

**WAYNE COUNTY
SCHOOL DISTRICT**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES**

For the year ended June 30, 2024

Prepared by:

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the Wayne County School District
Monticello, Kentucky

And the State Committee for School District Audits

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

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

White & Associates, PSC

Richmond, Kentucky
November 15, 2024

Wayne County Public School District-Monticello, Kentucky Management's Discussion and Analysis (MD&A) Year Ended June 30, 2024

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

Financial Highlights

- The beginning cash balance for the District was \$\$8,468,702. The year ended with a balance of \$8,334,977.
- The General Fund had \$29,964,770 in revenue, which primarily consisted of the state program (SEEK), property, utilities and motor vehicle taxes. Excluding interfund transfers and other financing sources, there were \$30,377,835 in General Fund expenditures.
- Bonds are issued as the District renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. The District's total debt reduction on bonds was \$2,139,105 for the current fiscal year. The District's outstanding debt, excluding KISTA, is \$25,814,753 at the end of fiscal year 2024.

Overview of Financial Statements

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

Government-wide financial statements.

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

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

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and

maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt is also supported by taxes and intergovernmental revenues.

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

Fund financial statements.

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

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

Notes to the financial statements.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the table of contents of this report.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$22,970,005 as of June 30, 2024. This reflects an increase of \$8,677,626 from 2023.

The largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

SEE SCHEDULE ON NEXT PAGE

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

Table 1
Net Position
\$ (in Millions)

	Governmental Activities		Business-type Activities		Totals	
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>
Current assets	\$ 8.85	\$ 9.35	\$ 1.81	\$ 1.83	\$ 10.66	\$ 11.18
Non-current assets	54.45	59.64	1.51	1.28	55.96	60.92
Total assets	<u>63.30</u>	<u>68.99</u>	<u>3.32</u>	<u>3.11</u>	<u>66.62</u>	<u>72.10</u>
Deferred outflows	10.11	8.13	0.32	0.25	10.43	8.38
Current liabilities	4.98	4.26	-	-	4.98	4.26
Non-current liabilities	50.17	41.65	0.88	0.57	51.05	42.22
Total liabilities	<u>55.15</u>	<u>45.91</u>	<u>0.88</u>	<u>0.57</u>	<u>56.03</u>	<u>46.48</u>
Deferred inflows	6.57	10.68	0.18	0.35	6.75	11.03
Net position:						
Invested in capital assets, net of debt	25.31	31.83	1.51	1.27	26.82	33.10
Restricted	3.31	4.25	1.14	1.24	4.45	5.49
Unrestricted (deficit)	(16.92)	(15.55)	(0.08)	(0.07)	(17.00)	(15.62)
Total net position	<u>\$ 11.70</u>	<u>\$ 20.53</u>	<u>\$ 2.57</u>	<u>\$ 2.44</u>	<u>\$ 14.27</u>	<u>\$ 22.97</u>

GOVERNMENTAL ACTIVITIES

Ending net position was \$22.97 million for the district. This was an increase of \$5.79 million from 2023.

SEE SCHEDULE ON NEXT PAGE

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2023-2024
	2023	2024	2023	2024	2023	2024	
Revenues:							
Charges for services	\$ 0.69	\$ 0.68	\$ 0.24	\$ 0.25	\$ 0.93	\$ 0.93	0%
Operating grants and contributions	20.30	23.15	3.50	0.32	23.80	23.47	-1%
Capital grants and contributions	3.38	3.22	-	-	3.38	3.22	-5%
General revenues and transfers	22.64	22.36	(0.11)	(0.23)	22.53	22.13	-2%
Total revenue	47.01	49.41	3.63	0.34	50.64	49.75	-2%
Expenses:							
Instruction	23.20	21.56	-	-	23.20	21.56	-7%
Student	2.39	2.30	-	-	2.39	2.30	-4%
Instructional staff	4.05	3.72	-	-	4.05	3.72	-8%
District administration	0.92	0.77	-	-	0.92	0.77	-16%
School administration	2.07	1.87	-	-	2.07	1.87	-10%
Business	0.50	0.51	-	-	0.50	0.51	2%
Plant operation & maintenance	3.20	3.16	-	-	3.20	3.16	-1%
Student transportation	3.21	2.94	-	-	3.21	2.94	-8%
Community services operations	0.52	0.56	-	-	0.52	0.56	8%
Food service operations	0.18	0.26	2.94	3.08	3.12	3.34	7%
Depreciation/amortization	1.32	1.62	0.08	0.11	1.40	1.73	24%
Land & building improvements	-	0.30	-	-	-	0.30	0%
Day care operations	0.07	0.08	0.23	0.19	0.30	0.27	-10%
Interest on long-term debt	0.95	0.93	-	-	0.95	0.93	-2%
Total expenses	\$ 42.58	\$ 40.58	\$ 3.25	\$ 3.38	\$ 45.83	\$ 43.96	-4%
Change in net position	\$ 4.43	\$ 8.83	\$ 0.38	\$ (3.04)	\$ 4.81	\$ 5.79	20%

CAPITAL ASSETS

At the end of fiscal 2024, the District had \$60,657,843 invested in capital assets (Net of Depreciation), including land, buildings, buses, computers and other equipment. This amount represents a increase (including additions and deductions) of \$4,690,235 from last year.

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

	Governmental Activities		Business-type Activities		Totals	
	2023	2024	2023	2024	2023	2024
Land	\$ 2,048,142	\$ 2,045,892	\$ -	\$ -	\$ 2,048,142	\$ 2,045,892
Land Improvements	230,706	286,571	-	-	230,706	286,571
Buildings	22,049,238	37,049,061	1,061,954	886,319	23,111,192	37,935,380
Technology Equipment	202,976	134,568	-	-	202,976	134,568
Vehicles	1,688,008	2,035,877	169,473	135,004	1,857,481	2,170,881
General Equipment	183,418	177,869	281,459	245,075	464,877	422,944
Construction in Progress	28,052,234	17,646,016	-	-	28,052,234	17,646,016
Finance Purchases	-	15,591	-	-	-	15,591
Totals	\$ 54,454,722	\$ 59,391,445	\$ 1,512,886	\$ 1,266,398	\$ 55,967,608	\$ 60,657,843

DEBT

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

assets, and the depreciation of capital assets. Finance purchase obligations and general obligation debt decreased \$1,575,050 from FY 2023

Table 4
Outstanding Debt at Year-End

	Government Activities	
	2023	2024
General Obligation Bonds	\$ 27,502,732	\$ 25,814,753
Finance Purchase Obligations	1,638,371	1,751,300
Total Obligations	\$ 29,141,103	\$ 27,566,053

THE DISTRICT’S FUNDS

General Fund Revenue/Expenditures

The majority of the total General Fund (Fund 1) revenue was derived from state revenue 79%. Local funding accounted for 20% of the revenue.

Special Revenue Fund Revenue/Expenditures

The majority 83% of the Special Revenue’s (Fund 2) revenue was derived from federal sources with state revenue making up 17%. The largest expenditure for the fund was for instruction, which was 64% of the fund’s total expenditures. Instructional staff support services was 19% of the total expenditures.

District Activity Fund Revenue/Expenditures

The District Activity Fund (Fund 21) allows school activity funds to transfer funds to the district bank account. District activity funds are not subject to the Redbook and may be expended with more flexibility. Funds are assigned project numbers (7XXX) to fulfill reporting requirements.

Special Revenue Activity Fund Revenue/Expenditures

The Special Revenue Activity Fund (Fund 25) is to account for student activity funds that are legally restricted to expenditures for specified purposes imposed by external parties, enabling legislation or board action. Funds are at the school level in individual bank accounts and managed with EPES Software. Student Activity Funds are entered in Munis at year end to meet GASB 84 reporting requirements.

Capital Outlay Fund and Facilities Support Program of Kentucky Revenue/Expenditures

The Capital Outlay Fund’s (Fund 310) revenue is received from the state funding program (SEEK). The FSPK Fund (Fund 320) receives revenue from both state funding and local taxes. During this year the majority of these funds were transferred to the debt service fund for paying on bonds sold in previous years for new and renovated facilities. This year the state allowed the district to use a portion of Capital Outlay and FSPK funds for approved operation expenses that would have been funded through General Fund.

Construction Fund Revenue/Expenditures

The Construction Fund (Fund 360) is used for new buildings and renovations.

Debt Service Fund Revenue/Expenditures

The Debt Service Fund (Fund 400) is used for paying debt service on bonds sold for new and renovated facilities. The fund receives a majority of its revenue from transfers from other funds primarily the Capital Outlay and FSPK Funds.

Food Service Fund Revenue/Expenditures

The School Food Services Fund (Fund 51) is an enterprise fund, which receives revenue from federal, state and local sources. Expenditures for this fund are for food service staff, food, supplies and equipment.

Childcare Tuition Fund Revenue/Expenditures

The Childcare Tuition Fund (Fund 52) is an enterprise fund that receives its revenue from day care fees. The funds expenditures are for day care staff, supplies and equipment.

See the financial overview of each fund as of June 30, 2024 below:

	Fund 1	Fund 2	Fund 310	Fund 320	Fund 360	Fund 400	Fund 51
REVENUES							
Local Revenue Sources	\$ 5,891,767	\$ 18,903	\$ -	\$ 1,156,494	\$ -	\$ 2,352	\$ 96,875
State Revenue Sources	23,659,312	2,292,024	276,502	1,652,762	-	1,287,199	369,258
Federal Revenue Sources	413,691	11,128,014	-	-	-	-	2,817,224
Other	464,149	-	-	-	425,000	-	6,504
Transfers	265,171	4,863	-	-	6,373,344	1,648,103	-
TOTALS	\$ 30,694,090	\$ 13,443,804	\$ 276,502	\$ 2,809,256	\$ 6,798,344	\$ 2,937,654	\$ 3,289,861
EXPENDITURES							
Instruction	\$ 15,839,499	\$ 5,058,872	\$ -	\$ -	\$ -	\$ -	\$ -
Student Support Services	2,116,322	186,837	-	-	-	-	-
Instructional Staff Support Services	2,192,056	1,525,588	-	-	-	-	-
District Admin Support	770,673	-	-	-	-	-	-
School Admin Support	1,872,882	-	-	-	-	-	-
Business Support Services	513,550	-	-	-	-	-	-
Plant Operation & Management	2,967,062	213,372	-	-	-	-	-
Student Transportation	3,571,117	75,899	-	-	-	-	-
Food Service Operations	1	260,972	-	-	-	-	3,081,963
Day Care Operations	-	75,005	-	-	-	-	-
Community Services	118,607	442,659	-	-	-	-	-
Land Improvements	-	-	-	-	218,254	-	-
Depreciation	-	-	-	-	-	-	111,992
Building Improvements	-	51,886	-	-	6,168,246	-	-
Debt Service	416,066	4,610	-	-	16,350	2,935,303	-
Other	-	-	-	-	8,310	-	134,497
Transfers	4,863	5,548,104	158,749	2,473,343	-	-	106,422
TOTALS	\$ 30,382,698	\$ 13,443,804	\$ 158,749	\$ 2,473,343	\$ 6,411,160	\$ 2,935,303	\$ 3,434,874
Excess / (Deficit)	311,392	-	117,753	335,913	387,184	2,351	(145,013)

Comments on Budget Comparisons

- The District's total general revenues for the fiscal year ended June 30, 2024 were \$29,964,770
- General Fund budget compared to actual revenue varied slightly from line item to line item with the exception of revenue code 3900 (on-behalf payments made by the state for employee benefits). On-behalf payments are not included in the budget. The actual revenue received was \$9,321,071 more than budgeted.
- General Fund budget expenditures to actual varied overall due to recording on-behalf payments.

Budgetary Implications

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency.

Questions regarding this report should be directed to Stefanie Neal, Finance Officer (606) 348-8484 or by mail at 150 Cardinal Way, Monticello, Kentucky 42633.

Wayne County School District
Statement of Net Position
June 30, 2024

Primary Government

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,565,257	\$ 1,769,720	\$ 8,334,977
Receivables (net)	2,778,975	2,987	2,781,962
Inventories		61,233	61,233
Prepaid expenses	2,337		2,337
Funded OPEB asset	247,581	12,357	259,938
Capital assets:			
Land and construction in progress	19,694,159		19,694,159
Other capital assets, net of depreciation	39,681,695	1,266,397	40,948,092
Finance purchase obligations	15,591		15,591
Total capital assets	59,391,445	1,266,397	60,657,842
Total assets	68,985,595	3,112,694	72,098,289
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	3,463,362	172,866	3,636,228
Deferred outflows related to OPEB CERS	1,485,292	74,135	1,559,427
Deferred outflows related to OPEB TRS	2,967,474		2,967,474
Deferred savings from refunding bonds	213,070		213,070
Total deferred outflows of resources	8,129,198	247,001	8,376,199
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	77,114,793	3,359,695	80,474,488
LIABILITIES			
Accounts payable and accrued expenses	547,420	3,003	550,423
Unearned revenue	865,844		865,844
Accrued interest payable	346,744		346,744
Long-term liabilities:			
Due within 1 year:			
Bond obligations	2,183,000		2,183,000
Finance purchase obligations	312,226		312,226
Total due within 1 year	2,495,226	-	2,495,226
Due in more than 1 year:			
Bond obligations	23,631,753		23,631,753
Finance purchase obligations	1,439,074		1,439,074
Sick leave	390,211		390,211
Net pension liability	11,506,490	574,321	12,080,811
Net OPEB liability TRS	4,679,000		4,679,000
Total due in more than 1 year	41,646,528	574,321	42,220,849
Total liabilities	45,901,762	577,324	46,479,086
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	2,489,375	124,251	2,613,626
Deferred inflows related to OPEB CERS	4,429,674	221,097	4,650,771
Deferred inflows related to OPEB TRS	3,761,000		3,761,000
Total deferred inflows of resources	10,680,049	345,348	11,025,397
NET POSITION			
Net Investment in capital assets	31,825,392	1,266,397	33,091,789
Restricted for:			
Capital projects	3,689,973		3,689,973
Debt service	10,062		10,062
Student activities	407,695		407,695
District activities	145,541		145,541
Food services		1,243,454	1,243,454
Unrestricted (deficit)	(15,545,681)	(72,828)	(15,618,509)
Total net position	20,532,982	2,437,023	22,970,005
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 77,114,793	\$ 3,359,695	\$ 80,474,488

See the accompanying notes to the financial statements.

Wayne County School District
Statement of Activities
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	Primary Government		
					Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
Instruction	\$ 21,562,328	\$ -	\$ 13,750,159	\$ -	\$ (7,812,169)	\$ -	\$ (7,812,169)
Support services							
Student	2,303,159	678,359	1,313,555		(311,245)		(311,245)
Instructional staff	3,717,644		2,120,274		(1,597,370)		(1,597,370)
District administration	770,673		439,536		(331,137)		(331,137)
School administration	1,872,882		1,068,156		(804,726)		(804,726)
Business	513,550		292,892		(220,658)		(220,658)
Plant operation & maintenance	3,159,071		1,801,705	1,929,264	571,898		571,898
Student transportation	2,938,061		1,675,657		(1,262,404)		(1,262,404)
Food service operation	260,973	14	148,840		(112,119)		(112,119)
Daycare operations	75,005		42,777		(32,228)		(32,228)
Community services operations	561,266		320,105		(241,161)		(241,161)
Land & building improvements	301,849		172,153		(129,696)		(129,696)
Interest on long-term debt	928,773			1,287,199	358,426		358,426
Depreciation*	1,618,136				(1,618,136)		(1,618,136)
Total governmental activities	<u>40,583,370</u>	<u>678,373</u>	<u>23,145,808</u>	<u>3,216,463</u>	<u>(13,542,726)</u>		<u>(13,542,726)</u>
Business-type activities:							
Food service operations	3,081,963	96,875	3,186,482			201,394	201,394
Day care operations	181,910	152,031	37,938			8,059	8,059
Depreciation*	111,992					(111,992)	(111,992)
Total business-type activities	<u>3,375,865</u>	<u>248,906</u>	<u>3,224,420</u>	<u>-</u>	<u>-</u>	<u>97,461</u>	<u>97,461</u>
Total primary government	\$ <u>43,959,235</u>	\$ <u>927,279</u>	\$ <u>26,370,228</u>	\$ <u>3,216,463</u>	\$ <u>(13,542,726)</u>	<u>97,461</u>	\$ <u>(13,445,265)</u>
General revenues:							
Taxes:							
Property taxes					4,379,739		4,379,739
Motor vehicle taxes					904,975		904,975
Unmined minerals					41,031		41,031
Utility taxes					202,609		202,609
Franchise					1,164,276		1,164,276
Revenue in lieu of taxes					192,223		192,223
State and formula grants					15,527,124		15,527,124
Other local revenue					128,054		128,054
Unrestricted investment earnings					54,350	6,504	60,854
Loss on retirement of capital assets					(343,497)	(134,497)	(477,994)
Transfers					106,422	(106,422)	-
Total general revenues and transfers					<u>22,357,306</u>	<u>(234,415)</u>	<u>22,122,891</u>
Change in net position					8,814,580	(136,954)	8,677,626
Net position - beginning					11,700,629	2,573,977	14,274,606
Prior period adjustment					17,773		17,773
Restated net position - beginning					<u>11,718,402</u>	<u>2,573,977</u>	<u>14,292,379</u>
Net position - ending					\$ <u>20,532,982</u>	\$ <u>2,437,023</u>	\$ <u>22,970,005</u>

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

See the accompanying notes to the financial statements.

Wayne County School District
Balance Sheet
Governmental Funds
June 30, 2024

	Governmental Funds						
	General	Special Revenue	FSPK	Construction	Debt Service	Other Governmental Funds	Total
ASSETS							
Cash and cash equivalents	\$ 2,311,370	\$ -	\$ 3,002,091	\$ 571,108	\$ 10,062	\$ 670,626	\$ 6,565,257
Receivables							
Interfund receivables	1,417,484						1,417,484
Taxes	169,839						169,839
Accounts	3,153					363	3,516
Intergovernmental-state		17,310					17,310
Intergovernmental-federal		2,588,310					2,588,310
Prepaid expenditures		2,337					2,337
Total assets	<u>3,901,846</u>	<u>2,607,957</u>	<u>3,002,091</u>	<u>571,108</u>	<u>10,062</u>	<u>670,989</u>	<u>10,764,053</u>
LIABILITIES							
Accounts payable	221,812	324,629		979			547,420
Interfund payables		1,417,484					1,417,484
Unearned revenue		865,844					865,844
Total liabilities	<u>221,812</u>	<u>2,607,957</u>	<u>-</u>	<u>979</u>	<u>-</u>	<u>-</u>	<u>2,830,748</u>
FUND BALANCE							
Restricted			3,002,091	570,129	10,062	117,753	3,700,035
Committed	26,920					553,236	580,156
Assigned	39,574						39,574
Unassigned	3,613,540						3,613,540
Total fund balance	<u>3,680,034</u>	<u>-</u>	<u>3,002,091</u>	<u>570,129</u>	<u>10,062</u>	<u>670,989</u>	<u>7,933,305</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 3,901,846</u>	<u>\$ 2,607,957</u>	<u>\$ 3,002,091</u>	<u>\$ 571,108</u>	<u>\$ 10,062</u>	<u>\$ 670,989</u>	<u>\$ 10,764,053</u>

See the accompanying notes to the financial statements.

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

Fund balance-total governmental funds	\$	7,933,305
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.		59,391,445
Costs associated with bond issues and refundings are expensed in the fund financial statements because they are a use of current financial resources but are capitalized on the statement of net position using the economic resources focus		213,070
Certain assets (OPEB asset) are not receivable in the current period and, therefore, are not reported in the fund financial statements.		247,581
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, accrued interest payable, other accounts payable, and net pension obligations) are not due and payable in the current period and, therefore, are not reported in the funds		
Accrued interest payable		(346,744)
Bonds payable		(25,814,753)
Finance purchase obligations		(1,751,300)
Sick leave liability		(390,211)
Net pension liability		(11,506,490)
Net OPEB liability		(4,679,000)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows related to net pensions		3,463,362
Deferred outflows related to OPEB		4,452,766
Deferred inflows related to net pensions		(2,489,375)
Deferred inflows related to OPEB		(8,190,674)
		(8,190,674)
Net position of governmental activities	\$	<u>20,532,982</u>

See the accompanying notes to the financial statements.

Wayne County School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year ended June 30, 2024

	General	Special Revenue	FSPK	Construction	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES							
From local sources							
Taxes							
Property	\$ 3,223,245	\$ -	\$ 1,156,494	\$ -	\$ -	\$ -	\$ 4,379,739
Motor vehicle	904,975						904,975
Unmined minerals	41,031						41,031
Franchise	202,609						202,609
Utilities	1,164,276						1,164,276
Revenue in lieu of taxes	192,223						192,223
Earnings on investments	51,998				2,352		54,350
Food service		14					14
Student activities		2,645				675,714	678,359
Other local revenue	111,410	16,244				400	128,054
Intergovernmental - state	23,659,312	2,292,024	1,652,762		1,287,199	276,502	29,167,799
Intergovernmental - federal	413,691	11,128,014					11,541,705
Total revenues	<u>29,964,770</u>	<u>13,438,941</u>	<u>2,809,256</u>	<u>-</u>	<u>1,289,551</u>	<u>952,616</u>	<u>48,455,134</u>
EXPENDITURES							
Instruction	15,856,507	5,058,872				579,047	21,494,426
Support services							
Student	2,116,322	186,837					2,303,159
Instructional staff	2,192,056	1,525,588					3,717,644
District administration	770,673						770,673
School administration	1,872,882						1,872,882
Business	513,550						513,550
Plant operation & maintenance	2,967,062	213,372					3,180,434
Student transportation	3,571,117	75,899					3,647,016
Food service operation	1	260,972					260,973
Day care operation		75,005					75,005
Community services operations	118,607	442,659					561,266
Land improvements				218,254			218,254
Building improvements		51,886		6,168,246			6,220,132
Debt service	416,066	4,610		16,350	2,935,303		3,372,329
Total expenditures	<u>30,394,843</u>	<u>7,895,700</u>	<u>-</u>	<u>6,402,850</u>	<u>2,935,303</u>	<u>579,047</u>	<u>48,207,743</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(430,073)	5,543,241	2,809,256	(6,402,850)	(1,645,752)	373,569	247,391
OTHER FINANCING SOURCES (USES)							
Finance purchase proceeds	481,157						481,157
Bond proceeds				425,000			425,000
Bond discount				(8,310)			(8,310)
Operating transfers in	265,171	4,863		6,373,344	1,648,103	33,227	8,324,708
Operating transfers (out)	(4,863)	(5,548,104)	(2,473,343)			(191,976)	(8,218,286)
Total other financing sources and (uses)	<u>741,465</u>	<u>(5,543,241)</u>	<u>(2,473,343)</u>	<u>6,790,034</u>	<u>1,648,103</u>	<u>(158,749)</u>	<u>1,004,269</u>
NET CHANGE IN FUND BALANCE	311,392	-	335,913	387,184	2,351	214,820	1,251,660
FUND BALANCE-BEGINNING	<u>3,368,642</u>	<u>-</u>	<u>2,666,178</u>	<u>182,945</u>	<u>7,711</u>	<u>456,169</u>	<u>6,681,645</u>
FUND BALANCE-ENDING	<u>\$ 3,680,034</u>	<u>\$ -</u>	<u>\$ 3,002,091</u>	<u>\$ 570,129</u>	<u>\$ 10,062</u>	<u>\$ 670,989</u>	<u>\$ 7,933,305</u>

See the accompanying notes to the financial statements.

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

Net change in fund balance-total governmental funds	\$	1,251,660
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report district OPEB and pension contributions as expenditures. However in the Statement of Activities, the cost of the benefits earned net of employee contributions is reported as pension expense or revenue.</p>		1,144,559
<p>Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.</p>		4,936,723
<p>The difference in the issue amount of the refunding of bond proceeds and the amount for payment to the escrow account to pay the refunded bonds is amortized over the life of the refunding issue.</p>		(30,993)
<p>The discount/premium on the sale of bonds is reported as an expenditure/revenue by current financial resources but it is deferred and amortized over the life of the bond on the statement of net position.</p>		(17,794)
<p>Bond and finance purchase payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.</p>		1,575,071
<p>Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.</p>		
<p>Accrued interest payable</p>		19,425
<p>Noncurrent sick leave payable</p>		(64,071)
		19,425
		(64,071)
Change in net position of governmental activities	\$	8,814,580

See the accompanying notes to the financial statements.

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
From local sources				
Taxes				
Property	\$ 2,852,500	\$ 2,852,500	\$ 3,223,245	\$ 370,745
Motor vehicle	650,000	650,000	904,975	254,975
Unmined minerals	500	500	41,031	40,531
Franchise tax	170,000	170,000	202,609	32,609
Utilities	970,000	970,000	1,164,276	194,276
Revenue in lieu of taxes	150,000	150,000	192,223	42,223
Earnings on investments	30,000	30,000	51,998	21,998
Other local revenue	22,075	33,575	111,410	77,835
Intergovernmental - state	15,651,595	15,587,124	23,659,312	8,072,188
Intergovernmental - federal	200,000	200,000	413,691	213,691
Total revenues	<u>20,696,670</u>	<u>20,643,699</u>	<u>29,964,770</u>	<u>9,321,071</u>
EXPENDITURES				
Instruction	11,327,886	11,351,723	15,856,507	(4,504,784)
Support services				
Student	1,564,303	1,564,303	2,116,322	(552,019)
Instructional staff	1,809,299	1,811,874	2,192,056	(380,182)
District administration	732,532	732,532	770,673	(38,141)
School administration	1,464,189	1,464,189	1,872,882	(408,693)
Business	314,745	314,745	513,550	(198,805)
Plant operation & maintenance	2,922,703	3,281,338	2,967,062	314,276
Student transportation	2,634,443	2,641,579	3,571,117	(929,538)
Food service operations			1	(1)
Community services	30,646	30,646	118,607	(87,961)
Debt service	420,675	420,675	416,066	4,609
Total expenditures	<u>23,221,421</u>	<u>23,613,604</u>	<u>30,394,843</u>	<u>(6,781,239)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,524,751)	(2,969,905)	(430,073)	2,539,832
OTHER FINANCING SOURCES (USES)				
Finance purchase proceeds			481,157	481,157
Operating transfers (out)	(20,000)	(20,000)	(4,863)	15,137
Operating transfers in	227,191	266,845	265,171	(1,674)
Total other financing sources and (uses)	<u>207,191</u>	<u>246,845</u>	<u>741,465</u>	<u>494,620</u>
NET CHANGE IN FUND BALANCE	(2,317,560)	(2,723,060)	311,392	3,034,452
FUND BALANCE-BEGINNING	<u>3,267,560</u>	<u>3,355,867</u>	<u>3,368,642</u>	<u>12,775</u>
FUND BALANCE-ENDING	<u>\$ 950,000</u>	<u>\$ 632,807</u>	<u>\$ 3,680,034</u>	<u>\$ 3,047,227</u>

Note: The district did not budget state on-behalf payments of \$8,070,438. This amount will add to the variance of revenues and expenditures in the above statement.

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
From local sources				
Food service	\$ -	\$ -	\$ 14	\$ 14
Student activities	100	2,825	2,645	(180)
Other local revenue	2,000	11,981	16,244	4,263
Intergovernmental - state	2,290,187	2,398,157	2,292,024	(106,133)
Intergovernmental - federal	4,144,774	4,571,915	11,128,014	6,556,099
Total revenues	<u>6,437,061</u>	<u>6,984,878</u>	<u>13,438,941</u>	<u>6,454,063</u>
EXPENDITURES				
Instruction	4,372,376	4,521,576	5,058,872	(537,296)
Support services				
Student	86,027	86,027	186,837	(100,810)
Instructional staff	1,209,461	1,461,814	1,525,588	(63,774)
Plant operations & maintenance	101,070	104,733	213,372	(108,639)
Student transportation			75,899	(75,899)
Food service operation	255,590	297,258	260,972	36,286
Day care operation	27,183	92,602	75,005	17,597
Community services operations	405,354	406,006	442,659	(36,653)
Building improvements			51,886	(51,886)
Debt service			4,610	(4,610)
Total expenditures	<u>6,457,061</u>	<u>6,970,016</u>	<u>7,895,700</u>	<u>(925,684)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(20,000)	14,862	5,543,241	5,528,379
OTHER FINANCING SOURCES (USES)				
Operating transfers in	20,000	4,863	4,863	-
Operating transfers (out)			(5,548,104)	(5,548,104)
Total other financing sources and (uses)	<u>20,000</u>	<u>4,863</u>	<u>(5,543,241)</u>	<u>(5,548,104)</u>
NET CHANGE IN FUND BALANCE	-	19,725	-	(19,725)
FUND BALANCE-BEGINNING	-	-	-	-
FUND BALANCE-ENDING	<u>\$ -</u>	<u>\$ 19,725</u>	<u>\$ -</u>	<u>\$ (19,725)</u>

See the accompanying notes to the financial statements.

Wayne County School District
Statement of Net Position
Proprietary Funds
June 30, 2024

	Enterprise Funds		
	School Food Services	Other Proprietary Fund	Total
ASSETS			
Cash and cash equivalents	\$ 1,760,375	\$ 9,345	\$ 1,769,720
Inventories	61,233		61,233
Accounts receivable, net	1,420	1,567	2,987
Funded OPEB asset	10,791	1,566	12,357
Capital assets:			
Other capital assets, net of depreciation	1,266,397		1,266,397
Total assets	<u>3,100,216</u>	<u>12,478</u>	<u>3,112,694</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	150,958	21,908	172,866
Deferred outflows related to OPEB CERS	64,739	9,396	74,135
Total deferred outflows of resources	<u>215,697</u>	<u>31,304</u>	<u>247,001</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>3,315,913</u>	<u>43,782</u>	<u>3,359,695</u>
LIABILITIES			
Accounts payable and accrued expenses	2,948	55	3,003
Net pension liability	501,534	72,787	574,321
Total liabilities	<u>504,482</u>	<u>72,842</u>	<u>577,324</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	108,504	15,747	124,251
Deferred inflows related to OPEB CERS	193,076	28,021	221,097
Total deferred inflows of resources	<u>301,580</u>	<u>43,768</u>	<u>345,348</u>
NET POSITION			
Net Investment in capital assets	1,266,397	-	1,266,397
Restricted	1,243,454		1,243,454
Unrestricted (Deficit)		(72,828)	(72,828)
Total net position	<u>2,509,851</u>	<u>(72,828)</u>	<u>2,437,023</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 3,315,913</u>	<u>\$ 43,782</u>	<u>\$ 3,359,695</u>

See the accompanying notes to the financial statements.

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

	Enterprise Funds		
	School Food Services	Other Proprietary Fund	Total
OPERATING REVENUES			
Lunchroom sales	\$ 96,875	\$ -	\$ 96,875
Day care fees		152,031	152,031
Total operating revenues	96,875	152,031	248,906
OPERATING EXPENSES			
Depreciation	111,992		111,992
Day care operations			
Employee services		134,903	134,903
Operational expenses		47,007	47,007
Food service operations			
Employee services	934,921		934,921
Operational expenses	2,147,042		2,147,042
Total operating expenses	3,193,955	181,910	3,375,865
OPERATING INCOME (LOSS)	(3,097,080)	(29,879)	(3,126,959)
NONOPERATING REVENUES (EXPENSES)			
Federal grants	2,817,224		2,817,224
State grants	369,258	37,938	407,196
Loss on retirement of capital assets	(134,497)		(134,497)
Transfers in (out)	(106,422)		(106,422)
Earnings from investments	6,504		6,504
Total nonoperating revenues (expenses)	2,952,067	37,938	2,990,005
CHANGE IN NET POSITION	(145,013)	8,059	(136,954)
NET POSITION (DEFICIT)-BEGINNING	2,654,864	(80,887)	2,573,977
NET POSITION (DEFICIT)-ENDING	\$ 2,509,851	\$ (72,828)	\$ 2,437,023

See the accompanying notes to the financial statements.

Wayne County School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2024

	<u>Enterprise Funds</u>		
	<u>School Food Services</u>	<u>Other Proprietary Funds</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 96,875	\$ 152,031	\$ 248,906
Payments to suppliers	(2,189,299)	(47,563)	(2,236,862)
Payments to employees	(934,921)	(134,903)	(1,069,824)
Net cash provided (used) by operating activities	<u>(3,027,345)</u>	<u>(30,435)</u>	<u>(3,057,780)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	(106,422)		(106,422)
Intergovernmental revenue	3,186,482	37,938	3,224,420
Net cash provided (used) by noncapital financing activities	<u>3,080,060</u>	<u>37,938</u>	<u>3,117,998</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Loss on sale of capital assets	(134,497)		(134,497)
Retirement of capital assets	134,497	-	134,497
Net cash provided (used) by capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	6,504	-	6,504
Net cash provided (used) by investing activities	<u>6,504</u>	<u>-</u>	<u>6,504</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	59,219	7,503	66,722
CASH AND CASH EQUIVALENTS BALANCE-BEGINNING	<u>1,701,156</u>	<u>1,842</u>	<u>1,702,998</u>
CASH AND CASH EQUIVALENTS BALANCE-ENDING	<u>\$ 1,760,375</u>	<u>\$ 9,345</u>	<u>\$ 1,769,720</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (3,097,080)	\$ (29,879)	\$ (3,126,959)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	111,992	-	111,992
Changes in assets and liabilities:			
Accounts payable	2,651	(331)	2,320
Funded OPEB asset	(10,791)	(1,566)	(12,357)
Receivables	(1,420)	10,775	9,355
Outflow Deferrals	64,193	9,653	73,846
Inflow Deferrals	139,635	20,070	159,705
Pension liability	(99,409)	(15,151)	(114,560)
OPEB liability	(164,048)	(24,006)	(188,054)
Inventories	26,932		26,932
Net cash provided (used) by operating activities	<u>\$ (3,027,345)</u>	<u>\$ (30,435)</u>	<u>\$ (3,057,780)</u>

NONCASH NONCAPITAL FINANCING ACTIVITIES

During the year, the district received \$150,413 of food commodities from the U.S. Department of Agriculture.

During the year, the district recognized revenues and expenses for -on-behalf payments relating to fringe benefits in the amount of \$341,440 for food service and \$37,938 for daycare provided by state government.

See the accompanying notes to the financial statements.

WAYNE COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Wayne 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 Wayne County Board of Education (“District”). The District receives funding from Local, State and Federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental “reporting entity” as defined in Section 2100-Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

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

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

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

Blended Component Unit

Wayne County Board of Education Finance Corporation

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

Basis of Presentation

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

The District has the following funds:

I. Governmental Fund Types

(A) General Fund

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

(B) Special Revenue (Grant) Fund

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

(C) Special Revenue (District Activity) Fund

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

(D) Special Revenue (Student Activity) Fund

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

(E) Capital Project Funds

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

SEEK Capital Outlay Fund

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

Building (FSPK) Fund

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

Construction Fund

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

(F) Debt Service Fund

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

II. Proprietary Funds (Enterprise Funds)

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

Day Care Fund - The Day Care Fund is used to account for child care revenue.

The District applies all GASB pronouncements to proprietary funds.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Basis of Accounting

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

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

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

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

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

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

Cash and Cash Equivalents

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

Inventories

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Prepaid Assets

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

Capital Assets

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

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

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

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

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgment, the noncurrent portion of capital leases, accumulated sick leave, contractually required pension and OPEB contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Accumulated Unpaid Sick Leave Benefits

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

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

Fund Balances

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

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

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

Net Position

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

Property Taxes

Property Tax Revenues – Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited in the General Fund and then transferred to the appropriate fund.

The property tax rates assessed for the year ended June 30, 2024, to finance the General Fund operations were \$.466 per \$100 valuation of real property, \$.486 per \$100 valuation for business personal property and \$.528 per \$100 valuation for motor vehicles.

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

Operating and Non-Operating Revenues and Expenses

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

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

In-Kind

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

Contributions of Capital

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

Inter-fund Receivables/Payables

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

Inter-fund Transfers

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a section for deferred outflows of resources.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

Pensions

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

Other Postemployment Benefits (OPEB)

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

Bond and Related Premiums, Discounts, and Issuance Costs

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

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

Estimates

The process of preparing financial statements in conformity accounting principles generally accepted in the United States of America requires District’s management to make estimates and assumptions that affect

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

reported amounts of assets, liabilities, revenues, expenditures, designated fund balances, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Budgetary Process

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

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Per Board policy, only amendments that aggregate greater than \$50,000 require Board approval. Such amendments made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end in accordance with State law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end. The budget for the Special Revenue Fund consists of the sum of each active grant's budget. Large variances between budgeted and actual activity can occur because grants with little activity during the year will have their entire budget rolled up into the combined budget for all grants. The Kentucky Department of Education does not require the Capital Project Funds and Debt Service Funds to prepare budgets.

The District's General Fund expenditures exceeded budgeted appropriations by \$6,764,231. The District's Special Revenue Fund exceeded budgeted appropriations by \$925,684.

New Accounting Pronouncements

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

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

Effective in Future Years:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

NOTE B – CASH AND CASH EQUIVALENTS

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

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

At year end the District's bank balances were collateralized by securities held by the pledging bank's trust department in the District's name and FDIC insurance. At year end, the carrying amount of the District's cash and cash equivalents was \$8,334,977. The bank balance for the same time was \$9,804,306.

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

NOTE C – CAPITAL ASSETS

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

SEE SCHEDULE NEXT PAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

<u>Governmental Activities</u>	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2024</u>
Land	\$ 2,048,142	\$ -	\$ 2,250	\$ 2,045,892
Land improvements	1,047,630	81,316	49,988	1,078,957
Buildings	40,243,381	16,461,438	1,459,322	55,245,498
Technology equipment	846,609	14,493	203,418	657,684
Vehicles	4,336,031	708,955	352,715	4,692,270
General equipment	375,003	21,363	5,475	390,892
Construction in progress	28,052,234	6,037,675	16,443,892	17,646,016
Total at historical cost	<u>\$ 76,949,030</u>	<u>\$ 23,325,239</u>	<u>\$ 18,517,060</u>	<u>\$ 81,757,209</u>
Less: Accumulated depreciation				
Land improvements	\$ 816,924	\$ 25,451	\$ 49,988	\$ 792,386
Buildings	18,194,143	1,120,369	1,118,075	18,196,437
Technology equipment	643,633	82,900	203,418	523,116
Vehicles	2,648,022	361,086	352,715	2,656,393
General equipment	191,585	26,913	5,475	213,023
Total accumulated depreciation	<u>\$ 22,494,308</u>	<u>\$ 1,616,719</u>	<u>\$ 1,729,671</u>	<u>\$ 22,381,355</u>
Finance Purchases				
General equipment	\$ -	\$ 17,008	\$ -	\$ 17,008
Less: Accumulated depreciation	-	(1,417)	-	(1,417)
Finance Purchases-net	<u>\$ -</u>	<u>\$ 15,591</u>	<u>\$ -</u>	<u>\$ 15,591</u>
<u>Governmental Activities</u>	<u>\$ 54,454,722</u>	<u>\$ 21,724,112</u>	<u>\$ 16,787,388</u>	<u>\$ 59,391,445</u>
<u>Business-Type Activities</u>	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2024</u>
Buildings	\$ 2,164,517	\$ -	\$ 443,398	\$ 1,721,119
Technology equipment	-	-	-	-
Vehicles	172,346	-	-	172,346
General equipment	759,694	-	28,912	730,782
Total at historical cost	<u>\$ 3,096,557</u>	<u>\$ -</u>	<u>\$ 472,310</u>	<u>\$ 2,624,247</u>
Less: Accumulated depreciation				
Buildings	\$ 1,102,563	\$ 41,138	\$ 308,901	\$ 834,800
Technology equipment	-	-	-	-
Vehicles	2,872	34,469	-	37,342
General equipment	478,235	36,384	28,912	485,707
Total accumulated depreciation	<u>\$ 1,583,671</u>	<u>\$ 111,992</u>	<u>\$ 337,813</u>	<u>\$ 1,357,849</u>
<u>Business-Type Activities</u>	<u>\$ 1,512,886</u>	<u>\$ (111,992)</u>	<u>\$ 134,497</u>	<u>\$ 1,266,397</u>

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

NOTE D – LONG TERM DEBT OBLIGATIONS

Bonds

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

The District, through the General Fund (including utility taxes), Building (FSPK) Fund, and the SEEK Capital Outlay Fund is obligated to make lease payments in amounts sufficient to satisfy debt service requirements

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

on bonds issued by the Wayne County School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

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

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

Bond Issues	Original Amount	Maturity Date	Interest Rates	2023 Outstanding	Additions	Retirements	2024 Outstanding
2006B	\$ 365,000	06/01/2025	4.125%	\$ 75,000	\$ -	\$ 25,000	\$ 50,000
2007	2,740,000	05/01/2027	4%	270,000	-	65,000	205,000
2012-REF	6,830,000	07/01/2025	2%	1,625,000	-	550,000	1,075,000
2013	445,000	08/01/2023	3%	125,000	-	125,000	-
2015-REF	2,980,000	04/01/2026	2.25-2.5%	1,190,000	-	390,000	800,000
2015	3,210,000	05/01/2035	2.25-3.3%	1,890,000	-	275,000	1,615,000
2018	14,210,000	08/01/2038	3-3.75%	13,560,000	-	175,000	13,385,000
QZAB	195,511		0%	-	-	-	-
2020	8,620,000	04/01/2040	3.0%	7,625,000	-	345,000	7,280,000
2021R	1,796,000	11/01/2031	1-1.45%	1,461,000	-	163,000	1,298,000
2024	\$ 425,000	06/01/2044	4-5%	-	425,000	-	425,000
				<u>27,821,000</u>	<u>425,000</u>	<u>2,113,000</u>	<u>26,133,000</u>
			Discount	(349,505)	(8,310)	26,897	(330,919)
			Premium	13,464	-	(792)	12,672
				<u>\$ 27,484,959</u>	<u>\$ 416,690</u>	<u>\$ 2,139,105</u>	<u>\$ 25,814,753</u>

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

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

SEE SCHEDULE NEXT PAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Fiscal Year Ended June 30th	Principal		Interest		Principal Total	Interest Total
	Local	KSFCC	Local	KSFCC		
2025	\$ 1,025,258	\$ 1,157,742	\$ 626,300	\$ 161,802	\$ 2,183,000	\$ 788,102
2026	1,053,743	1,149,257	597,844	137,239	2,203,000	735,084
2027	1,086,205	451,795	562,706	116,601	1,538,000	679,308
2028	1,122,674	393,326	529,565	105,603	1,516,000	635,168
2029	1,151,301	405,699	495,183	96,664	1,557,000	591,847
2030-2034	6,356,734	1,762,266	1,902,430	338,075	8,119,000	2,240,505
2035-2039	7,359,295	940,705	761,612	118,194	8,300,000	879,806
2040-2044	575,000	142,000	17,250	21,950	717,000	39,200
	<u>\$ 19,730,210</u>	<u>\$ 6,402,790</u>	<u>\$ 5,492,890</u>	<u>\$ 1,096,129</u>	<u>\$ 26,133,000</u>	<u>\$ 6,589,019</u>

Finance Purchases

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

KISTA Issue	Original Amount	Maturity Date	Interest Rates	2023 Lease Outstanding	Additions	Retirements	2024 Lease Outstanding
2014	\$ 773,987	1/3/2024	2.0 - 2.625%	69,618	-	69,618	-
2015	268,833	1/3/2025	2.0- 2.5%	48,813	-	24,042	24,771
2017	345,956	1/3/2027	2.55%	137,165	-	35,857	101,308
2019	454,044	03/01/2028	3.00%	268,200	-	45,950	222,250
2020	353,318	1/3/2030	2.00%	243,257	-	34,600	208,657
2021	537,180	1/3/2031	1.25-1.5%	418,078	-	52,586	365,492
2022	510,774	1/3/2032	3%	453,240	-	57,753	395,487
2023	464,149	3/1/2033	3-3.75%	-	464,149	45,358	418,791
Copier	7,631	5/22/2025	3%	-	8,335	1,389	6,946
Copier	\$ 8,301	3/15/2026	3%	-	8,673	1,075	7,598
				<u>\$ 1,638,371</u>	<u>\$ 481,157</u>	<u>\$ 368,228</u>	<u>\$ 1,751,300</u>

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

Year Ended June 30,	Principal	Interest	Total
2025	\$ 289,802	\$ 47,460	\$ 337,262
2026	261,555	39,785	301,340
2027	268,269	33,061	301,330
2028	227,706	26,041	253,747
2029	227,226	20,094	247,320
2030-2034	462,198	30,191	492,389
	<u>\$ 1,736,756</u>	<u>\$ 196,632</u>	<u>\$ 1,933,388</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Total minimum payments	\$	1,933,388
Less: Amount representing interest		<u>(196,632)</u>
Present Value of Net Minimum Payments	\$	<u>1,736,756</u>

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

Accumulated Sick Leave

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

		2023		2024
	\$	<u>Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>
Sick Leave	\$	326,140	\$	64,071
			\$	-
				\$
				390,211

Net Pension & OPEB Liability

The net pension liability is \$11,506,490 for governmental activities and \$574,321 for business-type activities for a total of \$12,080,811 as of June 30, 2024 (See Note E for additional information). The net OPEB liability is \$3,761,000 for governmental activities and \$0 for business-type activities for a total of \$3,761,000 as of June 30, 2024 (See Note F for additional information).

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

<u>Description</u>		2023		2024		2024		2024
	\$	<u>Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>	\$	<u>Outstanding Balance</u>	\$	<u>Current</u>
Bonds, net of premium and discount	\$	27,484,959	\$	416,690	\$	2,139,105	\$	25,814,753
Finance purchases		1,638,371		481,157		368,228		1,751,300
Sick leave		326,140		64,071		-		390,211
Net pension liability		12,842,386		-		1,335,896		11,506,490
Net OPEB liability		10,303,771		-		5,624,771		4,679,000
Total	\$	<u>52,595,627</u>	\$	<u>961,918</u>	\$	<u>9,468,000</u>	\$	<u>44,141,754</u>
								<u>2,495,226</u>

NOTE E – RETIREMENT PLANS

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Teachers Retirement System Kentucky (TRS)

Retirement Annuity Trust

Plan description

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

Benefits provisions

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

For Members on and after January 1, 2022:

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

Amount of Allowance

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

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

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

Supplemental Benefit

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

Disability Retirement Allowance

Condition for Allowance Totally and permanently incapable of being employed as a teacher and

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Under age 60 but after completing 5 years of service

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<p>The allowances are payable until a child attains age 18, or age 23 if a Full-time student.</p> <p>If the member has no eligible survivor, a refund of his accumulated Contributions is payable to his estate.</p>
Options	<p>In lieu of the regular Option 1, a retirement allowance payable in the Form of a life annuity with refundable balance, any member before Retirement may elect to receive a reduced allowance which is actuarially Equivalent to the full allowance, in one of the following forms:</p> <p>Option 2. A single life annuity payable during the member's lifetime with Payments for 10 years certain.</p> <p>Option 3. At the death of the member his allowance is continued throughout The life of the beneficiary.</p> <p>Option 3(a). At the death of the beneficiary designated by the member Under Option 3, the member's benefit will revert to what would have been paid had he not selected an option.</p> <p>Option 4. At the death of the member one half of his allowance is Continued throughout the life of the beneficiary.</p> <p>Option 4(a). At the death of the beneficiary designated by the member Under Option 4, the member's benefit will revert to what would have been Paid had he not selected an option.</p>
Post-Retirement Adjustments	<p>The retirement allowance of each retired member and of each beneficiary Shall be increased by 1.5% each July 1.</p>
Member Contributions	
Members before 1/1/2022	9.105% of salary to the Retirement System.
Members on and after 1/1/2022	9% of salary to the Retirement System and an additional 2% of salary to the Supplemental benefit account. Employers also contributes 2%.

Contributions

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

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

The District did not report a liability for the District's proportionate share of the net pension liability, pension expense, and deferred inflows and outflows of resources because the Commonwealth of Kentucky provides

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

the pension support directly to TRS on behalf of the District. The net pension liability that was associated with the District follows.

State's proportionate share of the TRS net pension liability associated with the District	\$ 62,197,300
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The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. The District's proportion was 0.365000%.

Actuarial Methods and Assumptions

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

Valuation Date	June 30, 2022
Prior Measurement Date	June 30, 2022
Measurement Date	June 30, 2023
Reporting Date	June 30, 2024
Actuarial Cost Method	Entry age
Inflation Rate	2.5%
Single Equivalent Interest Rate Prior	7.10%
Single Equivalent Interest Rate at Measurement Date	7.10%
Municipal Bond Index Rate Prior	3.37%
Municipal Bond Index Rate at Measurement Date	3.66%
Projected Salary Increase	3.0-7.5%, including inflation
Long-Term Expected Rate of Return	7.10

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Target Allocations

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

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

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

Discount Rate

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	1% Decrease	Current Discount Rate	1% Increase
State's proportionate share of net pension liability	6.10%	7.10%	8.10%
	\$ 79,916,556	\$ 62,197,300	\$ 47,434,076

Pension plan fiduciary net position

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

County Employees Retirement System

Non-Hazardous

Plan description

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

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

Benefits provided

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

Contributions

Funding for CERS:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ending June 30, 2023, employers were required to contribute 26.95% of the member's salary, 22.78% pension and 4.17% for insurance. The District contributed \$1,243,203 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 on an actuarial valuation as of that date. The District's proportion of the net pension liability, \$12,080,810 was based on contributions to CERS during the fiscal year ended June 30, 2023. The District's proportion was 0.188277%.

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

The District recognized pension revenue of \$2,043 and reported deferred outflows of resources and deferred inflows of resources related to pensions as follows.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual		
experience	\$ 625,400	\$ 32,827
Changes of assumptions	-	1,107,215
Net difference between projected and actual		
earnings on pension plan investments	1,305,070	1,469,858
Changes in proportion and differences		
between District contributions and proportionate share of contributions	462,555	3,726
District contributions subsequent to the		
measurement date	1,243,203	-
	\$ 3,636,228	\$ 2,613,626

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The \$1,243,203 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following year.

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

Year 1	\$	66,483
Year 2		(439,824)
Year 3		269,693
Year 4		<u>(116,953)</u>
	\$	(220,601)

Actuarial Valuation

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

Summary of Actuarial Assumptions

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Investment Rate of Return	6.25%
Phase-in Provision	HB 362 enacted in 2018

Discount rate

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

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

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

	1% Decrease		Current Discount Rate	1% Increase
	5.50%		6.50%	7.50%
District's proportionate share of net pension liability	\$ 15,252,752	\$	12,080,810	\$ 9,444,806

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Pension plan fiduciary net position

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

Payables to the pension plan

There are no payables to CERS.

NOTE F – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

TRS – General Information about the OPEB Plans

Health Insurance Trust (Medical Insurance Fund)

Plan description

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

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

Benefits provided

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

Contributions

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

The District reported a liability of \$4,679,000 for its proportionate share of the collective net OPEB liability (NOL). The collective net OPEB liability was valued as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportion was .192125%.

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

District's proportionate share of TRS net OPEB liability	\$ 4,679,000
State's proportionate share of the TRS net OPEB liability associated with the District	<u>3,944,000</u>
	\$ <u><u>8,623,000</u></u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,586,000
Changes of assumptions	1,064,000	-
Net difference between projected and actual earnings on pension plan investments	88,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,458,000	2,175,000
District contributions subsequent to the measurement date	<u>357,474</u>	<u>-</u>
	\$ <u><u>2,967,474</u></u>	\$ <u><u>3,761,000</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The \$357,474 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the collective net OPEB liability for the year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

	Year Ended June 30,
	<u> </u>
Year 1	\$ (373,000)
Year 2	(332,000)
Year 3	(11,000)
Year 4	(54,000)
Year 5	(181,000)
Thereafter	<u>(200,000)</u>
	<u>\$ (1,151,000)</u>

Actuarial Methods and Assumptions

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

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

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

Target Allocations

The long-term expected rate of return on OPEB investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

Discount Rate

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	\$ 3,369,000	\$ 4,679,000	\$ 6,311,000

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

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 6,019,000	\$ 4,679,000	\$ 3,573,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Life Insurance Trust

Plan description and benefits provided

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

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

Contributions

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

Net OPEB Liability

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

State's proportionate share of the TRS net OPEB liability associated with the District	\$	98,000
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Actuarial Assumptions

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

Target Allocations

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

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

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

Discount Rate

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

addition to actuarial methods and assumptions of the June 30, 2021, actuarial valuation, the following actuarial methods and assumptions were used in the projection of the life insurance cash flows:

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

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

Revenue or Expenses for TRS OPEB plans

For the year ended June 30, 2023, the District recognized OPEB revenue in the amount of \$546,239 for support provided on-behalf of the State.

CERS – General Information about the OPEB Plans

Employees' Health Plan

Plan description

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

Benefits provided

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

Contributions

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

The District reported an asset of \$259,938 for its proportionate share of the collective net OPEB liability which is .188270%.

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

For the year ended June 30, 2023, the District recognized OPEB revenue of \$677,697. The District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 181,216	\$ 3,690,862
Changes of assumptions	511,540	356,492
Net difference between projected and actual earnings on pension plan investments	486,464	546,791
Changes in proportion and differences between District contributions and proportionate share of contributions	219,040	56,626
District contributions subsequent to the measurement date	161,167	-
	\$ 1,559,427	\$ 4,650,771

The \$161,167 (includes \$84,902 Implicit Subsidy) reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the collective net OPEB liability for the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Year Ended June 30,
Year 1	\$ (807,014)
Year 2	(988,720)
Year 3	(747,195)
Year 4	<u>(709,582)</u>
	<u>\$ (3,252,511)</u>

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

Changes of Benefit Terms

None

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Payroll Growth Rate	2.0%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Mortality	System-specific mortality table based on mortality experience From 2013-2018, projected with the ultimate rates from MP-2014 Mortality improvement scale using a base year of 2019.
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.3% at January 1, 2023, gradually Decreasing to an ultimate trend rate of 4.05% over a period of 13 Years. The 2022 premiums were known at the time of the Valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.3% at January 1, 2023, gradually Decreasing to an ultimate trend rate of 4.05% over a period of 13 Years. The 2022 premiums were known at the time of the Valuation and were incorporated into the liability measurement.

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

Discount rate

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	1% Decrease	Current Discount Rate	1% Increase
	4.93%	5.93%	6.93%
District's proportionate share of net OPEB liability	\$ 487,804	\$ (259,938)	\$ (886,081)

Health Care Trend Rate Sensitivity

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

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ (833,147)	\$ (259,938)	\$ 444,195

OPEB plan fiduciary net position

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

NOTE G- COMMITMENTS

The District has commitments for construction projects of \$15,010,512 as of June 30, 2024. The District has committed fund balance for the General Fund for sick leave, \$26,920, Student Activity Fund, \$407,695, and the District Activity Fund for student activities, \$145,541.

NOTE H - CONTINGENCIES

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE I - LITIGATION

The District is subject to various other legal actions in various stages of litigation and has been turned over to the District's insurance companies. At this time, the attorney does not see an unfavorable outcome for the District.

NOTE J – INSURANCE AND RELATED ACTIVITIES

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

NOTE K – RISK MANAGEMENT

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

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

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 (contingency).

NOTE M – TRANSFER OF FUNDS

The following transfers were made during the year:

<u>Type</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
Operating	Capital Outlay	General Fund	Operating	\$ 158,749
Indirect Cost	Food Service	General Fund	Indirect Cost	106,422
Operating	General Fund	Special Revenue	KETS	4,863
Operating	Student Activity	District Activity	Operating	33,227
Construction	Special Revenue	Construction	Construction	5,548,104
Operating	Building Fund	Construction	Construction	825,240
Debt Service	Building Fund	Debt Service	Debt Payments	\$ 1,648,103

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE N – DEFICIT FUND AND OPERATING BALANCES

For fiscal year 2023, the following funds had a deficit change in fund balance/net position and/or deficit fund balance/net position:

<u>Fund</u>	<u>Change in Net Position/ Net Change in Fund Balance</u>	<u>Fund Balance/ Net Position</u>
Food Service	\$ (145,013)	\$ -
Other Proprietary Fund		(80,887)

NOTE O – ON-BEHALF PAYMENTS

For fiscal year 2023, the Commonwealth of Kentucky contributed estimated payments on behalf of the District as follows:

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

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

NOTE P – RESTRICTED FUND BALANCES

The following funds had restricted fund balances:

<u>Fund</u>	<u>Restricted Fund Balance/ Net Position</u>	<u>Purpose</u>
Construction Fund	\$ 570,129	Future Construction
Debt Service	10,062	Debt Service Payments
FSPK	3,002,091	Capital Projects
Capital Outlay	117,753	School Facilities Construction Commission Requirement
Food Service	\$ 1,243,454	Food Service

NOTE Q – SUBSEQUENT EVENTS

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

WAYNE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CERS and TRS
For the Year Ended June 30, 2024

	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)
COUNTY EMPLOYEE'S RETIREMENT SYSTEM (CERS):									
Districts' proportion of the net pension liability	0.188270%	0.187180%	0.168146%	0.170984%	0.17489%	0.17824%	0.17699%	0.199558%	0.18945%
District's proportionate share of the net pension liability	\$ 12,080,810	\$ 13,531,267	\$ 10,720,626	\$ 13,114,331	\$ 12,299,740	\$ 10,855,054	\$ 10,359,886	\$ 9,825,462	\$ 8,145,278
State's proportionate share of the net pension liability associated with the District	-	-	-	-	-	-	-	-	-
Total	\$ 12,080,810	\$ 13,531,267	\$ 10,720,626	\$ 13,114,331	\$ 12,299,740	\$ 10,855,054	\$ 10,359,886	\$ 9,825,462	\$ 8,145,278
District's covered-employee payroll	\$ 5,464,313	\$ 5,175,255	\$ 4,286,035	\$ 4,380,122	\$ 4,410,535	\$ 4,415,919	\$ 4,309,421	\$ 4,972,101	\$ 4,558,039
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	221.09%	261.46%	250.13%	299.41%	278.87%	245.82%	240.40%	197.61%	178.70%
Plan fiduciary net position as a percentage of the total pension liability	57.48%	52.42%	57.33%	47.81%	50.54%	53.54%	53.30%	59.00%	59.97%
KENTUCKY TEACHER'S RETIREMENT SYSTEM (TRS):									
Districts' proportion of the net pension liability	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	62,197,300	64,040,380	49,802,750	55,838,234	53,860,962	54,079,748	125,049,725	124,049,724	97,719,676
Total	\$ 62,197,300	\$ 64,040,380	\$ 49,802,750	\$ 55,838,234	\$ 53,860,962	\$ 54,079,748	\$ 125,049,725	\$ 124,049,724	\$ 97,719,676
District's covered-employee payroll	\$ 14,570,581	\$ 14,559,863	\$ 13,914,867	\$ 14,073,109	\$ 13,988,981	\$ 14,249,707	\$ 13,831,026	\$ 13,664,966	\$ 13,590,903
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	57.68%	56.41%	65.59%	58.27%	58.80%	59.30%	39.80%	35.22%	42.29%

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

See the accompanying notes to the required supplementary information.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
COUNTY EMPLOYEE'S RETIREMENT SYSTEM (CERS):									
Contractually required contribution	\$ 1,243,203	\$ 1,379,274	\$ 1,314,116	\$ 971,615	\$ 990,513	\$ 902,287	\$ 846,915	\$ 804,979	\$ 765,760
Contributions in relation to the contractually required contributions	<u>1,243,203</u>	<u>1,379,274</u>	<u>1,314,116</u>	<u>971,615</u>	<u>990,513</u>	<u>902,287</u>	<u>846,915</u>	<u>804,979</u>	<u>765,760</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 5,653,856	\$ 5,464,313	\$ 5,175,255	\$ 4,286,035	\$ 4,380,122	\$ 4,410,535	\$ 4,415,919	\$ 4,309,421	\$ 4,972,101
District's contributions as a percentage of it's covered-employee payroll	21.99%	25.24%	25.39%	22.67%	22.61%	20.46%	19.18%	18.68%	15.40%
KENTUCKY TEACHER'S RETIREMENT SYSTEM (TRS):									
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 14,811,926	\$ 14,570,581	\$ 14,559,863	\$ 13,914,867	\$ 14,073,109	\$ 13,988,981	\$ 14,249,707	\$ 13,831,026	\$ 13,664,966
District's contributions as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

See the accompanying notes to the required supplementary information.

WAYNE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION
For the year ended June 30, 2024

Teachers Retirement System (TRS)

Retirement Annuity Trust

Changes of Benefit Terms

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

Changes of assumptions

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

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

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

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

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

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

Actuarial Methods and Assumptions

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

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

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry age
Inflation Rate	2.5%
Single Equivalent Interest Rate	7.10%
Municipal Bond Index Rate	3.66%

WAYNE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION

For the year ended June 30, 2024

Projected Salary Increase	3.0-7.5%, including inflation
Investment Rate of Return	7.10%, net of pension plan investment expense, including inflation.

County Employee Retirement System (CERS)

Non-Hazardous

Changes of Benefit Terms

None.

Changes of assumptions

None.

Actuarial Methods and Assumptions

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

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

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

	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
MEDICAL INSURANCE PLAN							
District's proportion of the collective net OPEB liability (asset)	0.192125%	0.273844%	0.205723%	0.212906%	0.21237%	0.21537%	0.21977%
District's proportionate share of the collective net OPEB liability (asset)	\$ 4,679,000	\$ 6,798,000	\$ 4,414,000	\$ 5,373,000	\$ 6,216,000	\$ 7,473,000	\$ 7,837,000
State's proportionate share of the collective net OPEE liability (asset) associated with the District	<u>3,944,000</u>	<u>2,233,000</u>	<u>3,585,000</u>	<u>4,304,000</u>	<u>5,019,000</u>	<u>6,440,000</u>	<u>6,401,000</u>
Total	<u>\$ 8,623,000</u>	<u>\$ 9,031,000</u>	<u>\$ 7,999,000</u>	<u>\$ 9,677,000</u>	<u>\$ 11,235,000</u>	<u>\$ 13,913,000</u>	<u>\$ 14,238,000</u>
District's covered-employee payroll	\$ 14,570,581	\$ 14,559,863	\$ 13,914,867	\$ 14,073,109	\$ 13,988,981	\$ 14,249,707	\$ 13,831,026
District's proportionate share of the collective net OPEE liability (asset) as a percentage of its covered-employee payroll	32.11%	46.69%	31.72%	38.18%	44.43%	52.44%	56.66%
Plan fiduciary net position as a percentage of the total OPEB liability	52.97%	47.75%	39.05%	37.10%	32.60%	25.50%	21.20%
LIFE INSURANCE PLAN							
District's proportion of the collective net OPEB liability (asset)	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of the collective net OPEB liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEE liability (asset) associated with the District	<u>98,000</u>	<u>111,000</u>	<u>48,000</u>	<u>130,000</u>	<u>117,000</u>	<u>110,000</u>	<u>86,000</u>
Total	<u>\$ 98,000</u>	<u>\$ 111,000</u>	<u>\$ 48,000</u>	<u>\$ 130,000</u>	<u>\$ 117,000</u>	<u>\$ 110,000</u>	<u>\$ 86,000</u>
District's covered-employee payroll	\$ 14,570,581	\$ 14,559,863	\$ 13,914,867	\$ 14,073,109	\$ 13,988,981	\$ 14,249,707	\$ 13,831,026
District's proportionate share of the collective net OPEE liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	76.91%	73.97%	71.57%	71.60%	73.40%	75.00%	80.00%

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

See the accompanying notes to the required supplementary information.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
MEDICAL INSURANCE PLAN							
Contractually required contribution	\$ 357,474	\$ 356,235	\$ 360,112	\$ 365,794	\$ 375,997	\$ 370,228	\$ 382,920
Contributions in relation to the contractually required contribution	<u>357,474</u>	<u>356,235</u>	<u>360,112</u>	<u>365,794</u>	<u>375,997</u>	<u>370,228</u>	<u>382,920</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 14,811,926	\$ 14,570,581	\$ 14,559,863	\$ 13,914,867	\$ 14,073,109	\$ 13,988,981	\$ 14,249,707
District's contributions as a percentage of it's covered-employee payroll	2.41%	2.44%	2.47%	2.63%	2.67%	2.65%	2.69%
LIFE INSURANCE PLAN							
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 14,811,926	\$ 14,570,581	\$ 14,559,863	\$ 13,914,867	\$ 14,073,109	\$ 13,988,981	\$ 14,249,707
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

See the accompanying notes to the required supplementary information.

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

	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
HEALTH INSURANCE PLAN							
District's proportion of the collective net OPEB liability (asset)	0.188270%	0.187170%	0.168107%	0.170935%	0.17484%	0.17823%	0.17699%
District's proportionate share of the collective net OPEB liability (asset)	\$ (259,938)	\$ 3,693,825	\$ 3,218,324	\$ 4,127,560	\$ 2,940,730	\$ 3,164,420	\$ 3,558,145
State's proportionate share of the collective net OPEB liability (asset) associated with the District	-	-	-	-	-	-	-
Total	<u>\$ (259,938)</u>	<u>\$ 3,693,825</u>	<u>\$ 3,218,324</u>	<u>\$ 4,127,560</u>	<u>\$ 2,940,730</u>	<u>\$ 3,164,420</u>	<u>\$ 3,558,145</u>
District's covered-employee payroll	\$ 5,464,313	\$ 5,175,255	\$ 4,286,035	\$ 4,380,122	\$ 4,410,535	\$ 4,415,919	\$ 4,309,421
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	-4.76%	71.37%	75.09%	94.23%	66.68%	71.66%	82.57%
Plan fiduciary net position as a percentage of the total OPEB liability	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	13.00%

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

See the accompanying notes to the required supplementary information.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
HEALTH INSURANCE PLAN							
Contractually required contribution	\$ 161,167	\$ 217,790	\$ 186,511	\$ 160,904	\$ 123,906	\$ 96,144	\$ 83,292
Contributions in relation to the contractually							
	<u>161,167</u>	<u>217,790</u>	<u>186,511</u>	<u>160,904</u>	<u>123,906</u>	<u>96,144</u>	<u>83,292</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 5,653,856	\$ 5,464,313	\$ 5,175,255	\$ 4,286,035	\$ 4,380,122	\$ 4,410,535	\$ 5,832,643
District's contributions as a percentage of it's covered-employee payroll	2.85%	3.99%	3.60%	3.75%	2.83%	2.18%	1.43%

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

See the accompanying notes to the required supplementary information.

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

Teachers Retirement System (TRS)

Health Insurance Trust

Changes of Benefit Terms

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

Changes of Assumptions

None.

Actuarial Methods and Assumptions

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

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

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

Life Insurance Trust

Changes of Benefit Terms

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

Changes of Assumptions

None.

Actuarial Methods and Assumptions

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

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

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

County Employee Retirement System (CERS)

Non-Hazardous

Changes of Benefit Terms

None

Changes of assumptions

None.

Actuarial Methods and Assumptions

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

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

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

	Other Governmental Funds			
	Special Revenue Student Activity	Capital Outlay	Special Revenue District Activity	Total
Assets				
Cash and cash equivalents	\$ 407,332	\$ 117,753	\$ 145,541	\$ 670,626
Accounts receivable	363			363
	407,695	117,753	145,541	670,989
Total Assets	407,695	117,753	145,541	670,989
Fund Balance				
Restricted		117,753		117,753
Committed	407,695		145,541	553,236
	407,695	117,753	145,541	670,989
Total Fund Balance	\$ 407,695	\$ 117,753	\$ 145,541	\$ 670,989

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

	Other Governmental Funds			
	<u>Special Revenue Student Activity</u>	<u>Capital Outlay</u>	<u>Special Revenue District Activity</u>	<u>Total</u>
Revenues				
From local sources				
Student activities	\$ 661,466	\$ -	\$ 14,248	\$ 675,714
Other local revenue			400	400
Intergovernmental - state		276,502		276,502
Total Revenues	<u>661,466</u>	<u>276,502</u>	<u>14,648</u>	<u>952,616</u>
Expenditures				
Instruction	<u>543,840</u>		<u>35,207</u>	<u>579,047</u>
Total Expenditures	<u>543,840</u>	<u>-</u>	<u>35,207</u>	<u>579,047</u>
Excess (Deficit) of Revenues Over Expenditures	117,626	276,502	(20,559)	373,569
Other Financing Sources (Uses)				
Operating transfers in			33,227	33,227
Operating transfers (out)	<u>(33,227)</u>	<u>(158,749)</u>		<u>(191,976)</u>
Total Other Financing Sources (Uses)	<u>(33,227)</u>	<u>(158,749)</u>	<u>33,227</u>	<u>(158,749)</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	84,399	117,753	12,668	214,820
Fund Balance Beginning	<u>323,296</u>	<u>-</u>	<u>132,873</u>	<u>456,169</u>
Fund Balance Ending	<u>\$ 407,695</u>	<u>\$ 117,753</u>	<u>\$ 145,541</u>	<u>\$ 670,989</u>

WAYNE COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
SCHOOL ACTIVITY FUNDS
 June 30, 2024

	<u>WAYNE CO HIGH SCHOOL</u>	<u>WAYNE CO MIDDLE SCHOOL</u>	<u>BELL ELEMENTARY</u>	<u>MONTICELLO ELEMENTARY</u>	<u>WALKER EARLY LEARNING CENTER</u>	<u>SCHOOL ACTIVITY FUND TOTALS</u>
ASSETS						
Cash and cash equivalents	\$ 203,317	\$ 120,185	\$ 62,359	\$ 7,552	\$ 13,920	\$ 407,333
Accounts receivable				362		362
Total Assets	<u>203,317</u>	<u>120,185</u>	<u>62,359</u>	<u>7,914</u>	<u>13,920</u>	<u>407,695</u>
FUND BALANCE						
School activities	203,317	120,185	62,359	7,914	13,920	407,695
Total Fund Balance	<u>\$ 203,317</u>	<u>\$ 120,185</u>	<u>\$ 62,359</u>	<u>\$ 7,914</u>	<u>\$ 13,920</u>	<u>\$ 407,695</u>

WAYNE COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - SCHOOL ACTIVITY FUNDS
 Year ended June 30, 2024

	<u>WAYNE CO HIGH SCHOOL</u>	<u>WAYNE CO MIDDLE SCHOOL</u>	<u>BELL ELEMENTARY</u>	<u>MONTICELLO ELEMENTARY</u>	<u>WALKER EARLY LEARNING CENTER</u>	<u>SCHOOL ACTIVITY FUND TOTALS</u>
Revenues						
Student revenues	\$ 409,074	\$ 104,857	\$ 65,647	\$ 63,339	\$ 18,549	\$ 661,466
Expenses						
Student activities	358,169	86,958	41,201	72,637	18,103	577,068
Excess (Deficit) of Revenues Over Expenses	50,905	17,899	24,446	(9,298)	446	84,398
Fund Balance-Beginning	<u>152,412</u>	<u>102,286</u>	<u>37,913</u>	<u>17,212</u>	<u>13,474</u>	<u>323,297</u>
Fund Balance-Ending	<u>\$ 203,317</u>	<u>\$ 120,185</u>	<u>\$ 62,359</u>	<u>\$ 7,914</u>	<u>\$ 13,920</u>	<u>\$ 407,695</u>

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

	FUND BALANCE BEGINNING	REVENUES	EXPENSES	TRANSFERS	FUND BALANCE ENDING
FACULTY COKE FUND	\$ 882	\$ 22	\$ 221	\$ (23)	\$ 659
GUIDANCE COUNSELOR	1,490	-	145	(175)	1,169
PICTURE COMMISSION	4,215	12,245	15,454	720	1,725
OFFICE	1,637	3,652	303	(3,730)	1,256
YOUTH SERVICE CENTER	1,074	-	-	(794)	280
CHROMEBOOKS	96	9,319	-	-	9,415
CHANGE	-	2,300	2,500	200	-
ARBITER PAY	-	508	33,500	33,992	1,000
COMMUNITY BASED	2,392	558	200	501	3,251
COKE FUND	3,328	137	-	-	3,465
DRIVER PERMITS	77	1,682	-	190	1,949
CLASS 2020	(540)	-	-	540	-
CLASS OF 2023	1,370	-	-	-	1,370
CLASS OF 2022	169	-	-	-	169
PROM	3,449	12,843	8,180	-	8,112
BETA CLUB	2,544	2,198	1,094	-	3,647
DECA	46	134	119	-	61
FCA	2,804	117	-	-	2,921
FCCLA	404	1,925	1,523	-	805
FCA-ROTC	1,829	5,756	3,883	-	3,703
FFA	2,924	11,074	12,342	(139)	1,517
GIFTED AND TALENTED	163	2,501	2,244	-	420
RELAY FOR LIFE	1,952	-	142	-	1,810
TRI-M	476	-	-	-	476
TSA	397	1,528	700	586	1,811
TEENAGE REPUBLICAN	5,212	-	-	(499)	4,713
STUDENT GOVERNMENT	2,758	1,083	1,724	(100)	2,017
YOUNG DEMOCRATS	543	-	-	-	543
TECH DESIGN CLASS	289	3,098	3,450	163	100
JAG	2,833	2,622	2,214	(250)	2,991
PEP CLUB	-	2,714	822	(60)	1,832
KINDNESS CLUB	-	1,550	1,329	-	221
DRAMA	-	310	334	24	-
HOME EC	83	13	-	-	96
ACADEMIC TEAM	3,166	1,375	375	-	4,166
ARCHERY	10,293	8,933	12,939	150	6,437
BAND	915	25,770	25,888	-	797
BASEBALL	8,045	20,183	8,710	(5,420)	14,099
BOYS BASKETBALL	3,370	25,741	13,999	(3,330)	11,783
BOYS GOLF	3,836	5,151	5,211	250	4,025
BOWLING	262	8,128	7,117	150	1,423
BOYS SOCCER	3,590	14,930	8,297	(6,443)	3,780
CHEERLEADER	(242)	4,417	4,813	692	54
CROSS COUNTRY	1,412	15,444	12,386	852	5,321
DANCE TEAM	332	13,754	11,940	200	2,347
FISHING TEAM	4,048	2,146	666	150	5,678
FOOTBALL	(724)	48,103	43,889	4,747	8,237
GIRLS BASKETBALL	8,119	17,807	13,413	(11,003)	1,509
JROTC	3,507	12,170	11,068	-	4,609
GIRLS SOCCER	817	7,227	3,150	(2,125)	2,769
TENNIS BOYS	920	2,147	2,266	200	1,001
TENNIS GIRLS	2,563	4,427	5,344	200	1,846
TRACK	939	2,375	2,045	150	1,419
VOLLEYBALL	248	13,486	12,527	(1,206)	0
WRESTLING	705	18,096	16,837	(1,285)	678
GIRLS SOFTBALL	5,623	9,666	7,155	(2,320)	5,814
E-SPORTS	382	3,756	4,091	-	47
TRAP SHOOTING	4,473	2,146	-	-	6,619
GIRLS GOLF	651	4,907	5,611	250	196
ANNUAL	1,771	24,240	17,783	235	8,463
LIBRARY	319	103	165	14	271
GREENHOUSE	1,802	-	-	-	1,802
BASKETBALL PROGRAM	50	4,340	2,300	(2,090)	-
VIDEO PRODUCTIONS	1,759	-	-	-	1,759
MARK HODGES SCH	1,054	300	750	-	604
JD ROGERS SCHOLARHIP	30,000	-	1,525	-	28,475
V-BALL COACHES ASSOC	1,505	600	-	(1,164)	941
ART FUND	253	-	-	-	253
PLTW	756	-	-	-	756
AMERICAN WOODMARK	1,000	1,500	1,000	-	1,500
SPORTS MARKETING	-	5,819	2,484	(3,000)	335
	<u>\$ 152,412</u>	<u>\$ 409,074</u>	<u>\$ 358,169</u>	<u>\$ (0)</u>	<u>\$ 203,317</u>

Wayne County School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program Title	Assisted Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Program or Award Amount	Expenditures
US Department of Agriculture					
Passed Through State Department of Education					
School Breakfast Program	10.553				
Fiscal Year 23		7760005 23	\$ -	N/A \$	169,694
Fiscal Year 24		7760005 24	-	N/A	700,963
National School Lunch Program	10.555				
Fiscal Year 23		7750002 23	-	N/A	335,233
Fiscal Year 24		7750002 24	-	N/A	1,335,193
Fiscal Year 23		9980000 23	-	N/A	98,358
Summer Food Service Program For Children	10.559				
Fiscal Year 23		7690024 23	-	N/A	14,777
Fiscal Year 23		7740023 23	-	N/A	143,524
Fruit & Vegetable Program	10.582				
Fiscal Year 23		7720012 23	-	N/A	6,217
Fiscal Year 24		7720012 24	-	N/A	52,119
Child Nutrition Cluster Subtotal					<u>2,856,078</u>
Supper Program	10.558				
Fiscal Year 23		7790021 23	-	N/A	8,432
Fiscal Year 24		7790021 24	-	N/A	46,300
Fiscal Year 23		7800016 23	-	N/A	585
Fiscal Year 24		7800016 24	-	N/A	3,214
					<u>58,531</u>
Passed Through State Department of Agriculture					
Food Donation-Commodities	10.565				
Fiscal Year 22		510.4950	-	N/A	150,413
State Administrative Grant for Nutrition	10.560				
Fiscal Year 23		7700001 23	-	N/A	8,728
Total US Department of Agriculture					<u>3,073,750</u>
US Department of Education					
Passed Through State Department of Education					
Title I Grants to Local Educational Agencies	84.010A				
Fiscal Year 22		3100002 21	-	1,482,343	4,550
Fiscal Year 23		3100002 22	-	1,625,303	748,114
Fiscal Year 24		3100002 23	-	1,638,281	1,070,491
Fiscal Year 23A		3100102-22	-	57,914	35,830
Fiscal Year 24A		3100102-23	-	42,900	24,576
					<u>1,883,561</u>
* Special Education Grants to States	84.027A				
Fiscal Year 22		3810002 21	-	788,353	128,707
Fiscal Year 23		3810002 22	-	824,362	824,362
Fiscal Year 24		3810002 23	-	824,362	42,464
* COVID-19- ARP Individuals with Disabilities Education Act	84.027X				
Fiscal Year 22		4910002-21	-	182,167	135,926
* Special Education - Preschool Grants	84.173A				
Fiscal Year 22		3800002 21	-	56,037	125
Fiscal Year 23		3800002 22	-	57,746	1,725
Fiscal Year 24		3800002 23	-	56,880	56,880
* COVID-19- ARP Individuals with Disabilities Education Act-	84.173X				
Fiscal Year 22		4900002-21	-	25,269	18,911
Special Education Cluster Subtotal					<u>1,209,100</u>
Title I-Neglected & Delinquent	84.013				
Fiscal Year 23		313J	-	37,700	504
Fiscal Year 24		313K	-	53,255	53,255
					<u>53,759</u>
Title III-Limited English Proficiency	84.365				
Fiscal Year 22		3300002 21	-	19,004	982
Fiscal Year 23		3300002 22	-	19,835	19,522
Fiscal Year 24			-	19,728	2,473
					<u>22,977</u>
Vocation Education - Basic Grants to States	84.048				
Fiscal Year 23 Perkins Carry Forward		3710002 22	-	1,974	1,974
Fiscal Year 24			-	23,864	23,864
					<u>25,838</u>
Rural Education	84.358B				
Fiscal Year 22		3140002 21	-	68,919	32,443
Fiscal Year 23				83,166	42,316
					<u>74,759</u>

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

Wayne County School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program Title	Assisted Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Program or Award Amount	Expenditures
Supporting Effective Education	84.367A				
Fiscal Year 23		3230002-22	-	198,250	88,168
Fiscal Year 24			-	185,156	126,066
					<u>214,234</u>
Striving Readers Comprehensive Literacy Grant	84.371C				
Fiscal Year 22		3220002-21	-	300,000	556
Fiscal Year 23		3220002-22	-	323,726	229,482
Fiscal Year 24		3220002-23		252,500	104,809
					<u>334,847</u>
21st Century	84.287				
Fiscal Year 22		3400002-21	-	200,000	30,257
Fiscal Year 23		3400002-22	-	208,975	186,831
					<u>217,088</u>
* COVID-19- CARES Act Educational Stabilization Fund ESS	84.425D				
Fiscal Year 21		42000003-21	-	4,903,146	1,548,700
* COVID-19- ARP ESSER	84.425U				
FY21 ARP Emergency Relief Fund		4300002-21	-	10,915,362	4,467,658
FY21 Area Technology Center (ATC)		4300002-22	-	145,000	40,958
FY21 Digital Learning Coach Supports Year 4		473GW	-	3,725	3,725
* COVID-19- ARP Homeless Children and Youth	84.425W				
Fiscal Year 22		4980002-21	-	41,879	26,650
Educational Stabilization Fund Subtotal					<u>6,087,691</u>
Title IV Part A	84.424				
Fiscal Year 22		3420002 22	-	111,260	34,601
Fiscal Year 23		3420002 23	-	115,015	69,026
Fiscal Year 24		3420002 24	-	81,674	10,968
					<u>114,595</u>
Passed Through Eastern Kentucky University					
Migrant	84.011				
Fiscal Year 22		3110002-21	-	109,346	46,956
Fiscal Year 23		3110002-22	-	120,701	33,821
Fiscal Year 24		3110002-23	-	94,192	60,524
					<u>141,301</u>
Passed Through Berea College					
Gaining Early Awareness and Readiness for Undergraduat	84.334A				
Fiscal Year 23G		P334A210050	-	243,009	63,435
Fiscal Year 24		P334A210051	-	309,771	275,173
					<u>338,608</u>
Total US Department of Education					<u>10,718,358</u>
U.S. Department of Defense					
ROTC	12.000				
Fiscal Year 24		Direct	-	105,816	105,816
Total U.S. Department of Defense					<u>105,816</u>
U.S. Department of Health and Human Services					
Adolescent Health Through School-Based Surveillance	93.079				
Fiscal Year 22		Direct	-	1,350	700
ARPA Child Care Sustainment	93.575				
Fiscal Year 22		Direct	-	65,718	2,464
Fiscal Year 23		Direct	-	93,245	60,248
					<u>62,712</u>
Total U.S. Department of Health and Human Services					<u>63,412</u>
U.S. Environmental Protection Agency					
Passed through State Department of Education					
KY State Clean Diesel	66.040				
Fiscal Year 20		607JK	-	56,298	4,610
Total U.S. Environmental Protection Agency					<u>4,610</u>
Total Expenditure of Federal Awards				\$	<u>13,965,946</u>

* Major program

WAYNE COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. For the year ended June 30, 2024, the District received food commodities totaling \$150,413.

NOTE D – INDIRECT COST RATE

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

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

To the Board of Education of the Wayne County School District
Monticello, Kentucky

And the State Committee for School District Audits

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

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

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

Purpose of This Report

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

White & Associates, PSC

Richmond, Kentucky

November 15, 2024

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

To the Board of Education of the Wayne County School District
Monticello, Kentucky

And the State Committee for School District Audits

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

White & Associates, PSC

Richmond, Kentucky

November 15, 2024

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

SUMMARY OF AUDITOR’S RESULTS

What type of report was issued for the financial statements?	Unmodified
Were there significant deficiencies in internal control disclosed? If so, was any significant deficiencies material (GAGAS)?	None reported N/A
Was any material noncompliance reported (GAGAS)?	No
Were there material weaknesses in internal control disclosed for major programs?	No
Were there any significant deficiencies in internal control disclosed that were not considered to be material weaknesses?	None reported
What type of report was issued on compliance for major programs?	Unmodified
Did the audit disclose findings as it relates to major programs that Is required to be reported as described in the Uniform Guidance?	No

Major Programs:

Educational Stabilization Fund [ALN 84.425D, 84.425U, 84.425W]
 Special Education Cluster [ALN 84.027A,84.027X, 84.173A, 84.173X]

Dollar threshold of Type A and B programs	\$750,000
Low risk auditee?	Yes

FINDINGS - FINANCIAL STATEMENT AUDIT

No findings at the financial statement level.

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

No findings at the major federal award programs level.

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

There were no prior year findings.

MANAGEMENT LETTER POINTS

Wayne County School District
Monticello, Kentucky

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

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the District’s internal control in our report dated November 15, 2024. This letter does not affect our report dated November 15, 2024, on the financial statements of the Wayne County School District. The conditions observed are as follows:

WALKER EARLY LEARNING CENTER

1-24

Statement of Condition: The deposit slips do not indicate that a second person is verifying the deposit.

Recommendation for Correction: Review Redbook procedures for guidance and corrective action.

Management Response to the Recommendation: Management will ensure that another office employee initials the deposit slips to verify the amount matches the receipts recorded in EPES, and that deposit match what the bank recorded.

Item 1-24 is a repeated condition from the prior year. Mr. Donnie Neal, Superintendent, is the person responsible for initiation of the corrective action plan for the above condition which will be implemented immediately. The corrective action plan is the management response for each condition.

We would like to thank the Finance Officer, Stefanie Neal, and her department for their support and assistance during our audit.

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

White & Associates, PSC

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