	355	-	551	-	-	551
Boys Basketball	49,720	1,901	(46,727)	4,894	-	-	4,894
Boys Golf	682	513	(1,195)	-	-	-	-
Boys Lacrosse	1,409	3,658	(2,544)	2,523	-	-	2,523
Boys Soccer	10,507	11,803	(18,406)	3,904	-	-	3,904
Boys Tennis	1,235	442	-	1,677	-	-	1,677
Boys Track	3,675	6,800	(2,364)	8,111	-	-	8,111
Boys Volleyball	-	520	-	520	-	-	520
Cheerleading	4,040	33,494	(24,498)	13,036	-	-	13,036
Chess Club	336	-	-	336	-	-	336
Choir	1,168	13,150	(13,360)	958	-	-	958
Class of 2024	12,807	5,986	(7,394)	11,399	-	-	11,399
Class of 2025	144	22,090	(14,145)	8,089	-	-	8,089
Cross Country	5,832	1,738	(694)	6,876	-	-	6,876
Dance Team	7,661	12,564	(16,541)	3,684	-	-	3,684
Department Accounts	7,323	3,753	(1,941)	9,135	-	-	9,135
Drama Club	4,904	-	(359)	4,545	-	-	4,545
eSports	563	1,576	-	2,139	-	-	2,139
FCA	2,668	-	(19)	2,649	-	-	2,649
FFA	1,467	1,848	(1,536)	1,779	-	-	1,779
Football	1,844	24,046	(16,854)	9,036	-	-	9,036
General	-	110	(110)	-	-	-	-
General Athletic	2,001	178,467	(153,694)	26,774	-	-	26,774
Girls Basketball	4,813	3,524	(6,743)	1,594	-	-	1,594
Girls Golf	6,275	8,878	(11,246)	3,907	-	-	3,907
Girls Lacrosse	7,424	4,774	(2,350)	9,848	-	-	9,848
Girls Soccer	3,254	11,569	(9,313)	5,510	-	-	5,510
Girls Tennis	1,526	442	-	1,968	-	-	1,968
Girls Track	-	-	-	-	-	-	-
GirlsVolleyball	4,566	18,346	(19,300)	3,612	-	-	3,612
In School Clubs	6,717	5,386	(5,461)	6,642	-	-	6,642
Instructional Field Trips	-	-	-	-	-	-	-
NHS	274	480	(385)	369	-	-	369
Odyssey of the Mind	5	-	-	5	-	-	5
Orchestra	1,235	22	-	1,257	-	-	1,257
ROTC	-	-	-	-	-	-	-
Softball	14,167	4,003	(8,290)	9,880	-	-	9,880
Staff Account	(57)	1,388	(1,295)	36	-	-	36
Start Up Cash	-	-	-	-	-	-	-
Student Council	694	-	-	694	-	-	694
Student Recognition	5,146	6,889	(4,044)	7,991	-	-	7,991
Student Support	2,323	136	(179)	2,280	-	-	2,280
Swim Team	839	692	-	1,531	-	-	1,531
Talented and Gifted (TAG)	242	797	(564)	475	-	384	91
Vex Robotics	1,728	15,755	(5,799)	11,684	-	-	11,684
Yearbook	11,301	10,096	(5,749)	15,648	-	-	15,648
Totals	\$ 217,535	\$ 495,233	\$ (460,379)	\$ 252,389	\$ -	\$ 1,016	\$ 251,373

**SHELBY COUNTY PUBLIC SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
SHELBY COUNTY HIGH SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

Activity Account	Cash Balance July 1, 2023	Receipts	Disbursements	Transfers	Cash Balance June 30, 2024	Accounts Receivables June 30, 2024	Accounts Payables June 30, 2024	Due To Student Groups June 30, 2024
Academic Team	\$ 395	\$ 33	\$ (100)	\$ (328)	\$ -	\$ -	\$ -	\$ -
AP Testing	3,569	2,028	(757)	(3,000)	1,840	-	-	1,840
Archery	-	772	-	-	772	-	-	772
Art Club	2,537	-	(245)	(63)	2,229	-	-	2,229
Art DAF	-	-	(63)	63	-	-	-	-
Athletic Gate DAF	-	490	(5,593)	5,103	-	-	-	-
Band	5,212	5,887	(4,993)	(4,202)	1,904	-	-	1,904
Baseball	11,781	12,418	(10,515)	(75)	13,609	-	-	13,609
Bass Fishing	2,257	7,787	(6,054)	500	4,490	-	-	4,490
Beta Club	2,797	1,847	-	-	4,644	-	-	4,644
Boys Basketball	680	10,748	(7,925)	(2,718)	785	-	-	785
Boys Golf	3,786	10,958	(9,713)	(145)	4,886	-	670	4,216
Boys Lacrosse	-	7,720	(6,800)	(504)	416	-	-	416
Boys Soccer	12,391	7,039	(11,310)	-	8,120	-	-	8,120
Boys Tennis	786	55	(586)	-	255	-	-	255
Boys/Girls Track	8,353	20,172	(15,072)	(1,025)	12,428	-	750	11,678
Cheerleading	5,095	12,690	(7,361)	(396)	10,028	-	-	10,028
Choir	4,531	15,658	(16,173)	(1,552)	2,464	-	-	2,464
Class of 2023	1,798	3,499	(3,500)	(1,797)	-	-	-	-
Class of 2024	6,019	2,309	(2,266)	(6,062)	-	-	-	-
Class of 2025	1,039	17,401	(18,128)	4,848	5,160	-	-	5,160
Class of 2026	20	64	-	(33)	51	-	-	51
Class of 2027	-	82	-	-	82	-	-	82
Classroom Accounts	-	616	-	(616)	-	-	-	-
Cross Country	11,681	21,200	(14,502)	(1,619)	16,760	-	-	16,760
Dance Team	9,811	47,928	(42,298)	(5,414)	10,027	-	-	10,027
Department Accounts	21,561	22,527	(15,972)	(8,308)	19,808	-	-	19,808
Drama Club	9,894	18,561	(10,117)	(3,441)	14,897	-	200	14,697
E Sports	1,771	5,666	(5,426)	(30)	1,981	-	-	1,981
Farm	-	20,000	-	(19,031)	969	-	-	969
Football	5,950	6,123	(15,704)	6,366	2,735	-	-	2,735
Future Farmers of America	2,368	11,279	(3,845)	(700)	9,102	-	-	9,102
General	13,043	14,054	(2,807)	(22,518)	1,772	-	-	1,772
General Athletics	3,381	129,480	(86,300)	(27,888)	18,673	-	-	18,673
Girls Basketball	2,052	5,305	(6,813)	-	544	-	-	544
Girls Golf	2,904	12,783	(10,065)	(511)	5,111	-	-	5,111
Girls Lacrosse	-	3,748	(1,036)	(404)	2,308	-	-	2,308
Girls Soccer	4,243	2,021	(1,519)	-	4,745	-	-	4,745
Girls Tennis	428	-	(72)	-	356	-	-	356
Greenhouse	-	9,466	(9,466)	-	-	-	-	-
In School Clubs	6,679	24,955	(15,443)	(5,657)	10,534	-	-	10,534
Instructional Field Trip	-	2,810	(2,070)	(740)	-	-	-	-
Media Center DAF	-	1,731	(3,231)	1,500	-	-	-	-
Music DAF	-	-	(187)	187	-	-	-	-
National Honor Society	606	1,345	(762)	(462)	727	-	-	727
ROTC (Reserve Officer)	3,992	6,477	(1,151)	4,852	14,170	-	-	14,170
School DAF	-	23,484	(120,444)	96,960	-	-	-	-
Softball	14,255	8,020	(10,065)	-	12,210	-	-	12,210
Staff Account	561	1,732	(1,760)	(265)	268	-	-	268
Start up Cash	-	400	(200)	-	200	-	-	200
Student Recognition	288	15,696	(11,346)	5,135	9,773	-	-	9,773
Student Support	6,267	2,306	(1,420)	(712)	6,441	-	-	6,441
Swim Team	8,278	10,236	(6,298)	(3,048)	9,168	-	-	9,168
Talented and Gifted (TAG)	140	-	(136)	-	4	-	-	4
Volleyball	1,456	8,709	(5,057)	(2,250)	2,858	-	-	2,858
Yearbook Club	11,390	895	(6,065)	-	6,220	-	-	6,220
Totals	\$ 216,045	\$ 579,210	\$ (538,731)	\$ -	\$ 256,524	\$ -	\$ 1,620	\$ 254,904

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Expenditures
Cash expenditures			
<u>U.S. Department of Education</u>			
Kentucky Department of Education			
Title I Grants to Local Education Agencies	84.010	3100002	433,867
Title I Grants to Local Education Agencies	84.010	3100002	11,952
Title I Grants to Local Education Agencies	84.010	3100002	5,557
Title I Grants to Local Education Agencies	84.010	3100002	924,858
Title I Grants to Local Education Agencies	84.010	3100002	3,820
Title I, School Improvement	84.010	3100202	115,524
Title I, School Improvement	84.010	3100202	543,819
Title I, School Improvement	84.010	3100202	1,284
Title I, School Improvement	84.010	3100202	484
Subtotal			2,041,165
Migrant Education	84.011	3110002	
Title I Part D, Neglected and Delinquent Children and Youth	84.013	313I	25,889
Title I Part D, Neglected and Delinquent Children and Youth	84.013	313G	5,229
Subtotal			31,118
Title IV Part A, Student Support	84.424A	3420002	29,350
Title IV Part A, Student Support	84.424A	3420002	13,489
Title IV Part A, Student Support	84.424A	3420002	22,504
Title IV Part A, Student Support	84.424A	3420002	20,372
Title IV Part A, Student Support	84.424A	3420002	27,990
Title IV Part A, Student Support	84.424A	3420002	28,838
Subtotal			142,543
Special Education Cluster (IDEA)			
Special Education - Grants to States (IDEA, Part B)	84.027	3810002	460,241
Special Education - Grants to States (IDEA, Part B)	84.027	3810002	1,300,890
Special Education - Grants to States (IDEA, Part B)	84.027	3810002	15,797
* ARP IDEA Basic	84.027X	4910002	125,847
* ARP IDEA Private Schools	84.173X	4900002	16,916
Special Education - Preschool Grants (IDEA, Preschool)	84.173	3800002	54,661
Special Education - Preschool Grants (IDEA, Preschool)	84.173	3800002	1,663
Special Education - Preschool Grants (IDEA, Preschool)	84.173	3800002	252
Subtotal			1,976,267
Vocational Education Basic	84.048	3710002	43,903
Vocational Education Basic	84.048	3710002	1,275
Vocational Education Basic	84.048	3710002	6,858
Subtotal			52,036
Supporting Effective Instruction	84.367	3230002	146,035
Supporting Effective Instruction	84.367	3230002	91,823
Supporting Effective Instruction	84.367	3230002	48,457
Supporting Effective Instruction	84.367	3230002	676
Subtotal			286,991

English Language Acquisition	84.365	3300002	97,027
English Language Acquisition	84.365	3300002	<u>51,772</u>
Subtotal			148,799
* Deeper Learning Grant		563J	13,180
* GEER II Family Resource Centers	84.425C	564GF	7,077
* CRRSAA - ESSER Direct Services	84.425D	4200002	(14,145)
* CRRSAA - ESSER Digital Learning Services	84.425D	4200002	2,005
* CRRSAA - ESSER State Set Aside	84.425D	4200002	4,213
* ARP ESSER	84.425U	4300002	4,114
* ARP ESSER III	84.425U	4300002	<u>1,453,829</u>
Subtotal			1,470,273
Prichard Committee			
Community Schools Initiative	84.215J	not provided	<u>11,749</u>
Total U.S.Department of Education			6,160,941
Kentucky Cabinet for Health and Family Services			
* ARPA Child Care Facility Repairs			60,000
* ARP Child Care Stabilization Fund	93.575	576I	392,814
* CRRSAA - Child Care Aid	93.575	672G	<u>9,813</u>
Subtotal			462,627
Kentucky Department of Education			
School Health Profile	93.079	2100001	<u>92</u>
Total U.S. Department of Health and Human Services			462,719
<u>U.S.Department of Agriculture</u>			
Kentucky Department of Education			
Child Nutrition Cluster			
National School Breakfast Program	10.553	7760005	1,122,583
National School Lunch Program	10.555	7750002	2,502,179
Supply Chain Assistance	10.555	9980000	211,567
Summer Food Service Program for Children	10.559	7690024	29,892
Summer Food Service Program for Children	10.559	7740023	30,298
Commodities	10.555	not provided	<u>139,839</u>
Subtotal			4,036,358
Kentucky Department of Agriculture			
Storage and Distribution	10.560	7700001	12,839
Local Food for Schools	10.185	not provided	<u>48,411</u>
Total U.S.Department of Agriculture			4,097,608
Total federal expenditures			<u><u>10,721,268</u></u>

* Funding for Covid-19
See Notes to Schedule of Expenditures of Federal Awards

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2024

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Shelby County School District (the "District") under programs of the federal government for the year ended June 30, 2024 and is presented on the modified accrual basis of accounting. 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 District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 2 – Food Donation

Nonmonetary assistance for food donation is reported in the Schedule at the fair market value of the commodities disbursed. These donations are received from the US Department of Agriculture via the Kentucky Department of Agriculture (KDA). The KDA has not provided a pass-through grant number.

Note 3 – Indirect Cost Rate

The District did not use the de minimis indirect cost rate of 10.0%.

**DENISE M. KEENE
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 1444
GEORGETOWN, KENTUCKY 40324
859-421-5062**

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

State Committee For School District Audits
Members of the Board of Education
Shelby County School District
Shelbyville, Kentucky

We have audited, 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, Audits of States and Local Governments, and Non-profit Organizations, and the audit requirement prescribed by the Kentucky Committee for School District Audits, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Shelby County Board of Education as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 13, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

I noted certain matters that I reported to management of the District in a separate letter dated November 13, 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.

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
November 13, 2024

**DENISE M. KEENE
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 1444
GEORGETOWN, KENTUCKY 40324
859-421-5062**

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

State Committee For School District Audits
Members of the Board of Education
Shelby County School District
Shelbyville, Kentucky

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

We have audited Shelby County School District's (the "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; 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)*. 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, misrepresentation, 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- a. Exercise professional judgment and maintain professional skepticism throughout the audit.
- b. 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.
- c. 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 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
November 13, 2024

SHELBY COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting

Material weakness(es) identified? yes no

Significant deficiency(s) identified that are not
considered to be material weakness(es)? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(s) identified that are not
Considered to be material weakness(es)? yes none reported

An unmodified opinion was issued on compliance for all major programs.

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

Identification of major programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425C, 84.425D, 84.425U	Education Stabilization Relief Fund
84.027, 84.027X, 84.173, 84.173X	Special Education Cluster(IDEA)

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

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

SHELBY COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For The Year Ended June 30, 2024

PRIOR YEAR – FINANCIAL STATEMENT FINDINGS

None were reported last year

PRIOR YEAR – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None were reported last year

MANAGEMENT LETTER

**DENISE M. KEENE
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 1444
GEORGETOWN, KENTUCKY 40324
859-421-5062**

Shelby County Board of Education
Shelbyville, Kentucky

We have audited the financial statements of the Shelby County School District for the year ended June 30, 2024 and have issued our report thereon dated November 13, 2024. As part of our audit, we made a study and evaluation of the District's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the District's financial statements. Our study and evaluation was more limited than would be necessary for expressing an opinion on the system of internal accounting control taken as a whole.

The management of the Shelby County School District is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors, or irregularities may nevertheless occur and not be detected. Also, projections of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system of internal accounting control. Accordingly, we do not express an opinion on the system of internal accounting control of the Shelby County School District taken as a whole. Our study and evaluation disclosed no condition that we believe to be a material weakness.

The following items from last year's management letter points were corrected during the current fiscal year as outlined in the District's response: 2023-001, 2023-002, 2021-005, 2023-006, 2023-007, 2023-008, 2023-009, 2023-012, 2023-013, 2023-014, 2023-016, 2023-017, 2023-018, 2023-019, 2023-020, 2023-021, 2023-023, 2023-024, 2023-025, 2023-026, 2023-030, 2023-031, 2023-032.

The following items from last year's management letter points were not corrected: 2023-003, 2023-004, 2023-010, 2023-011, 2023-015, 2023-022, 2023-027, 2023-028, 2023-029, 2023-033, 2023-034.

Denise M. Keene, CPA
November 13, 2024

CURRENT YEAR MANAGEMENT POINTS

CENTRAL OFFICE

2024-001

KRS 160.105 and 702 KAR 3:030 establishes requirements for insurance coverage for school buildings. Marnel C Moorman School was not insured adequately. It was insured at \$246.09/sq. ft. but it should have been \$354.16. I recommend the District review its insurance coverage for adequate coverage.

Management's Response:

Due to an error in the spreadsheet calculation, the square foot calculation is incorrect. We have corrected the spreadsheet with the correct replacement costs provided by the Kentucky Department of Education. This correction has been communicated to our insurance carrier and our policy has been adjusted accordingly.

2024-002

Payroll testing disclosed that four (4) Form I-9's did not list the documents used to verify the employees status. Payroll testing also disclosed that one (1) employee did not have a Form W-4 on file. I recommend the District review its payroll files for compliance.

Management's Response:

The missing or incomplete documentation pre-date the current HR on-boarding staff. There are new procedures in place that prevent incomplete I-9's from being processed without appropriate documentation. Additionally, there are procedures in place to ensure all employees have a current W-4 on file.

**The following Schools had no Management Comments:
Clear Creek Elementary**

HERITAGE ELEMENTARY SCHOOL

2024-003

According to the Redbook, Booster Clubs are to submit to the Principal each year, their officers, budget, insurance, annual financial statement and federal identification number. The PTO did not submit the budget for 2023-24. I recommend the Principal not approve any fundraisers until the information is submitted.

Management's Response:

Upon review to correct the error for the 24-25 school year, the documentation is currently missing from the PTO is their Annual Financial Report, Budget and Insurance (expired on 10/18/24). The principal will meet with the PTO to discuss getting these documents on file. The principal will not approve any fundraiser or activities until these documents are turned in.

2024-004

Transfers Numbers 5 and 6 are not allowed. The Transfers were from General Account to Staff Account to cover negative balances for a total of \$41.25. The Principal should not approve purchases out of Staff Account unless there are funds to cover the purchase.

Management's Response:

For the 24-25 school year, Heritage Elementary has transitioned Student Activity Fund management from EPES to Munis. All future transfers will go through Central Office and will thus be reviewed by finance prior to proceeding. Furthermore, all requisitions will be approved by finance which will make it impossible to deduct from an account that lacks the necessary funds to cover the purchase.

2024-005

Testing disclosed one Disallowed Expenditure. According to the Red Book, attendance incentives for compulsory instructional day are not allowed, unless the incentives are considered instructional. Fourteen (14) perfect attendance trophies were purchased. The Principal should not approve such purchases.

Management's Response:

This purchase was made under Bookkeeper that is no longer with the District and Principal that was unaware of the rule. Going forward, the new Bookkeeper will be trained not to approve purchases intended to award Perfect Attendance and the Principal is now aware of the rule.

2024-006

According to the Red Book, "at a minimum, deposits shall be made on the last workday of the week, even if the deposit amount is less than \$100." October 5, 2023, a Thursday receipt of \$40.00 was not deposited until October 16, 2023. I recommend the Principal monitor deposits to correct this problem.

Management's Response:

For the 24-25 school year, we have a bank courier that comes to the school daily to pickup deposits. This eliminates the need for the Bookkeeper to have to leave the office and leave the Secretary to attend to school needs alone.

2024-007

According to the Red Book, "The purchase order shall be prepared and approved by the sponsor and principal before the payment is obligated." One (1) of the six (6) expenditures tested had invoice dates prior to the purchase order date. I recommend the Principal not approve any purchase order for items already purchased. **This is a repeat from the past two years 2023-003**

Management's Response:

Going forward, the Principal will not approved POs where the purchase has already been made. The purchasing staff member will be responsible for the purchase independently. This will be communicated at the next staff meeting. All purchasing and ordering should go through the school Bookkeeper.

2024-008

According to the Red Book, "At the end of each month, the school treasurer will write one check to the district office for the total monies transferred into a DAF activity fund account. The check will zero out any balance that was initially transferred to the DAF activity fund account 'sweeping'

your funds to the district.” The school issued only four transfers during the year. The school treasurer should follow Red Book requirements and sweep DAF accounts each month. **This is a repeat from last year 2023-004**

Management’s Response:

For the 24-25 school year, Heritage Elementary has transitioned Student Activity Fund management from EPES to Munis. This eliminates the need to Sweep money altogether. Now, all money can be directly deposited back into the account that it is intended for.

PAINTED STONE ELEMENTARY

2024-009

According to the Red Book, a Fundraiser Approval should be done prior to any fundraiser. The school did not use the Fundraiser Approval form. I recommend the Principal remind staff to submit the Fundraiser Approval form prior to a fundraiser.

Management’s Response:

The proper Fundraiser Approval Form will be submitted on time prior to all fundraisers.

SIMPSONVILLE ELEMENTARY

2024-010

According to the Redbook, Booster Clubs are to submit to the Principal each year, their officers, budget, insurance, annual financial statement and federal identification number. The PTO did not submit the annual financial statement. I recommend the Principal not approve any fundraisers until the information is submitted.

Management’s Response:

The Principal will make sure approvals are signed prior to summer departure. Approvals were made after the deadline so the team will work to complete necessary paperwork prior to deadline.

SOUTHSIDE ELEMENTARY

2024-011

According to the Red Book, “at a minimum, deposits shall be made on the last workday of the week, even if the deposit amount is less than \$100.” January 5, 2024, a Friday receipt of \$56.00 was not deposited until January 10, 2024, the next Wednesday. January 12, 2024, a Friday receipt of \$92.00 was not deposited until January 18, 2024, the next Thursday. I recommend the Principal monitor deposits to correct this problem.

Management’s Response:

Going forward, the Principal and Bookkeeper will put forth a stronger effort to have deposits made in a timely manner.

2024-012

The Red Book requires a vendor invoice or a standard invoice for all purchases. One (1) out of 5 checks tested did not have an invoice. I recommend the Principal not sign a check without a proper invoice.

Management’s Response:

An invoice was requested but not received. Going forward if invoice is not available an accounts payable invoice will be completed by the Bookkeeper and attached.

2024-013

The school used student funds to provide medical assistance. Student funds should be used for student purposes only. I recommend the Principal seek other sources for this type of payment.

This is a repeat from last year 2023-010

Management's Response:

Going forward funds will be deposited into the district activity fund for more flexible use of funds.

WRIGHT ELEMENTARY

2024-014

According to the Red Book, Transfers shall be signed by the Sponsor of the remitting activity account and the Principal. There were two (2) transfers with no signatures. I recommend the Principal monitor transfers for proper signatures.

Management's Response:

Each transfer will be reviewed by the Principal and signed. There will be a monthly bookkeeper meeting reviewing transfers and accounts to ensure proper signatures are being completed.

2024-015

According to the Redbook, Booster Clubs are to submit to the Principal each year, their officers, budget, insurance, annual financial statement and federal identification number. The PTO did not submit the annual financial statement. I recommend the Principal not approve any fundraisers until the information is submitted.

Management's Response:

At the end of April, all boosters will submit the end-of-year statements, financials and budgets. The Principal and Bookkeeper will review those submissions. The principal will not allow clubs to occur if the proper paperwork is not submitted.

2024-016

According to the Red Book, "a pre-numbered receipt shall be issued to the payer immediately any time money is received..." It appears this may not be happening. There were numerous dates changed on the multiple receipt form. The Person Remitting Money date was changed to match the receipt date. Dates should not be changed on multiple receipt forms. The Principal should monitor documentation for changes made to forms.

Management's Response:

The Principal will review all multiple receipt forms during the Bookkeeper's monthly meeting to ensure the dates are accurate and changes are not being made.

2024-017

According to the Red Book, a Fundraiser Approval should be done prior to any fundraiser. The school did not use the Fundraiser Approval form. I recommend the Principal remind staff to submit the Fundraiser Approval form prior to a fundraiser.

Management's Response:

The Principal will send an email each semester sharing the fundraising guidelines. Each Spring Fundraisers will be approved. If there is a need for a timely fundraiser from a student-led proposal it will go through the application process and follow the guidelines.

2024-018

According to the Red Book, a Purchase Order should be approved prior to obligating the school. One (1) out of six expenditures tested has an invoice date prior to the PO date. The Principal should not approve purchase orders after the purchase has been made.

Management's Response:

The principal will review those purchases that are not recurring. During the Monthly Bookkeeper meeting the principal will review those PO needs and ensure that the companies are not making invoices through first contacts during the investigation stage of products.

2024-019

According to the Red Book, every expenditure should have a vendor invoice or a standard invoice. Testing disclosed one (1) out of six (6) expenditures did not have an invoice. The Principal should not sign a check for payment without an invoice.

Management's Response:

The Bookkeeper will review the PO date and ensure that the communication for an invoice is after the PO is generated. If the company creates an invoice when the first contact was made about their product we will as for a proper invoice date when the agreement of services occurred.

2024-020

According to the Red Book, "At; the end of each month, the school treasurer will write one check to the district office for the total monies transferred into a DAF activity fund account. The check will zero out any balance that was initially transferred to the DAF activity fund account 'sweeping' your funds to the district." The school issued two transfers during the year. The school treasurer should follow Red Book requirements and sweep DAF accounts each month **This is a repeat from last year 2023-011..**

Management's Response

During each Bookkeeper monthly review meeting the Principal and Bookkeeper will generate the District Activities Funds transfers zeroing out the needed monies to be swept.

MARNEL C MOORMAN SCHOOL

2024-021

According to the Redbook, Booster Clubs are to submit to the Principal each year, their officers, budget, insurance, annual financial statement and federal identification number. The PTO did not submit the annual financial statement, officers, or proof of insurance. I recommend the Principal not approve any fundraisers until the information is submitted.

Management's Response:

For FY 2025, all documents have been collected and approved by the Finance department and the Board. Moving forward, we will ensure that all documents are collected and submitted promptly in July.

2024-022

According to the Red Book, all school level checks should contain the signatures of an authorized school administrator and the school treasurer. There were three (3) checks with only the school treasurer's signature. I recommend that checks be reviewed for two (2) signature prior to releasing the check.

Management's Response:

For FY 2025, MCM has transitioned Student Activity Fund management from EPES to Munis. All future checks will be run through Accounts Payable and reviewed by the Finance Department and Superintendent. Bookkeepers and Principals will no longer be responsible for signing checks.

EAST MIDDLE SCHOOL

2024-023

According to the Red Book, operating costs such as school forms are to be purchased from District Activity Funds and not School Activity Funds. The school purchased Purchase Order forms from School Activity Funds. The Principal should not approve operating costs from School Activity Funds.

Management's Response:

This issue was a training miscommunication. We have retrained on the proper procedure for ordering operating costs using District Activity Funds.

WEST MIDDLE SCHOOL

2024-024

According to the Red Book, "A pre-numbered receipts shall be issued to the payer immediately any time money is received..." This is not being done. Each teacher/sponsor turning in money should receive a pre-numbered receipt. I recommend the treasurer issue receipts as required by the Red Book. **This is a repeat from last year 2023-015**

Management's Response:

The principal has discussed the matter with the bookkeeper to make sure she understood the finding and how to correct it. Moving forward the procedure will be done according to Red Book policy.

2024-025

An overpayment was made to an employee on March 22, 2024 of \$56.00. The overpayment was not paid back to the school until July 23, 2024. This should have been paid back sooner. I recommend the Principal and Bookkeeper follow up on payments that should be received.

Management's Response:

The payment was not made to an employee. My secretary did pay tax and realized that mistake and made me aware of it. The correction was made and the money deposited back to our account.

SHELBY COUNTY HIGH SCHOOL

2024-026

There are two (2) transfers from school activity funds to the District Activity Funds that do not appear to be appropriate. Transfer 191 from Farm Activities to District Activity Funds for \$19,000, and Transfer 101 from General Activities to District Activity Funds. I recommend the Principal only approve transfers to District Activity Funds within the 60 day window and from proper sources.

Management's Response:

There was a misunderstanding regarding the transfers. The mistake was caught in June. The bookkeeper learned of the charges on the report and made a transfer to cover.

2024-027

According to the Red Book, "Pre- numbered tickets shall be used with ALL events for which admission is charged A(including athletic events, dances, concerts, plays, prom, or season passes)." April 11, 2024 receipt number 24366 was for Prom Tickets, a multiple receipt form was used instead of the ticket sale form. April 11, 2024 receipt number 24365 was for admission to Footloose play, a multiple receipt form was used instead of the ticket sale form. I recommend the Principal remind all teachers/sponsors that the ticket sale form is to be used for all events where admission is charged. **This is a repeat from last year 2023-027**

Management's Response:

Redbook training has been done with all staff. A meeting with these particular sponsors has taken place one on one again so there is a clear understanding of expectations for the future. All plays and concerts have been added to GoFan, so that should not be an issue with them going forward.

2024-028

According to the Redbook, "The purchase order shall be prepared and approved by the sponsor and principal before the payment is obligated." Two (2) out of nine (9) disbursements tested had purchase order dates after the invoice date. I recommend the Principal remind all staff that purchase orders must be approved prior to obligating the school. **This is a repeat from last year 2023-028**

Management's Response:

Redbook training has been reinforced. The Principal and bookkeeper have been meeting one on one with offenders.

2024-029

According to the Redbook, Booster Clubs are to submit to the Principal each year, their officers, budget, insurance, annual financial statement and federal identification number. The Athletics Boosters, Band Boosters, JROTC Boosters, and PTSO did not submit the annual financial statement. In addition, the PTSO did not submit their federal identification number or proof of insurance. I recommend the Principal not approve any fundraisers until the information is submitted. **This is a repeat from last year 2023-029**

Management's Response:

Redbook training has been reinforced. All fundraising and activities were not approved until they provided the required information.

2024-030

According to the Red Book, "The Donation Acknowledgment Form (Form F-SA-18), when the monetary value is at least \$250 according to IRS guidelines, shall be completed stating the purpose of and any restrictions on the donation received." There were three (3) donations made on September 7, 2023 to Cross Country that were over \$250 that did not have the Donation Acknowledgment Form completed. The Principal should remind staff of the requirement and follow Red Book procedures. **This is a repeat from last year 2023-033**

Management's Response:

Donation forms are being done in the bookkeeper's office before checks are being deposited this year.

2024-031

According to the Red Book, "At; the end of each month, the school treasurer will write one check to the district office for the total monies transferred into a DAF activity fund account. The check will zero out any balance that was initially transferred to the DAF activity fund account 'sweeping' your funds to the district." The school issued only six transfers during the year. The school treasurer should follow Red Book requirements and sweep DAF accounts each month. **This is a repeat from last year 2023-034**

Management's Response:

Redbook requirements for sweeping have been reviewed and implemented.

2024-032

According to the Red Book, the Principal shall review the bank statement, sign and date the front page after review. There were four (4) bank statements not dated and one (1) not signed. The Principal should sign and date the bank statement after review each month.

Management's Response:

Last year both the new Principal and the new bookkeeper were learning their jobs along with all the Redbook requirements. This year should show great improvement.

MARTHA LAYNE COLLINS HIGH SCHOOL

2024-033

According to the Red Book, "Pre- numbered tickets shall be used with ALL events for which admission is charged (including athletic events, dances, concerts, plays, prom, or season passes)." A multiple receipt form was used instead of the ticket sale form. I recommend the Principal remind all teachers/sponsors that the ticket sale form is to be used for all events where admission is charged. **This is a repeat from last year 2023-022**

Management's Response:

The vast majority of our ticketed events utilize GoFan including all athletic events and concerts. For the prom we used a multiple receipt form AND numbered tickets. These can be found in the fundraiser book. I am happy to work with the sponsors of any activities in error that need to update their procedures, but am not sure where the error was made based on the procedures indicated above.

2024-034

According to the Redbook, Booster Clubs are to submit to the Principal each year, their officers, budget, insurance, annual financial statement and federal identification number. The Athletics

Boosters did not submit a budget. The Band Boosters did not submit officers, budget or insurance. JROTC Boosters and PTSO did not submit the, officers, budget, insurance and annual financial statement. The Robotics & Engineering Boosters did not submit their officers and budget. I recommend the Principal not approve any fundraisers until the information is submitted.

Management's Response:

Our records indicate that all three booster clubs that we do have (athletics, band, and robotics) were submitted on time. I understand and appreciate the suggestion of not approving fundraisers until proper documentation is submitted. Please note that we not currently have, nor have we had a JROTC Booster Club or PTSO in many years.

2024-035

Board policy requires all donations over \$1,000 to be approved by the Board. There was one donation of \$4,000 not approved by the board. I recommend the Principal have all donations over \$1,000 approved by the Board as required.

Management's Response:

There was a misunderstanding with this particular donation since it was a multi-year donation agreement. We have corrected the issue in the current budget year and have received board approval for the same donation this year. I will remember this requirement and will remind our athletic director.

2024-036

One fundraiser tested had only a 4.5% profit (\$187). The fundraiser approval form did not record an anticipated profit for the event. I recommend the Principal review the anticipated profit of fundraisers before approving the fundraiser. According to the Red Book, "Fundraising activities shall require less effort (cost less) than the expected revenue to be generated, including the effort required to administer the fundraiser (record-keeping, counting money, making bank deposits, etc.) unless the value of the instructional purpose outweighs the cost of administration."

Management's Response:

This fundraiser was split between the school account and the athletic booster's account so that an auction could be a part of the fundraising activities. In the future we will make sure that we properly transfer and document fundraisers fully into the school or booster accounts and not split between the two.