BATH COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits
Members of the Board of Education
Bath County School District
Owingsville, Kentucky

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 Bath County School District (the "District"), as of and for the year ended June 30, 2023, 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, 2023, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 GAAS 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 GAAS 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 the Management's Discussion and Analysis information on pages 6 through 9 and the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Pension Contributions and the Schedule of Proportionate Share of the Net OPEB Liability and Schedule of OPEB Contributions on pages 56 through 67 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 other supplemental schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2023, 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.

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
October 18, 2023

BATH COUNTY SCHOOL DISTRICT
OWINGSVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)
FOR THE YEAR ENDED JUNE 30, 2023

As management of the Bath County School District (the "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, 2023. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the financial statements.

FINANCIAL HIGHLIGHTS

- The beginning cash balance for all funds of the District, excluding fiduciary funds, was approximately $9,962,191 and the ending balance was approximately $20,361,224, an increase of approximately $10,399,033 for the year.

- The General Fund had $19,229,758 in revenue, excluding transfers, which consisted primarily of the State program (SEEK), and property, utilities, and motor vehicle taxes. Excluding interfund transfers, there was $18,906,410 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 increased by $3,597,657 during the current fiscal year.

- Net pension liabilities required to be recorded under GASB No. 68 increased during the year. Non-professional staff members are covered by the Kentucky County Employee Retirement System. Under this system, the District's share of the pension liability was $7,453,402 as of June 30, 2022, which represents an increase of $1,060,339 from the June 30, 2021 balance of $6,393,063. The Kentucky Teachers Retirement System covers the District's professional staff members. The District's allocated pension liability as of June 30, 2022 was $39,043,144, which represents an increase of $8,101,282 from the June 30, 2021 balance of $30,941,862. However, this pension liability is the responsibility of the Commonwealth of Kentucky.

- Net OPEB liabilities required to be recorded under GASB 75 increased during the year. There are two sources of OPEB liabilities with which the District has to contend. The Kentucky Teachers Retirement System (KTRS) Medical Insurance Plan and Life Insurance Plan covers the District's professional staff members. The District's allocated OPEB liability as of June 30, 2022 for KTRS Medical Insurance Plan was $5,515,000 with the District's responsibility being $4,151,000 and the Commonwealth of Kentucky's responsibility being $1,364,000. The liability for the KTRS Life Insurance Plan is the responsibility of the Commonwealth of Kentucky and the District's allocated amount as of June 30, 2022 was $68,000. Classified staff members are covered by the County Employee Retirement System Insurance Fund. Under this fund the District's share of OPEB liability was $2,034,416 as of June 30, 2022. The District does not believe these disclosures will have a major impact on their day-to-day operations or the financial health of District. The District's bond rating is based on the State's rating, so the District has little control over the cost of borrowing.

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

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

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (government activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt are also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 10 and 11 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 funds, proprietary funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The primary proprietary fund is our food service operations. All other activities of the District are included in the governmental funds.

The basic fund financial statements can be found on pages 12 through 22 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 on pages 23 through 55 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 and deferred outflows exceeded liabilities and deferred inflows by approximately $15.07 million as of June 30, 2023.

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

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

Net Position for the period ending June 30, 2023 and 2022

	2023	2022
Current Assets	$ 29,395,179	$ 11,499,624
Noncurrent Assets	35,290,922	34,259,016
Total Assets	64,686,101	45,758,640
Deferred Outflows	4,288,855	2,996,461
Current Liabilities	14,693,756	4,484,968
Noncurrent Liabilities	36,260,179	30,134,882
Total Liabilities	50,953,935	34,619,850
Deferred Inflows	2,948,802	4,375,309
Net Position -		
Net investment in capital assets	11,192,612	13,746,958
Restricted	8,678,939	1,884,710
Unrestricted	(4,799,332)	(5,871,726)
Total Net Position	$ 15,072,219	$ 9,759,942

Comments on Budget Comparisons

- The District's total governmental funds revenues for the fiscal year ended June 30, 2023, net of interfund transfers were $31,199,246, compared with $26,134,520 in 2022. This increase is primarily a result of an increase in state funds and investment income in the current year.
- After adjustments for contingency, the General fund budget compared to actual expenditures varied modestly from line item to line item with the ending actual balance being $3.42 million less than budget or approximately 21%.
- The total cost of all programs and services for governmental funds was $29,371,572, compared with $25,235,652 in 2022. The increase is primarily a result of ongoing construction projects and an increase in on-behalf payments received from the state.

The following table presents a summary of all governmental activities and business-type activities revenues and expenses for the fiscal year ended June 30, 2023, with comparison to 2022.

	2023	2022
Revenues:		
Local Revenue Sources	$ 6,234,116	$ 5,228,626
State and Federal Revenue Sources	25,256,273	15,472,808
Total Revenues	31,490,389	20,701,434
Expenses:		
Instruction	13,008,583	8,337,836
Student Support Services	1,327,657	910,230
Instructional Support	803,698	653,604
District Administration	1,024,435	771,441
School Administration	1,173,132	542,796
Business and Other Support Services	507,554	281,762
Plant Operations	3,280,834	2,721,685

Student Transportation	1,762,367	1,069,856
Food Service Operations	1,929,280	1,636,230
Child Care Services	255,180	196,399
Community Services	475,417	404,499
Debt service	629,975	632,638
Total Expenses	26,178,112	18,158,976
Revenues Over (Under) Expenses	$ 5,312,277	$ 2,542,458

Governmental Funds Revenue

The majority of revenue was derived from state funding making up 56% and federal funding of 24% of total revenue. Local revenues make up 20% of total revenue (19% in 2022).

Capital Assets

At the end of June 30, 2023, the District's investment in capital assets for its governmental and business-type activities was $35,203,908, representing an increase of $1,075,413 net of depreciation, from the prior year. No major projects were completed during the year, but renovation projects at Bath County High School were started during the year. A breakdown of the District's capital assets is presented in Note (6) of the financial statements.

At the end of June 30, 2023, the District's right to use leased assets totaled $87,014. A breakdown of the District's right to use leased assets is presented in Note (7) of the financial statements.

Debt Service

At year-end, the District had approximately $24.2 million in outstanding debt, compared to $20.6 million last year. Leases payable totaled $88,009 at year-end. The District continues to maintain favorable debt ratings from Moody's and Standard & Poor's.

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. The District adopted a budget with approximately $800,000 in contingency (3.60%). The general fund cash balance for beginning the next fiscal year is $6,630,655.

Results of the current fiscal year and recent historical trends for the District were taken into account when preparing the subsequent year budget. No significant changes in revenue or expense items are foreseeable. The District's tax rates and tax base remain effectively the same. The District has assessed and considered underlying economical and funding factors at the federal, state, and local levels and other non-financial areas including demographics, local economy and risk of loss of student population that may have a significant impact on the financial statements when preparing subsequent year budgets.

Questions regarding this report should be directed to the Superintendent or to the Finance Officer at (606) 674-6314.

BATH COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 17,402,091	$ 2,959,133	$ 20,361,224
Investments	7,196,397	-	7,196,397
Receivables (net of allowances for uncollectibles):			
Taxes	89,169	-	89,169
Other	29,703	3,798	33,501
Intergovernmental	1,660,497	45,392	1,705,889
Inventories	-	8,999	8,999
Right to use leased assets, net	87,014	-	87,014
Capital assets, not being depreciated	2,797,943	-	2,797,943
Capital assets, being depreciated, net	32,101,562	304,403	32,405,965
Total assets	61,364,376	3,321,725	64,686,101
Deferred Outflows of Resources			
Deferred savings from refunding bonds	160,509	-	160,509
Deferred outflows - OPEB related	2,982,682	121,251	3,103,933
Deferred outflows - pension related	843,295	181,118	1,024,413
Total deferred outflows of resources	3,986,486	302,369	4,288,855
Liabilities			
Accounts payable	481,923	999	482,922
Unearned revenue	11,076,396	-	11,076,396
Accrued salaries and benefits	1,058,680	-	1,058,680
Portion due or payable within one year:			
Lease payable	43,730	-	43,730
Debt obligations	1,833,358	-	1,833,358
Interest payable	198,670	-	198,670
Portion due or payable after one year:			
Net OPEB liability	5,788,537	396,879	6,185,416
Net pension liability	6,281,415	1,171,987	7,453,402
Lease payable	44,279	-	44,279
Debt obligations	22,338,447	-	22,338,447
Accrued sick leave	238,635	-	238,635
Total liabilities	49,384,070	1,569,865	50,953,935
Deferred Inflows of Resources			
Deferred inflows - OPEB related	2,635,535	119,031	2,754,566
Deferred inflows - pension related	114,054	80,182	194,236
Total deferred inflows of resources	2,749,589	199,213	2,948,802
Net Position			
Net investment in capital assets	10,888,209	304,403	11,192,612
Restricted for:			
Capital projects	6,877,804	-	6,877,804
Other purposes	250,522	1,550,613	1,801,135
Unrestricted	(4,799,332)	-	(4,799,332)
Total net position	$ 13,217,203	$ 1,855,016	$ 15,072,219

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

BATH COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**
Primary government:							
Governmental activities:							
Instruction	$ 13,008,583	$ -	$ 4,257,119	$ -	$ (8,751,464)	$ -	$ (8,751,464)
Support services:							
Students	1,327,657	244,191	612,080	-	(471,386)	-	(471,386)
Instructional staff	803,698	-	589,028	-	(214,670)	-	(214,670)
District administration	1,024,435	-	-	-	(1,024,435)	-	(1,024,435)
School administration	1,173,132	-	-	-	(1,173,132)	-	(1,173,132)
Business and other support services	507,554	-	-	-	(507,554)	-	(507,554)
Operation and maintenance of plant	3,280,834	-	29,965	1,994,114	(1,256,755)	-	(1,256,755)
Student transportation	1,762,367	-	2,883	-	(1,759,484)	-	(1,759,484)
Food service operations	10,661	-	9,961	-	(700)	-	(700)
Day care operations	210,509	-	208,710	-	(1,799)	-	(1,799)
Community services	475,417	-	421,414	-	(54,003)	-	(54,003)
Debt service-interest expense	629,975	-	-	2,047,692	1,417,717	-	1,417,717
Total governmental activities	24,214,822	244,191	6,131,160	4,041,806	(13,797,665)	-	(13,797,665)
Business-type activities:							
Food service	1,918,619	50,628	2,310,745	-	-	442,754	442,754
Child care and preschool	44,671	66,325	24,990	-	-	46,644	46,644
Total business-type activities	1,963,290	116,953	2,335,735	-	-	489,398	489,398
Total primary government	$ 26,178,112	$ 361,144	$ 8,466,895	$ 4,041,806	$ (13,797,665)	$ 489,398	$ (13,308,267)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					$ 3,333,029	$ -	$ 3,333,029
Motor vehicle					508,645	-	508,645
Utilities					742,962	-	742,962
Intergovernmental revenues:							
State					12,503,381	-	12,503,381
Interest and investment earnings					1,003,391	69,810	1,073,201
Other local revenues					459,326	-	459,326
Total general revenues and transfers					18,550,734	69,810	18,620,544
Transfers					78,308	(78,308)	-
Change in net position					4,831,377	480,900	5,312,277
Net position, June 30, 2022					8,385,826	1,374,116	9,759,942
Net position, June 30, 2023					$ 13,217,203	$ 1,855,016	$ 15,072,219

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

BATH COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 6,630,655	$ -	$ 9,862,314	$ 909,122	$ 17,402,091
Investments	-	-	7,196,397	-	7,196,397
Receivables (net of allowances for uncollectibles):					
Taxes	89,169	-	-	-	89,169
Other	29,703	-	-	-	29,703
Intergovernmental - state	-	1,660,497	-	-	1,660,497
Interfund receivable	854,309	-	-	-	854,309
Total assets	$ 7,603,836	$ 1,660,497	$ 17,058,711	$ 909,122	$ 27,232,166
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 48,008	$ 36,478	$ 396,653	$ 784	$ 481,923
Accrued salaries and benefits	1,058,680	-	-	-	1,058,680
Interfund payable	-	854,309	-	-	854,309
Unearned revenue	-	769,710	10,306,686	-	11,076,396
Total liabilities	1,106,688	1,660,497	10,703,339	784	13,471,308
Fund balances:					
Restricted	-	-	6,355,372	772,954	7,128,326
Committed	71,796	-	-	135,384	207,180
Unassigned	6,425,352	-	-	-	6,425,352
Total fund balances	6,497,148	-	6,355,372	908,338	13,760,858
Total liabilities and fund balances	$ 7,603,836	$ 1,660,497	$ 17,058,711	$ 909,122	$ 27,232,166

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

BATH COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Fund balances—total governmental funds		$ 13,760,858
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		34,899,505
Savings from refunding bonds are not available to pay current period expenditures and, therefore, are not reported in the funds.		160,509
Right to use leased assets of $174,028, net of accumulated amortization of $87,014, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		87,014
Deferred outflows and inflows of resources related to pensions and OPEB plans are applicable to future periods and, therefore, are not reported in the funds.		1,076,388
Certain other liabilities are not due and payable in the current period and, therefore, are not reported in the funds as follows:		
Accrued interest payable	(198,670)	
Lease payable	(88,009)	
Net OPEB liability	(5,788,537)	
Net pension liability	(6,281,415)	(12,356,631)
Some liabilities, including bonds payable and accrued sick leave, are not due and payable in the current period and, therefore, are not reported in the funds.		(24,410,440)
Net position of governmental activities		$ 13,217,203

BATH COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
From local sources:					
Taxes -					
Property	$ 2,606,615	$ -	$ -	$ 726,414	$ 3,333,029
Motor vehicles	508,645	-	-	-	508,645
Utilities	742,962	-	-	-	742,962
Interest and investment income	356,747	258,756	387,888	-	1,003,391
Other local revenues	35,862	69,484	-	353,980	459,326
Intergovernmental - State	14,734,736	1,002,217	1,994,114	2,047,692	19,778,759
Intergovernmental - Indirect federal	-	5,128,943	-	-	5,128,943
Intergovernmental - Direct federal	244,191	-	-	-	244,191
Total revenues	19,229,758	6,459,400	2,382,002	3,128,086	31,199,246
Expenditures:					
Current:					
Instruction	10,222,150	4,144,849	-	278,461	14,645,460
Support services:					
Students	893,634	612,080	-	211	1,505,925
Instructional staff	229,592	589,028	-	9,540	828,160
District administration	1,080,593	-	-	-	1,080,593
School administration	1,354,215	-	-	-	1,354,215
Business and other support services	562,635	-	-	-	562,635
Operation and maintenance of plant	2,326,656	29,965	-	-	2,356,621
Student transportation	1,984,793	2,883	-	-	1,987,676
Food service operation	-	9,961	-	-	9,961
Day care operations	-	208,710	-	-	208,710
Community services	58,741	421,414	-	-	480,155
Facilities acquisition and construction	-	-	1,994,114	-	1,994,114
Debt service	193,401	-	53,629	2,110,317	2,357,347
Total expenditures	18,906,410	6,018,890	2,047,743	2,398,529	29,371,572
Excess (deficiency) of revenues over (under) expenditures	323,348	440,510	334,259	729,557	1,827,674
Other financing sources (uses):					
Bond proceeds	-	-	5,445,000	-	5,445,000
Discount on bonds	-	-	(81,265)	-	(81,265)
Transfers in	638,164	37,697	629,496	1,339,497	2,644,854
Transfers out	(37,697)	(478,207)	-	(2,050,642)	(2,566,546)
Total other financing sources and uses	600,467	(440,510)	5,993,231	(711,145)	5,442,043
Net change in fund balances	923,815	-	6,327,490	18,412	7,269,717
Fund balances, June 30, 2022	5,573,333	-	27,882	889,926	6,491,141
Fund balances, June 30, 2023	$ 6,497,148	$ -	$ 6,355,372	$ 908,338	$ 13,760,858

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

BATH COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances—total governmental funds		$ 7,269,717
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	2,729,455	
Depreciation expense	(1,661,306)	1,068,149
Amortization expense - right to use leased assets	(43,507)	(43,507)
Generally, expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred for the following:		
Long-term portion of accrued sick leave		(45,858)
Interest payable		(6,604)
Capitalized savings from bond refundings amortization expense		(32,102)
Amortization of bond discounts		(5,235)
Governmental funds report pension contributions as expenditures when paid. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions, and investment experience.		
KTRS nonemployer support revenue	(2,231,355)	
KTRS pension expense	2,472,842	
CERS contributions	(1,205)	
CERS pension and OPEB expense	(64,230)	176,052
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and interest consumes current financial resources of governmental funds.		
Bond Proceeds	(5,445,000)	
Discount on bonds	81,265	
Lease payments	43,187	
Debt payments	1,771,313	(3,549,235)
Change in net position of governmental activities		$ 4,831,377

BATH COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Food Service Fund	Child Care Fund	Preschool Fund	Total Proprietary Funds
Assets				
Current assets:				
Cash and cash equivalents	$ 2,746,040	$ 211,663	$ 1,430	$ 2,959,133
Receivables (net of allowances for uncollectibles)				
Intergovernmental - federal	45,392	-	-	45,392
Other	-	3,798	-	3,798
Inventories	8,999	-	-	8,999
Total current assets	2,800,431	215,461	1,430	3,017,322
Noncurrent assets:				
Capital assets, net of accumulated depreciation	304,403	-	-	304,403
Total noncurrent assets	304,403	-	-	304,403
Total assets	3,104,834	215,461	1,430	3,321,725
Deferred Outflows of Resources				
Deferred outflows - OPEB related	94,174	27,077	-	121,251
Deferred outflows - pension related	138,257	42,861	-	181,118
Total deferred outflows of resources	232,431	69,938	-	302,369
Total assets and deferred outflows	$ 3,337,265	$ 285,399	$ 1,430	$ 3,624,094
Liabilities				
Current liabilities:				
Accounts payable	$ 655	$ 260	$ 84	$ 999
Total current liabilities	655	260	84	999
Noncurrent liabilities:				
Net OPEB liability	323,859	73,020	-	396,879
Net pension liability	1,058,625	113,362	-	1,171,987
Total liabilities	1,383,139	186,642	84	1,569,865
Deferred Inflows of Resources				
Deferred inflows - OPEB related	89,788	29,243	-	119,031
Deferred inflows - pension related	32,365	47,817	-	80,182
Total deferred inflows of resources	122,153	77,060	-	199,213
Net Position				
Net Investment in capital assets	304,403	-	-	304,403
Restricted	1,527,570	21,697	1,346	1,550,613
Total net position	1,831,973	21,697	1,346	1,855,016
Total liabilities, deferred inflows, and net position	$ 3,337,265	$ 285,399	$ 1,430	$ 3,624,094

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

BATH COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Food Service Fund	Child Care Fund	Preschool Fund	Total Proprietary Funds
Operating revenues:				
Lunchroom sales	$ 50,628	$ -	$ -	$ 50,628
Tuition from individuals	-	63,365	2,960	66,325
Revenue from local sources	-	-	-	-
Total operating revenues	50,628	63,365	2,960	116,953
Operating expenses:				
Salaries and wages	484,866	16,416	-	501,282
Employee benefits	276,850	5,003	-	281,853
Materials and supplies	1,098,062	20,262	-	1,118,324
Depreciation	21,538	-	-	21,538
Other operating expenses	37,303	1,376	1,614	40,293
Total operating expenses	1,918,619	43,057	1,614	1,963,290
Operating income (loss)	(1,867,991)	20,308	1,346	(1,846,337)
Nonoperating revenues (expenses):				
Federal grants	2,089,546	8,903	-	2,098,449
Investment income	69,810	-	-	69,810
Donated commodities	109,477	-	-	109,477
Revenue from state sources (on-behalf)	99,890	28	-	99,918
State grants	11,832	16,059	-	27,891
Total nonoperating revenue (expenses), net	2,380,555	24,990	-	2,405,545
Transfers out	(78,308)	-	-	(78,308)
Increase (decrease) in net position	434,256	45,298	1,346	480,900
Net position, June 30, 2022	1,397,717	(23,601)	-	1,374,116
Net position, June 30, 2023	$ 1,831,973	$ 21,697	$ 1,346	$ 1,855,016

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

BATH COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Food Service Fund	Child Care Fund	Preschool Fund	Total Proprietary Funds
Cash flows from operating activities:				
Cash received from:				
Lunchroom sales	$ 50,628	$ -	$ -	$ 50,628
Tuition	-	63,077	2,960	66,037
Other revenues	-	-	-	-
Cash paid to/for:				
Payments to suppliers and providers of goods and services	(1,011,709)	(21,079)	-	(1,032,788)
Payments to employees	(649,561)	(21,050)	-	(670,611)
Other payments	(37,303)	(1,376)	(1,530)	(40,209)
Net cash provided by (used for) operating activities	(1,647,945)	19,572	1,430	(1,626,943)
Cash flows from noncapital financing activities:				
Government grants	2,096,034	24,962	-	2,120,996
Transfers to other funds	(78,308)	-	-	(78,308)
Net cash provided by noncapital and related financing activities	2,017,726	24,962	-	2,042,688
Cash flows from capital and related financing activities:				
Purchases of capital assets	(28,802)	-	-	(28,802)
Net cash used for capital and related financing activities	(28,802)	-	-	(28,802)
Cash flows from investing activities:				
Interest received on investments	69,810	-	-	69,810
Net cash provided by investing activities	69,810	-	-	69,810
Net increase (decrease) in cash and cash equivalents	410,789	44,534	1,430	456,753
Cash and cash equivalents, June 30, 2022	2,335,251	167,129	-	2,502,380
Cash and cash equivalents, June 30, 2023	$ 2,746,040	$ 211,663	$ 1,430	$ 2,959,133
Reconciliation of operating income (loss) to net cash used for operating activities:				
Operating income (loss)	$ (1,867,991)	$ 20,308	$ 1,346	$ (1,846,337)
Adjustments to reconcile operating income (loss) to net cash used for operating activities:				
Depreciation	21,538	-	-	21,538
Donated commodities	109,477	-	-	109,477
On-behalf revenues	99,890	28	-	99,918
Net pension and OPEB adjustment	12,265	341	-	12,606
Change in assets and liabilities:				
Inventory	(3,444)	-	-	(3,444)
Accounts receivable	-	(288)	-	(288)
Accounts payable	(19,680)	(817)	84	(20,413)
Net cash provided by (used for) operating activities	$ (1,647,945)	$ 19,572	$ 1,430	$ (1,626,943)
Non-cash items:				
Donated commodities	$ 109,477	$ -	$ -	$ 109,477
On-behalf payments	99,890	28	-	99,918

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

BATH COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Trust Funds
Assets	
Cash and cash equivalents	$ 44,094
Accounts receivable	-
Total assets	44,094
Liabilities	
Accounts payable	-
Total liabilities	-
Net position held in trust	$ 44,094

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

BATH COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Trust Funds
Additions -	
Interest income	$ -
Other local revenues	4,189
	4,189
Deductions -	
Benefits paid	4,000
	4,000
Change in net position	189
Net position, June 30, 2022	43,905
Net position, June 30, 2023	$ 44,094

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

BATH COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Taxes -				
Property	$ 1,843,000	$ 1,843,000	$ 2,606,615	$ 763,615
Motor vehicles	330,000	330,000	508,645	178,645
Utilities	570,000	570,000	742,962	172,962
Interest income	10,000	10,000	356,747	346,747
Other local revenues	5,700	5,700	35,862	30,162
Intergovernmental - State	8,601,000	9,051,000	9,123,282	72,282
Intergovernmental - Direct federal	55,000	55,000	244,191	189,191
Total revenues	11,414,700	11,864,700	13,618,304	1,753,604
Expenditures:				
Current:				
Instruction	7,836,183	8,748,838	6,666,914	2,081,924
Support services:				
Students	660,989	649,002	583,352	65,650
Instructional staff	233,401	233,757	160,434	73,323
District administration	1,378,258	1,437,808	903,321	534,487
School administration	906,026	917,138	875,577	41,561
Business and other support services	325,541	364,531	316,469	48,062
Operation and maintenance of plant	2,357,655	2,504,655	1,983,084	521,571
Student transportation	1,554,690	1,622,958	1,572,182	50,776
Community services	37,655	44,655	40,222	4,433
Debt service	193,402	193,402	193,401	1
Contingency	585,900	600,000	-	600,000
Total expenditures	16,069,700	17,316,744	13,294,956	4,021,788
Excess (deficiency) of revenues over (under) expenditures	(4,655,000)	(5,452,044)	323,348	5,775,392
Other financing sources (uses):				
Proceeds from sale of equipment	5,000	5,000	-	(5,000)
Transfers in	50,000	50,000	638,164	588,164
Transfers out	(50,000)	(50,000)	(37,697)	12,303
Total other financing sources and uses	5,000	5,000	600,467	595,467
Net change in fund balances	(4,650,000)	(5,447,044)	923,815	6,370,859
Fund balances, June 30, 2022	4,650,000	5,447,044	5,573,333	126,289
Fund balances, June 30, 2023	$ -	$ -	$ 6,497,148	$ 6,497,148

Adjustments to Generally Accepted Accounting Principles -	
Intergovernmental State Revenue	$ 5,611,454
On-behalf payments:	
Instruction	(3,555,236)
Support services:	
Student support	(310,282)
Instructional staff support	(69,158)
District administration	(177,272)
School administration	(478,638)
Business and other support services	(246,166)
Operation and maintenance of plant	(343,572)
Student transportation	(412,611)
Community services	(18,519)
Fund balance, June 30, 2023 (GAAP basis)	$ 6,497,148

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

BATH COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Interest income	$ 185,000	$ 185,000	$ 258,756	$ 73,756
Other local revenues	81,436	81,436	69,484	(11,952)
Intergovernmental - State	1,364,574	1,517,370	1,002,217	(515,153)
Intergovernmental - Indirect federal	6,666,493	6,788,926	5,128,943	(1,659,983)
Total revenues	8,297,503	8,572,732	6,459,400	(2,113,332)
Expenditures:				
Current:				
Instruction	6,330,448	6,605,737	4,144,849	2,460,888
Support services:				
Students	444,171	388,526	612,080	(223,554)
Instructional staff	618,696	692,048	589,028	103,020
Operation and maintenance of plant	101,542	101,542	29,965	71,577
Student transportation	25,146	8,979	2,883	6,096
Food service operation	24,000	22,400	9,961	12,439
Day care operations	500,000	500,000	208,710	291,290
Community services	303,500	303,500	421,414	(117,914)
Total expenditures	8,347,503	8,622,732	6,018,890	2,603,842
Excess (deficiency) of revenues over (under) expenditures	(50,000)	(50,000)	440,510	490,510
Other financing sources (uses):				
Transfers in	50,000	50,000	37,697	(12,303)
Transfers out	-	-	(478,207)	(478,207)
Total other financing sources and uses	50,000	50,000	(440,510)	(490,510)
Net change in fund balances	-	-	-	-
Fund balances, June 30, 2022	-	-	-	-
Fund balances, June 30, 2023	$ -	$ -	$ -	$ -

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

(1) REPORTING ENTITY

The Bath County Board of Education (the "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 Bath County School District (the "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 as Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

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

The financial statements of the 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. Copies of this organization's financial statements may be obtained from the Superintendent or the District's Finance Officer at 405 West Main Street, Owingsville, Kentucky 40360.

Bath County Board of Education Finance Corporation - On November 29, 1988, the Bath County, Kentucky, Board of Education resolved to authorize the establishment of the Bath County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Bath County Board of Education also comprise the Corporation's Board of Directors.

The financial statements of the following entity are not included in the accompanying financial statements.

C.C. Chenault Memorial Trust

The Trust was created to establish agricultural programs for the District. The District receives a quarterly payment from the trust for its agricultural programs. The District had a carryover balance to FY 2023 of \$103,916 and received \$202,434 in quarterly payments in the current year and spent \$254,755 and had a carryover balance of \$51,595 to FY 2024. This activity is recorded in the Special Revenue Fund. The Trust maintains separate accounting records and is not governed or managed by the District.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS

Basis of Presentation

The accounting policies of the Bath County School District substantially comply with the rules prescribed by the Kentucky Department of Education for local school districts.

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

Government-wide statements provide information about the primary government (the District). The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government, except for fiduciary activities. They also distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses to programs or functions, except where allowable for certain grant programs. 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, including internally dedicated resources and all taxes, are reported as general revenues, 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 provide information about the District's funds, including fiduciary funds. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds. Fiduciary funds are aggregated and 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 position. 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. <u>Governmental Fund Types</u>

(A) 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 a major fund of the District.

(B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes.

1. The Special Revenue Fund 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.

2. The District Activity Fund is a special revenue fund used to account for funds collected at individual schools for operation costs of the school or school district that allows for more flexibility in the expenditure of those funds.

3. The School Activity Fund is a special revenue fund used to account for funds collected at individual schools for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the *Uniform Program of Accounting for School Activity Funds.*

(C) 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 Funds).

1. 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 identified in the District's facility plan.

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

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

(D) Debt Service Funds
The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related costs; and for the payment of interest on general obligation notes payable, as required by Kentucky Law.

II. Proprietary Fund Types (Enterprise Fund)

(A) The 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.

(B) The Child Care Fund and Preschool Fund are used to account for day care type activities. These are considered major funds of the District due to the nature of the activity.

III. Fiduciary Fund Type (Private Purpose Trust Fund)

(A) The Trust Fund is a scholarship fund. The principal and interest earned may be used for scholarships to Bath County High School students.

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 are recorded from exchange and non-exchange transactions. Revenues resulting from exchange transactions, in which each party receives essentially equal value, are 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 resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before it can be recognized.

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

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 of revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities 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.

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2023, to finance the General Fund operations were $.541 per $100 valuation for real property, $.541 per $100 valuation for business personal property and $.464 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 telegraphic communications services, cablevision services, electric power, water, and gas.

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 District also receives commodities from USDA. The amounts of such services and commodities are recorded in the accompanying financial statements at their estimated fair market values.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars ($5,000) with the exception of 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 capitalized.

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

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

Right-to-Use Assets

The District has recorded right to use lease assets in accordance with GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Interfund Balances

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

Accumulated Unpaid Sick Leave Benefits

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

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

For governmental fund financial statements the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the general fund. The noncurrent portion of the liability is not reported in the fund financial statements, but is reflected in the statement of net position. The District has committed $71,796 for accumulated sick leave as of June 30, 2023.

Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major difference between the budgetary basis and the GAAP basis is that on-behalf payments made by the state for the District are not budgeted. See note (14) for these amounts which were not known by the District at the time the budget was adopted.

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 are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

Cash and Cash Equivalents

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

Inventories

Supplies and materials are charged to expenditures when purchased, with the exception of the proprietary funds, which records inventory using the accrual basis of accounting. Inventories are stated at the lower of cost or market, on the first-in, first-out basis.

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 judgments, accumulated sick leave, contractually required pension 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, all payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds, leases and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Fund Balance Reserves

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance-amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by the District itself, using its decision-making authority (the "Board"); to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint;
- Assigned fund balance-amounts the District intends to use for a specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority;
- Unassigned fund balance-amounts that are available for any purpose; unassigned amounts are reported only in the General Fund.

When restricted, committed, assigned and unassigned resources are available for use, it is the District's policy to use restricted, committed and assigned resources first, then unassigned resources as they are needed.

Net Position

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, those revenues are primarily charges for meals provided by the various schools. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

Interfund Activity

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

Bond Issuance Costs

Debt issuance costs are expensed in the period they are incurred.

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. 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 that time.

Pension

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Recent Accounting Pronouncements

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* ("GASB 96"). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. The Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. GASB 96 was effective for the District beginning with its year ending June 30, 2023. The adoption of this standard did not have a material effect on the District's financial statements.

In May 2022, the GASB issued Statement No. 99, *Omnibus 2022* ("GASB 99"), to provide guidance addressing various accounting and financial reporting issues identified during the implementation and application of certain GASB pronouncements or during the due process on other pronouncements. GASB 99 addresses, among other matters:

- Accounting and financial reporting for exchange or exchange-like financial guarantees;
- Clarification of certain provisions of Statement No.:
    - 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments,
    - 87, Leases,
    - 94, Public-Private and Public-Public Partnership and Availability Payment Arrangements,
    - 96, Subscription-Based Information Technology Arrangements (SBITA);
- Replacing the original deadline for use of the London Interbank Offered Rate (LIBOR) as a benchmark interest rate for hedges of interest rate risk of taxable debt with a deadline for

when LIBOR ceases to be determined by the ICE Benchmark Administration using the methodology in place as of December 31, 2021;

- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP);
- Disclosures related to non-monetary transactions; and
- Pledges of future revenues when resources are not received by the pledging government.

Requirements that relate to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures for non-monetary transactions, pledges of future revenues by pledging governments, clarifications of certain provisions in Statement No. 34, and terminology updates were effective upon issuance. Requirements related to leases, public-public and public-private partnerships (PPPs), and SBITAs were effective for the District beginning with its year ending June 30, 2022. Requirements related to other requirements related to derivative instruments will be effective for the District for fiscal years beginning after June 15, 2023, and for all reporting periods thereafter. Adoption of the provisions required thru the year ending June 30, 2023, did not have a material effect on the District's financial statements. Management is currently evaluating the impact of the remaining provisions of this Statement on its financial statements.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections (an amendment of GASB Statement No. 62)* ("GASB 100"), which has as its primary objective to provide more straightforward guidance that is easier to understand and is more reliable, relevant, consistent, and comparable across governments for making decisions and assessing accountability. Improving the clarity of accounting and financial reporting requirements for accounting changes and error corrections will mean greater consistency in the application of these requirements in general.

GASB 100 prescribes accounting and financial reporting for each category of accounting change and error corrections, requiring that:

- Changes in accounting principle and error corrections be reported retroactively by restating prior periods;
- Changes in accounting estimate be reported prospectively by recognizing the change in the current period; and
- Changes to and within the financial reporting entity be reported by adjusting beginning balances of the current period.
- Requires that governments disclose the effects of each accounting change and error correction on beginning balances in a tabular format.

The requirements of GASB 100 will be effective for accounting changes and error corrections made by the District beginning with its year ending June 30, 2024. Management is currently evaluating the impact of this Statement on its financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* ("GASB 101"), which supersedes the guidance in Statement No. 16, *Accounting for Compensated Absences*, issued in 1992. GASB 101 aligns recognition and measurement guidance for all types of compensated absences under a unified model. It also requires that a liability for specific types of compensated absences not be recognized until the leave is used. Additionally, it establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. For example, a liability for leave that has not been used would be recognized if the leave:

- Is attributable to services already rendered;
- Accumulates; and
- Is more likely than not to be used for time off or otherwise paid or settled. Some exceptions to this general rule include parental leave, military leave and jury duty leave for which a liability would not be recognized until the leave commences.

Additionally, GASB 101 (1) provides an alternative to the existing requirement to disclose the gross annual increases and decreases in long-term liability for compensated absences, allowing governments to disclose only the net annual change in the liability as long as it is identified as such; and (2) removes the disclosure of the government funds used to liquidate the liability for compensated absences. The requirements of GASB 101 will be effective for the District beginning with its year ending June 30, 2025. Management is currently evaluating the impact of this Statement on its financial statements.

(3) ESTIMATES

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

(4) CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The funds of the District must be deposited and invested under the terms of a contract. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At year-end, the carrying amount of the District's total cash and cash equivalents was $20,405,318 and the related bank balances totaled $22,094,962. Of the total cash balance, $521,587 was covered by Federal Depository insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

Due to the nature of the accounts and 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) Fund, Education Building Fund, Special Revenue (Grant) Funds, Bond and Interest Redemption Fund, School Food Service Funds, and School Activity Funds.

Breakdown per financial statements:

Governmental funds	$ 17,402,091
Proprietary funds	2,959,133
Trust funds	44,094
	$ 20,405,318

Investments

During the year, the District invested excess cash into short-term United States Government obligations. In compliance with Kentucky Statutes, the District's investment policy 04.6 specifies that the District's investment objectives, in order of priority, are the following:

1. Legality
2. Safety of principal
3. Liquidity to enable the District to meet all operating requirements
4. Return on Investment

Credit Risk–Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. In an effort to minimize the likelihood that an issuer will default, the District has limited the number of permissible investments under its investment policy to certain highly rated investments. In accordance with this policy, the District is authorized to invest in the following:

a. Obligations of the United States and of its agencies, national corporations, and instrumentalities, including repurchase agreements

b. Certificates of deposit issued by banks or savings and loan institutions

c. Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and municipalities

d. Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, but only if fully defeased by direct obligations of or guaranteed by the United States of America

e. Interest bearing deposits in national and state banks chartered in Kentucky and insured by an agency of the United States up to the amount so insured, and in larger amounts providing such bank shall pledge as security obligations having a current quoted market value at least equal to any uninsured deposits.

The complete investment policy 04.6 is available at http://policy.ksba.org/Chapter.aspx?distid=156. Investments consist of U.S. Government obligations and money market funds and are stated at fair value. As of June 30, 2023, the District had the following investments:

Investment	Fair Value	Maturity	Interest	Moody's Rating
U.S Treasury Notes	$ 7,189,572	September 30, 2023	0.25%	Aaa
Money Market Funds	$ 6,825	WAM – 19 days	4.68%	Aaa-mf

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

Level 1: Investments reflect prices quoted in active markets.

Level 2: Investments reflect prices that are based on similar observable assets either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3: Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. Investments in U.S. Treasury notes and money market funds are valued based on quoted market prices (Level 1 inputs). The District does not have any investments that are measured using Level 2 or Level 3 inputs.

The following table sets forth by level, within the fair value hierarchy, the District's investments at fair value as of June 30, 2023:

Investment	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	$ 7,189,572	$ -	$ -	$ 7,189,572
Money Market Funds	6,825	-	-	6,825
Total	$ 7,196,397	$ -	$ -	$ 7,196,397

(5) LONG-TERM DEBT

Bonds

The original amount of each issue, the issue date and interest rates are summarized as follows:

Issue Date	Proceeds	Rates
2012R	$ 1,100,000	1.10% - 2.35%
2013R	4,350,000	1.00% - 2.25%
2013	1,495,000	1.30% - 4.10%
2013QZAB	3,000,000	0.00%
2014E	1,955,000	1.10% - 3.40%
2014K	185,786	2.00% - 3.00%
2015K	212,062	1.00% - 2.625%
2016K	217,171	2.00% - 2.625%
2016R	6,445,000	1.05% - 2.00%
2017K	119,529	2.55%
2018	11,320,000	3.00% - 3.375%
2020K	105,517	2.00%
2021K	114,776	1.25% - 1.50%
2023	5,445,000	4.00% - 4.125%

The District through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Bath County School District and the 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.

In 2012, 2013, 2016, 2018 and 2023, the District entered into "participation agreements" with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues.

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2023, for debt service (principal and interest) are as follows:

	Kentucky School Facilities Construction Commission		Bath County School District		
Year	Interest	Principal	Interest	Principal	Total
2024	$ 150,137	$ 676,163	$ 554,674	$ 1,063,837	$ 2,444,811
2025	135,616	626,533	537,071	1,083,467	2,382,687
2026	120,888	627,949	515,254	1,112,051	2,376,142
2027	108,386	608,624	494,522	1,131,376	2,342,908
2028	93,885	620,972	470,315	1,164,028	2,349,200
2029-2033	283,344	699,898	2,000,334	5,170,102	8,153,678
2034-2038	146,970	468,498	1,151,947	5,586,502	7,353,917
2039-2043	32,166	256,641	394,953	3,148,359	3,832,119
	$ 1,071,392	$ 4,585,278	$ 6,119,070	$ 19,459,722	$ 31,235,462

Future minimum debt service on notes payable to KISTA, at June 30, 2023, are as follows:

Year	Principal	Interest	Total
2024	$ 93,358	$ 6,848	$ 100,206
2025	73,743	4,694	78,437
2026	53,282	3,015	56,297
2027	33,903	1,848	35,751
2028	22,983	1,196	24,179
2029-2031	50,701	1,462	52,163
	$ 327,970	$ 19,063	$ 347,033

Leases

The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

1. A lease agreement was executed on July 1, 2021, to lease copiers and requires 48 monthly payments of $3,715 per month. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 1.25%, which is the District's incremental borrowing rate. As a result, the District has recorded a right to use asset.

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2023, were as follows:

Year	Principal	Interest	Requirements
2024	$ 43,730	$ 850	$ 44,580
2025	44,279	301	44,580
	$ 88,009	$ 1,151	$ 89,160

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

Description	Balance at June 30, 2022	Additions	Payments	Balance at June 30, 2023	Due within One Year
General obligation bonds - $35,110,000 originally issued with interest rates ranging from 0.0% to ranging from 0.0%-4.125%	$ 20,275,000	$ 5,445,000	$ 1,675,000	$ 24,045,000	$ 1,740,000
Discount on bonds	(125,135)	(81,265)	(5,235)	(201,165)	-
KISTA loans with interest rates ranging from 1.0% to 3.0%	424,283	-	96,313	327,970	93,358
Lease payable	131,196	-	43,187	88,009	43,730
Accrued sick leave	192,777	45,858	-	238,635	-
	$ 20,898,121	$ 5,409,593	$ 1,809,265	$ 24,498,449	$ 1,877,088

Net Pension Liability

The net pension liability is $6,281,415 and $1,171,987 for governmental activities and business-type activities, respectively, at June 30, 2023. See Note (8) for more detailed information.

Net OPEB Liability

The net OPEB liability is $5,788,537 and $396,879 for governmental activities and business-type activities, respectively, at June 30, 2023. See Note (9) for more detailed information.

(6) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

Governmental Activities	Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023
Non-depreciable:				
Land	$ 518,317	$ -	$ -	$ 518,317
Construction in progress	29,360	2,250,266	-	2,279,626
Depreciable:				
Land improvements	1,131,210	-	-	1,131,210
Buildings and improvements	46,098,680	-	-	46,098,680
Technology equipment	997,076	-	-	997,076
General equipment	885,583	118,482	-	1,004,065
Vehicles	4,327,005	360,707	-	4,687,712
Totals	53,987,231	2,729,455	-	56,716,686
Less: accumulated depreciation				
Land improvements	986,285	11,127	-	997,412
Buildings and improvements	14,463,676	1,277,505	-	15,741,181
Technology equipment	619,391	127,298	-	746,689
General equipment	764,387	24,043	-	788,430
Vehicles	3,322,136	221,333	-	3,543,469
Total accumulated depreciation	20,155,875	1,661,306	-	21,817,181
Governmental Activities Capital Assets - Net	$ 33,831,356	$ 1,068,149	$ -	$ 34,899,505
Business-Type Activities				
Buildings and improvements	$ 308,000	$ -	$ -	$ 308,000
Food service and equipment	616,189	28,802	-	644,991
Technology equipment	5,037	-	-	5,037
Vehicles	35,895	-	-	35,895
Totals	965,121	28,802	-	993,923
Less: accumulated depreciation				
Building and improvements	86,753	6,160	-	92,913
Food service and equipment	545,524	12,128	-	557,652
Technology equipment	2,460	600	-	3,060
Vehicles	33,245	2,650	-	35,895
Total accumulated depreciation	667,982	21,538	-	689,520
Business-Type Activities Capital Assets – Net	$ 297,139	$ 7,264	$ -	$ 304,403

Depreciation expense was allocated to governmental functions as follows:

Instruction	$ 238,955
Student support services	34,712
Instructional staff support services	19,775
District administration	13,087
School administration	8,437
Business support services	1,189
Plant operation & maintenance	1,141,329
Student transportation	203,822
	$ 1,661,306

(7) RIGHT TO USE LEASED ASSETS

The District has recorded right to use leased assets. The assets are right to use assets for equipment. The related leases are discussed in the Leases subsection of the Long-Term Debt section of note (5). The right to use leased assets are amortized on a straight-line basis over the terms of the related leases.

Right to use leased asset activity for the fiscal year ended June 30, 2023, was as follows:

	June 30, 2022	Additions	Deductions	June 30, 2023
Intangible right to use assets	$ 174,028	$ -	$ -	$ 174,028
Totals at historical cost	174,028	-	-	174,028
Less: accumulated amortization	(43,507)	(43,507)	-	(87,014)
Right to Use Leased Assets - Net	$ 130,521	$ (43,507)	$ -	$ 87,014

(8) RETIREMENT PLANS

Kentucky Teachers Retirement System

Plan description: Teaching-certified employees of the Kentucky School District are provided pensions through the Teachers' Retirement System of the State of Kentucky (KTRS), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. KTRS 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). KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

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

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

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, and Before Jan. 1, 2022: 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 five years of Kentucky service, or
2.) Complete 27 years of Kentucky service, or

3.) Attain age 55 and complete 10 years of Kentucky service.

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

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

For Members On or After Jan. 1, 2022: To qualify for monthly retirement benefits, payable for life, members must either:

1.) Attain age 57 and complete 10 years of Kentucky service, or
2.) Attain age 65 and complete five years of Kentucky service.

Foundational Benefit - The annual foundational benefit for members is equal to service times a multiplier times final average salary. The final average salary is the member's five highest annual salaries. The annual foundational benefit is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 30 years of service.

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

Contributions: Contribution rates are established by Kentucky Revised Statutes (KRS). For members who began participating before Jan. 1, 2022, non- university members are required to contribute 12.855% of their salaries to the system; university members are required to contribute 10.4% of their salaries. KRS 161.565 allows each university to reduce the contribution of its members by 2.215%; therefore, university members contribute 8.185% of their salary to TRS. For members employed by local school districts, the state (as a non-employer contributing entity) contributes 13.105% of salary for those who joined before July 1, 2008, and 14.105% for those who joined on or after July 1, 2008, and before Jan. 1, 2022. Other participating employers are required to contribute the percentage contributed by members plus an additional 3.25% of members' gross salaries.

For members who began participating on or after Jan. 1, 2022, non-university members contribute 14.75% and university members contribute 9.775% of their salaries to the system. Employers of non-university members, including the state (as a non- employer contributing entity), contribute 10.75% of salary. University employers contribute 9.775% of member's salary to the system.

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

At June 30, 2023, the District did not report a liability for its proportionate share of the net pension liability because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net Pension liability	$ -
Commonwealth's proportionate share of the Net Pension liability associated with the District	39,043,144
	$ 39,043,144

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2022, the District's proportion was 0.2305%.

For the year ended June 30, 2023, the District recognized pension expense of $1,424,051 and revenue of $1,424,051 for support provided by the State.

Actuarial Methods and Assumptions: The total pension liability was determined by applying procedures to the actuarial valuation as of June 30, 2021. The financial reporting actuarial valuation as of June 30, 2022, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	21.9 years
Asset Valuation Method	5-year smoothed market value
Single Equivalent Interest Rate	7.10%
Municipal Bond Index Rate	3.37%
Inflation	2.5%
Salary Increase	3.0-7.5%, including inflation
Investment Rate of Return	7.1%, net of pension plan investment expense, including inflation
Post-retirement Benefit Increases	1.50% annually

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 five-year period ending June 30, 2020 adopted by the Board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.5% to 7.1% and the price inflation assumption was lowered from 3% to 2.5%. 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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S. equity	37.4%	4.2%
Small cap U.S. equity	2.6%	4.7%
Developed international equity	16.5%	5.3%
Emerging markets equity	5.5%	5.4%
Fixed Income	15.0%	(0.1)%
High yield bonds	2.0%	1.7%
Other Additional Categories	5.0%	2.2%
Real Estate	7.0%	4.0%
Private Equity	7.0%	6.9%
Cash	2.0%	(0.3)%
Total	100.0%	

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 that employer contributions will be made at the actuarially determined contribution (ADC) rates for all future fiscal years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.10%)	Current discount rate (7.10%)	1% Increase (8.10%)
Commonwealth's proportionate share of the Net Pension liability associated with the District	$ 52,064,000	$ 39,043,144	$ 31,403,000

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

County Employees Retirement System

Plan description: Substantially all full-time classified employees of the District participate in the County Employees Retirement System ("CERS"). CERS is a cost-sharing, multiple-employer, defined benefit pension plan administered by the Kentucky General Assembly. The plan covers substantially all regular full-time members employed in non-hazardous duty positions of each county and school board, and any additional eligible local agencies electing to participate in the plan. The plan provides for retirement, disability and death benefits to plan members.

CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky 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 is provided by members, who contribute 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2023, employers were required to contribute 26.79% (23.40% - pension, 3.39% - insurance) of the member's salary. During the year ending June 30, 2023, the District contributed $669,997 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, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2022. At June 30 2022, the District's proportion was 0.103104%.

For the year ended June 30, 2023, the District recognized pension expense of approximately $623,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,969	$ 66,376
Changes of assumptions	-	-
Net difference between projected and actual earnings on investments	191,078	-
Changes in proportion and differences between District contributions and proportionate share of contributions	155,369	127,860
District contributions subsequent to the measurement date	669,997	-
	$ 1,024,413	$ 194,236

The $669,997 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 year ended June 30, 2024.

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	
2024	$ (49,491)
2025	60,571
2026	(62,634)
2027	211,734
	$ 160,180

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2021. The financial reporting actuarial valuation as of June 30, 2022, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of pay
Remaining Amortization Period	29 years, closed
Payroll Growth	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected market value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%, net of pension plan investment expense, including inflation

The mortality table used for active members is PUB-2010 General Mortality Table projected with ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For non-disable retired members, a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019 is utilized. For disabled members, the mortality table used is the PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	**60.00%**	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	**20.00%**	
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	(0.91)%
Inflation Protected	**20.00%**	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Expected Real Return	**100.00%**	**4.28%**
Long Term Inflation Assumption		**2.30%**
Expected Nominal Return for Portfolio		**6.58%**

Discount Rate: The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25%, 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 (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current discount rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	$ 9,316,000	$ 7,453,402	$ 5,913,000

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

Payables to the pension plan: At June 30, 2023, there were no payables to the pension plan.

(9) OTHER POSTEMPLOYMENT BENEFIT ("OPEB") PLANS

Kentucky Teachers Retirement System OPEB Plans

Teaching-certified employees of the District are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (TRS)—a cost-sharing multiple-employer defined benefit OPEB 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 https://trs.ky.gov/financial-reports-information.

The state reports a liability, deferred outflows of resources and deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the TRS Medical Insurance and Life Insurance Plans. The following information is about the TRS plans:

Medical Insurance Plan

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

Benefits provided: To be eligible for medical benefits, the member must have retired either for service or disability. The TRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. TRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the TRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

Contributions: In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three and three quarters percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to KTRS Medical Insurance Plan

At June 30, 2023, the District reported a liability of $4,151,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2021. An expected total OPEB liability as of June 30, 2022 was determined using standard roll-forward techniques. The total OPEB liability used to calculate the collective 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. At June 30, 2022, the District's proportion was 0.222141%.

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 were as follows:

District's proportionate share of the net OPEB liability	$ 4,151,000
Commonwealth's proportionate share of the Net OPEB liability associated with the District	1,364,000
	$ 5,515,000

For the year ended June 30, 2023, the District recognized OPEB expense of $(15,000) and revenue of $73,000 for support provided by the State. At June 30, 2023, 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	$ -	$ 1,745,000
Changes of assumptions	843,000	-
Net difference between projected and actual earnings on investments	221,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,046,000	184,000
District contributions subsequent to the measurement date	226,161	-
	$ 2,336,161	$ 1,929,000

Of the total amount reported as deferred outflows of resources related to OPEB, $226,161 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2024. 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		
2024	$	(164,000)
2025		(114,000)
2026		(57,000)
2027		241,000
2028		194,000
Thereafter		81,000
	$	181,000

Actuarial methods and assumptions: The total OPEB liability was determined by applying procedures to the actuarial valuation as of June 30, 2021. The financial reporting actuarial valuation as of June 30, 2022, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Investment rate of return	7.1%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.0 – 7.5%, including wage inflation
Inflation rate	2.5%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal bond index rate	3.37%
Discount rate	7.1%
Single equivalent interest rate	7.1%, net of OPEB plan investment expense, including price inflation
Healthcare cost trend rates	
Under 65	7% for FY 2022 decreasing to an ultimate rate of 4.5% by FY 2032
Ages 65 and Older	5.125% for FY 2022* decreasing to an ultimate rate of 4.5% by FY 2025
Medicare Part B Premiums	6.97% for FY 2022 with an ultimate rate of 4.5% by 2034

**Based on known expected increase in Medicare-eligible costs in the year following the valuation date, an increase rate of 20% was used for 2021.*

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2021, valuation were based on the results of the most recent actuarial experience study for the system, which covered the five-year period ending June 30, 2020, adopted by the board on September 20, 2021. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2021, valuation of the health trust were based on a review of recent plan experience done concurrently with the June 30, 2021, valuation. The health care cost trend rate assumption was updated for the June 30, 2021, valuation and was shown as an assumption change in the total OPEB liability (TOL) roll-forward while the change in initial per capita 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 published weekly by the Board of Governors of the Federal Reserve System.

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

The target 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
Global Equity	58.0%	5.1%
Fixed Income	9.0%	(0.1)%
Real Estate	6.5%	4.0%
Private Equity	8.5%	6.9%
Additional categories: high yield	8.0%	1.7%
Other Additional Categories	9.0%	2.2%
Cash	1.0%	(0.3)%
Total	100.0%	

Discount rate: The discount rate used to measure the 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. 75. The projection's basis was an actuarial valuation performed as of June 30, 2021. In addition to the actuarial methods and assumptions of the June 30, 2021, actuarial valuation, the following actuarial methods and assumptions were used in the projection of 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 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 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 prefunded status, as determined by the retirement system's actuary, the following Health Trust statutory contributions are to be decreased, suspended, or eliminated:
  - Employee contributions
  - School District/University Contributions
  - State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010.

To reflect these adjustments, open group projections were used and assumed an equal, pro rata reduction to the current statutory amounts in the years if 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, 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 also may 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 FNP was not projected to be depleted.

The FNP projections are based upon the health trust's financial status on the valuation date, the indicated set of methods and assumptions, and the requirements of GASB Statement No. 75. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing basis, reflecting the impact of future members. Therefore, the results of these tests do not necessarily indicate whether or not the health trust will actually run out of money, the financial condition of the trust, or the trust's ability to make benefit payments in future years.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.1%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.1%) or 1-percentage-point higher (8.1%) than the current rate:

	1% Decrease (6.1%)	Current discount rate (7.1%)	1% Increase (8.1%)
District's proportionate share of the net OPEB liability	$ 5,208,000	$ 4,151,000	$ 3,276,000

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates: The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability 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 the net OPEB liability	$ 3,112,000	$ 4,151,000	$ 5,443,000

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

Life Insurance Plan

Plan description - Life Insurance Plan: TRS administers the life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The TRS Life Insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the life insurance plan may be made by the TRS Board of Trustees and the General Assembly.

Benefits provided: TRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. TRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

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.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to KTRS Life Insurance Plan

At June 30, 2023, 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. 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 were as follows:

District's proportionate share of the net OPEB liability	$ -
Commonwealth's proportionate share of the Net OPEB liability associated with the District	68,000
	$ 68,000

The net OPEB liability was measured as of June 30, 2022, and the total pension liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. An expected total OPEB liability as of June 30, 2022 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability was based on the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2022, the District's proportion was 0.218105%. For the year ended June 30, 2023, the District recognized OPEB expense of $-0- and revenue of $5,200 for support provided by the State.

Actuarial methods and assumptions: The total OPEB liability was determined by applying procedures to the actuarial valuation as of June 30, 2021. The financial reporting actuarial valuation as of June 30, 2022, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Investment rate of return	7.1%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.0 – 7.5%, including wage inflation
Inflation rate	2.5%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	2.13%
Discount Rate	7.1%
Single Equivalent Interest Rate	7.1%, net of OPEB plan investment expense, including price inflation

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2021, valuation were based on the results of the most recent actuarial experience study for the system, which covered the five-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 published weekly by the Board of Governors of the Federal Reserve System.

The long-term expected rate of return on OPEB 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 OPEB 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:

	Target Allocation	Expected Geometric Real Rate of Return
U.S. Equity	40.0%	4.4%
International Equity	23.0%	5.6%
Fixed Income	18.0%	(0.1)%
Real Estate	6.0%	4.0%
Private Equity	5.0%	6.9%
Additional Categories	6.0%	2.1%
Cash	2.0%	(0.3)%
Total	100.0%	

Discount rate: The discount rate used to measure the total OPEB liability 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. 75. The projection's basis was an actuarial valuation performed as of June 30, 2021. In addition to the actuarial methods and assumptions of the June 30, 2021, actuarial valuation, the following actuarial methods and assumptions were used in the projection of the life 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 contribute to the plan.
- Cash flows occur midyear.

Based on these assumptions, the Life Insurance Trust's fiduciary net position was not projected to be depleted. The FNP projections are based upon the Life Insurance Trust's financial status on the valuation date, the indicated set of methods and assumptions, and the requirements of GASB Statement No. 75. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing basis, reflecting the impact of future members. Therefore, the results of these tests do not necessarily indicate whether the Life Insurance Trust actually will run out of money, the financial condition of the trust, or the trust's ability to make benefit payments in future years.

The following table presents the Commonwealth's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.1%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.1%) or 1-percentage-point higher (8.1%) than the current rate:

	1% Decrease (6.1%)	Current discount rate (7.1%)	1% Increase (8.1%)
Commonwealth's proportionate share of the net OPEB liability	$ 105,000	$ 68,000	$ 38,000

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

County Employees Retirement System Insurance Fund

Plan description: The County Employees Retirement System ("CERS") Insurance Fund was established to provide post-employment healthcare benefits to eligible members and dependents. The CERS Insurance Fund is a cost-sharing, multiple employer defined benefit plan administered by the Kentucky Retirement Systems' (KRS) board of trustees.

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: CERS health insurance benefits are subject to various participation dates to determine eligibility and health insurance contribution rates. For employees who initiated participation in the CERS system prior to July 1, 2003, KRS pays a percentage of the monthly contribution rate for insurance coverage based on the retired member's years of service and type of service. Non-hazardous members receive a contribution subsidy for only the member's health insurance premium.

Percentage of contribution ranges from 0% for less than 4 years of service to 100% for 20 years or more of service. For members who initiated participation in the CERS system after July 1, 2003 until August 31, 2008, members must have 120 months of service in a state-administered retirement system to qualify for participation in the KRS health plans. Members who began participating with KRS on or after September 1, 2008, must have 180 months of service upon retirement to participate in the KRS health plans. Non-hazardous retirees receive $10 toward the monthly premium for each full year of service.

Contributions: CERS allocates a portion of the employer contributions to the health insurance benefit plans. For the year ending June 30, 2023, CERS allocated 3.39% of the 26.79% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1.00% of the contributions by employees hired after September 1, 2008 are allocated to the health insurance plan. During the year ending June 30, 2023, the District contributed $97,064 to the CERS Insurance Fund. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

Implicit Subsidy: 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. This implicit subsidy is included in the calculation of the total OPEB liability.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. District's proportion of the net OPEB liability was based on contributions to CERS during the fiscal year ended June 30, 2022. At June 30 2022, the District's proportion was 0.103086%.

For the year ended June 30, 2023, the District recognized OPEB expense of approximately $288,000, including an implicit subsidy of $73,349. At June 30, 2023, 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	$ 204,781	$ 466,539
Changes of assumptions	321,757	265,126
Net difference between projected and actual earnings on investments	82,572	-
Changes in proportion and differences between District contributions and proportionate share of contributions	61,598	93,901
District contributions subsequent to the measurement date	97,064	-
	$ 767,772	$ 825,566

Of the total amount reported as deferred outflows of resources related to OPEB, $97,064 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2024.

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 OPEB are amortized over the average service life of all members. These will be recognized in OPEB expense as follows:

Year	
2024	$ (24,658)
2025	(16,526)
2026	(131,558)
2027	17,884
	$ (154,858)

Actuarial Methods and Assumptions - The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	29 Years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.20% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Post-65	Initial trend starting at 9.00% in 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-Hazardous Systems, and the PUB- 2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non-disabled)	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
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

The single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2021, valuation process and was updated to better reflect the plan's anticipated long-term healthcare costs. There were no other material assumption changes.

Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003, by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA. The total OPEB liability as of June 30, 2022, is determined using these updated benefit provisions. There were no other material plan provision changes.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	**60.00%**	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	**20.00%**	
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	(0.91)%
Inflation Protected	**20.00%**	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%

Expected Real Return	**100.00%**	**4.28%**
Long Term Inflation Assumption		**2.30%**
Expected Nominal Return for Portfolio		**6.58%**

Discount rate - The discount rate used to measure the total OPEB liability was 5.70%. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.69%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022. However, the cost associated with the implicit employer subsidy was not included in the calculation of the KRS' actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KRS' trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.70%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.70%) or 1-percentage-point higher (6.70%) than the current rate:

	1% Decrease (4.70%)	Current discount rate (5.70%)	1% Increase (6.70%)
District's proportionate share of the net OPEB liability	$ 2,720,000	$ 2,034,416	$ 1,468,000

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates: The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability 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 the net OPEB liability	$ 1,513,000	$ 2,034,416	$ 2,661,000

OPEB plan fiduciary net position: Detailed information about the OPEB 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 OPEB plan: At June 30, 2023, there were no payables to the OPEB plan.

(10) COMMITMENTS AND CONTINGENCIES

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

The District is subject to certain legal proceedings arising from normal business activities. Administrative officials believe that these actions are without merit or that the ultimate liability, if any, resulting from them will not materially affect the accompanying financial statements.

The District has outstanding construction commitments of approximately $14,351,363 at June 30, 2023 for the High School HVAC replacement and LAVEC renovation projects.

(11) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky Employer's Mutual Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. Contributions to the Workers' Compensation Fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four (24) months after the expiration of the self-insurance term. The Liability Insurance Fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving ninety (90) days notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro rata basis.

The District purchases unemployment insurance through the Kentucky School Boards 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 insurance coverage in any of the past three fiscal years.

(12) COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. It is management's opinion that the District is in compliance with the COBRA requirements.

(13) TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Operating	General	Special Revenue	Technology Match	$ 37,697
Operating	Building (FSPK)	Debt Service	Debt Service	1,339,497
Operating	Building (FSPK)	Construction	Construction	241,430
Operating	Food Service	General	Indirect Costs	78,308
Operating	Building (FSPK)	General	Operating Expenses	385,165
Operating	Special Revenue	General	Indirect Costs	174,691
Operating	Capital Outlay	Construction	Construction	84,550
Operating	Special Revenue	Construction	Construction	303,516

(14) ON-BEHALF PAYMENTS

For the year ended June 30, 2023, total payments of $6,482,192 were made by the Commonwealth of Kentucky on behalf of the District for life and health insurance, KTRS matching and administrative fees, and SFCC debt service. These payments were recognized as on-behalf payments and are recorded in the appropriate revenue and expense account on the Statement of Activities and the Government Funds Statement of Revenue, Expenditures and Changes in Fund Balance. The On-Behalf payments are not budgeted in the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual.

On-behalf payments at June 30, 2023 consisted of the following:

Teacher Retirement	$	3,640,406
Health Insurance		2,252,032
Life Insurance		3,578
Admin Fee		28,568
HRA/Dental/Vision		136,588
Federal Reimbursement		(449,559)
Technology		99,759
Debt Service		770,820
Total on-behalf	$	6,482,192

(16) SUBSEQUENT EVENTS

On August 8, 2023, the District issued $2,660,000 of School Building Revenue Bonds maturing August 1, 2043. These bonds pay interest semiannually on February 1 and August 1 at rates ranging from 4% to 4.125%, yielding rates of 3.5% to 4.2%. These bonds were issued to finance vocational renovations to the high school.

REQUIRED SUPPLEMENTARY INFORMATION

BATH COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year (Measurement Date)								
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
COUNTY EMPLOYEES RETIREMENT SYSTEM:									
District's proportion of the net pension liability	0.103%	0.100%	0.106%	0.103%	0.101%	0.108%	0.114%	0.112%	0.106%
District's proportionate share of the net pension liability	$ 7,453,402	$ 6,393,063	$ 8,116,230	$ 7,277,935	$ 6,176,604	$ 6,338,898	$ 5,619,137	$ 4,804,458	$ 3,425,000
District's covered payroll	$ 2,851,568	$ 2,562,248	$ 2,801,077	$ 2,651,967	$ 2,530,829	$ 2,651,634	$ 2,739,498	$ 2,641,239	$ 2,421,900
District's proportionate share of the net pension liability as a percentage of its covered payroll	261.379%	249.510%	289.754%	274.435%	244.055%	239.056%	205.116%	181.902%	141.418%
Plan fiduciary net position as a percentage of the total pension liability	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:									
District's proportion of the net pension liability	0.231%	0.238%	0.235%	0.237%	0.256%	0.273%	0.272%	0.271%	0.269%
District's proportionate share of the net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net pension liability associated with the District	39,043,144	30,941,862	33,330,173	32,298,649	33,568,027	73,569,801	80,308,734	62,972,694	55,311,681
Total	$ 39,043,144	$ 30,941,862	$ 33,330,173	$ 32,298,649	$ 33,568,027	$ 73,569,801	$ 80,308,734	$ 62,972,694	$ 55,311,681
District's covered payroll	$ 9,806,428	$ 9,023,468	$ 8,669,307	$ 8,529,039	$ 8,890,073	$ 9,239,972	$ 9,015,981	$ 8,831,710	$ 8,435,447
District's proportionate share of the net pension liability as a percentage of its covered 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	56.400%	65.600%	58.300%	58.800%	59.300%	39.830%	35.220%	42.490%	45.590%

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

BATH COUNTY SCHOOL DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
COUNTY EMPLOYEES RETIREMENT SYSTEM:										
Contractually required contribution	$ 669,997	$ 603,677	$ 494,513	$ 540,541	$ 430,149	$ 366,464	$ 369,903	$ 340,237	$ 336,776	$ 332,783
Contributions in relation to the contractually required contribution	669,997	603,677	494,513	540,541	430,149	366,464	369,903	340,237	336,776	332,783
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	$2,863,235	$2,851,568	$2,562,248	$2,801,077	$2,651,967	$2,530,829	$2,651,634	$2,739,498	$2,641,239	$2,421,900
District's contributions as a percentage of its covered payroll	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%	13.74%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:										
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	$9,727,385	$9,806,428	$9,023,468	$8,669,307	$8,529,039	$8,890,073	$9,239,972	$9,015,981	$8,831,710	$8,435,447
District's contributions as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

BATH COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year (Measurement Date)					
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
COUNTY EMPLOYEES RETIREMENT SYSTEM INSURANCE FUND:						
District's proportion of the net OPEB liability	0.103%	0.100%	0.106%	0.103%	0.101%	0.108%
District's proportionate share of the net OPEB liability	$ 2,034,416	$ 1,919,198	$ 2,554,869	$ 1,740,083	$ 1,800,585	$ 2,177,120
District's covered payroll	$ 2,851,574	$ 2,562,248	$ 2,801,077	$ 2,651,967	$ 2,530,829	$ 2,651,634
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	71.344%	74.903%	91.210%	65.615%	71.146%	82.105%
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%	62.91%	51.70%	60.40%	57.62%	52.40%
KENTUCKY TEACHER'S RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN:						
District's proportion of the net OPEB liability	0.22214%	0.23133%	0.22881%	0.22998%	0.24813%	0.26263%
District's proportionate share of the net OPEB liability	$ 4,151,000	$ 2,739,000	$ 3,206,000	$ 3,724,000	$ 4,624,000	$ 5,154,000
State's proportionate share of the net OPEB liability associated with the District	1,364,000	2,225,000	2,568,000	3,007,000	3,985,000	4,210,000
Total	$ 5,515,000	$ 4,964,000	$ 5,774,000	$ 6,731,000	$ 8,609,000	$ 9,364,000
District's covered payroll	$ 7,389,133	$ 7,689,233	$ 7,485,949	$ 7,377,733	$ 7,900,937	$ 8,255,348
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	56.177%	35.621%	42.827%	50.476%	58.525%	62.432%
Plan fiduciary net position as a percentage of the total OPEB liability	47.80%	51.70%	39.10%	32.58%	25.50%	21.18%

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

BATH COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year (Measurement Date)					
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
KENTUCKY TEACHER'S RETIREMENT SYSTEM - LIFE INSURANCE PLAN:						
District's proportion of the net OPEB liability	0.21811%	0.22616%	0.22371%	0.22484%	0.24247%	0.25671%
District's proportionate share of the net OPEB liability	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net OPEB liability associated with the District	68,000	30,000	78,000	70,000	68,000	56,000
Total	$ 68,000	$ 30,000	$ 78,000	$ 70,000	$ 68,000	$ 56,000
District's covered payroll	$ 7,389,133	$ 7,689,233	$ 7,485,949	$ 7,377,733	$ 7,900,937	$ 8,255,348
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total OPEB liability	74.000%	89.200%	71.600%	73.400%	75.000%	79.990%

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

BATH COUNTY SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017
COUNTY EMPLOYEES RETIREMENT SYSTEM INSURANCE FUND:							
Contractually required contribution	$ 97,064	$ 164,821	$ 121,963	$ 133,315	$ 139,494	$ 118,949	$ 125,414
Contributions in relation to the contractually required contribution	97,064	164,821	121,963	133,315	139,494	118,949	125,414
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered payroll	$ 2,863,245	$ 2,851,574	$ 2,562,248	$ 2,801,077	$ 2,651,967	$ 2,530,829	$ 2,651,634
District's contributions as a percentage of its covered payroll	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%	4.73%
KENTUCKY TEACHER'S RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN:							
Contractually required contribution	$ 226,161	$ 221,674	$ 230,677	$ 224,542	$ 221,333	$ 237,028	$ 247,660
Contributions in relation to the contractually required contribution	226,161	221,674	230,677	224,542	221,333	237,028	247,660
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered payroll	$ 7,538,700	$ 7,389,133	$ 7,689,233	$ 7,485,949	$ 7,377,733	$ 7,900,937	$ 8,255,348
District's contributions as a percentage of its covered payroll	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

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

BATH COUNTY SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017
KENTUCKY TEACHER'S RETIREMENT SYSTEM - LIFE INSURANCE PLAN:							
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered payroll	$ 7,538,700	$ 7,389,133	$ 7,689,233	$ 7,485,949	$ 7,377,733	$ 7,900,937	$ 8,255,348
District's contributions as a percentage of its covered 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.

(1) CHANGES OF ASSUMPTIONS

KTRS

In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2011. In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation, the Board adopted an interest smoothing methodology to calculate liabilities for purposes of determining the actuarially determined contributions.

In the 2016 valuation, rates of withdrawal, retirement, disability, mortality and rates of salary increase were adjusted to more closely reflect actual experience. In the 2016 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables projected to 2025 with projection scale BB, set forward two year for males and one year for females rather than the RP-2000 Mortality Tables projected to 2020 with projection scale AA, which was used prior to 2016.

The following change of assumptions were adopted by the Board of Trustees and reflected in the liability measurement as of June 30, 2018:

- Increased the Single Equivalent Interest Rate (SEIR) from 4.49% to 7.50%

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and salary increase were adjusted to more closely reflect actual experience. 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 7.5% to 7.1% and the price inflation assumption was lowered from 3% to 2.5%.

CERS

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015:

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2017:

- Decreased the price inflation assumption to 2.30%.
- Decreased the assumed rate of return to 6.25%.

- Decreased the payroll growth assumption to 2.00%.

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2019:

- The assumed salary increase was changed from 4.00% (average) to 3.30%-10.30% (varies by service).
- The mortality table used for pre-retirement is PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The mortality table used for post-retirement (non-disabled) is a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2022.
- The mortality table used for post-retirement (disabled) is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020:

- Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2019.

(2) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

<u>KTRS</u>

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, 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:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	25.4 years
Asset Valuation Method	5-year smoothed fair value
Inflation	3.0%
Salary Increase	3.5% to 7.3%, including inflation
Investment Rate of Return	7.5%, net of pension plan investment expense, including inflation

<u>CERS</u>

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

Valuation Date	June 30, 2020
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal

Amortization Method	Level percentage of payroll
Remaining Amortization Period	30 years closed period at June 30, 2019 (Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases)
Payroll growth	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB362 enacted in 2018
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.

(3) CHANGES OF BENEFITS

KTRS

A new benefit tier was added for members joining the system on and after January 1, 2022.

CERS

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The total pension liability as of June 30, 2022 is determined using these updated benefit provisions.

Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for qualified members who become "totally and permanently disabled" as a result of a duty-related disability. The minimum disability benefit increased from 25% of the member's monthly final rate of pay to 75% of the member's monthly average pay. The insurance premium for the member, the member's spouse, and the member's dependent children shall also be paid in full by the System. For non-hazardous members to be eligible for this benefit, they must be working in a position that could be certified as a hazardous position. There were no other material plan provision changes since the prior valuation.

(1) CHANGES OF ASSUMPTIONS

KTRS

Medical Insurance Plan & Life Insurance Plan: The following change of assumptions were adopted by the Board of Trustees and reflected in the liability measurement as of June 30, 2020:

- 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 Pub-2010 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 7.5% to 7.1%. The price inflation assumption was lowered from 3% to 2.5%.
- The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

For 2022, the health care trend rates were updated to reflect future anticipated experience.

CERS Insurance Fund

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2017:

- Decreased the price inflation assumption to 2.30%.
- Decreased the assumed rate of return to 6.25%.
- Decreased the payroll growth assumption to 2.00%.

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2019:

- The assumed salary increase was changed from 4.00% (average) to 3.30%-10.30% (varies by service).
- The mortality table used for pre-retirement is PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The mortality table used for post-retirement (non-disabled) is a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
- The mortality table used for post-retirement (disabled) is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

For the June 30, 2020 measurement date, the assumed increase in future health care costs, or trend assumption, is reviewed on an annual basis and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. The assumed impact of the Cadillac Tax (previously a 0.9% load on employer paid non-Medicare premiums for those who became participants prior to July 1, 2003) was removed to reflect its repeal since the prior valuation.

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2022:

- The single discount rates used to calculate the total OPEB liability increased from 5.34% to 5.70%.

(2) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

KTRS

Medical Insurance Plan - The medical insurance plan in not funded based on an actuarially determined contribution, but instead is funded based on statutorily determined amounts. For 2022, the KTRS Board of Trustees approved a single contribution amount of up to $696.84. KTRS will contribute this amount towards insurance costs, less the Shared Responsibility cost of $148.50.

Life Insurance Plan - 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
Amortization method	Level Percent of Payroll
Amortization period	25 years, Closed
Asset valuation method	Five-year smoothed fair value
Inflation	3%
Real wage growth	0.5%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5% - 7.2%
Discount rate	7.5%

CERS Insurance Fund

The following actuarial methods and assumptions, for actuarially determined contributions effective for fiscal year ending June 30, 2022:

Experience Study	July 1, 2008 - June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years, closed period at June 30, 2019 (Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases)
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 11.55%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre - 65	Initial trend starting at 6.40% at January 1, 2022 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2021 premiums were known at the time of the

	valuation and were incorporated into the liability measurement.
Post – 65	Initial trend starting at 6.30% on January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement. Additionally, Humana provided "Not to Exceed" 2022 Medicare premiums, which were incorporated and resulted in an assumed 2.90% increase in Medicare premiums at January 1, 2022.
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.
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.

(3) CHANGES OF BENEFITS

KTRS

Medical Insurance Plan

June 30, 2022:

- A new benefit tier was added for members joining the system on and after January 1, 2022.

Life Insurance Plan

June 30, 2022:

- A new benefit tier was added for members joining the system on and after January 1, 2022.

CERS

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2022, is determined using these updated benefit provisions.

Senate Bill 169 passed during the 2022 legislative session increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2022, is determined using these updated benefit provisions.

Senate Bill 209 passed during 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 a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023.

SUPPLEMENTARY INFORMATION

BATH COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	District Activity Fund	Student Activity Fund	SEEK Fund	FSPK Fund	Debt Service Funds	Total Non-Major Governmental Funds
ASSETS:						
Cash and cash equivalents	$ 136,168	$ 250,522	$ 359,012	$ 163,420	$ -	$ 909,122
Accounts receivable	-	-	-	-	-	-
Total assets	$ 136,168	$ 250,522	$ 359,012	$ 163,420	$ -	$ 909,122
LIABILITIES AND FUND BALANCE:						
Liabilities:						
Accounts payable	$ 784	$ -	$ -	$ -	$ -	$ 784
Total liabilities	784	-	-	-	-	784
Fund Balances:						
Restricted	-	250,522	359,012	163,420	-	772,954
Committed	135,384	-	-	-	-	135,384
Total fund balance	135,384	250,522	359,012	163,420	-	908,338
Total liabilities and fund balances	$ 136,168	$ 250,522	$ 359,012	$ 163,420	$ -	$ 909,122

BATH COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	District Activity Fund	Student Activity Fund	SEEK Fund	FSPK Fund	Debt Service Funds	Total Non-Major Governmental Funds
REVENUES:						
From local sources -						
Property taxes	$ -	$ -	$ -	$ 726,414	$ -	$ 726,414
Other local revenues	84,970	269,010	-	-	-	353,980
Intergovernmental - State	-	-	179,506	1,097,366	770,820	2,047,692
Total revenues	84,970	269,010	179,506	1,823,780	770,820	3,128,086
EXPENDITURES:						
Current -						
Instruction	49,910	228,551	-	-	-	278,461
Student support services	211	-	-	-	-	211
Instructional staff support services	9,540	-	-	-	-	9,540
Debt service	-	-	-	-	2,110,317	2,110,317
Total expenditures	59,661	228,551	-	-	2,110,317	2,398,529
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	25,309	40,459	179,506	1,823,780	(1,339,497)	729,557
OTHER FINANCING SOURCES (USES):						
Operating transfers in	-	-	-	-	1,339,497	1,339,497
Operating transfers out	-	-	(84,550)	(1,966,092)	-	(2,050,642)
Total other financing sources (uses)	-	-	(84,550)	(1,966,092)	1,339,497	(711,145)
NET CHANGE IN FUND BALANCES	25,309	40,459	94,956	(142,312)	-	18,412
FUND BALANCE JUNE 30, 2022	110,075	210,063	264,056	305,732	-	889,926
FUND BALANCE JUNE 30, 2023	$ 135,384	$ 250,522	$ 359,012	$ 163,420	$ -	$ 908,338

BATH COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Cash Balance June 30, 2022	Receipts	Disbursements	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Restricted Fund Balance June 30, 2022
Bath County High School	$ 108,212	$ 100,215	$ 93,006	$ 115,421	$ -	$ -	$ 115,421
Bath County Middle School	64,805	78,879	54,172	89,512	-	-	89,512
Owingsville Elementary	29,534	44,376	36,982	36,928	-	-	36,928
Crossroads Elementary	7,512	45,540	44,391	8,661	-	-	8,661
	$ 210,063	$ 269,010	$ 228,551	$ 250,522	$ -	$ -	$ 250,522

BATH COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITY FUNDS
BATH COUNTY HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023

	Cash Balance June 30, 2022	Receipts	Disburse-ments	Cash Balance June 30, 2023	Accounts Receivable (Accounts Payable)	Restricted Fund Balance June 30, 2023
General	$ 16,236	$ 13,999	$ 6,044	$ 24,191	$ -	$ 24,191
Change	-	2,000	2,000	-	-	-
Guidance	2,282	649	1,300	1,631	-	1,631
Student Government	438	183	-	621	-	621
Senior Trip	2,100	331	-	2,431	-	2,431
Faculty	839	715	1,125	429	-	429
Academic Team	839	-	205	634	-	634
Beta Club	1,576	6,671	6,491	1,756	-	1,756
FBLA	2,226	1,686	1,275	2,637	-	2,637
FCCLA	2,959	4,765	5,204	2,520	-	2,520
FFA	1,204	235	644	795	-	795
Y-Club	59	-	59	-	-	-
Skills USA	4	-	-	4	-	4
Sunrise Productions	-	14,376	5,401	8,975	-	8,975
Engrave It	554	-	554	-	-	-
AG-Science	860	-	99	761	-	761
Art	1,155	1,146	1,840	461	-	461
Music	4,229	1,509	5,665	73	-	73
Drama	488	225	455	258	-	258
Strategic Gaming	124	460	235	349	-	349
Library	216	78	-	294	-	294
Hort	2,880	20	2,720	180	-	180
Journalism	4,306	4,216	3,211	5,311	-	5,311
Health/Science	224	868	920	172	-	172
Language Arts	432	-	-	432	-	432
TRI-M	65	100	165	-	-	-
Culinary	470	54	-	524	-	524
Cats Corner	664	719	827	556	-	556
Athletics	22,460	23,215	20,575	25,100	-	25,100
Baseball	535	4,423	1,398	3,560	-	3,560
Boys Basketball	2,896	1,200	2,324	1,772	-	1,772
Cheerleaders	1,290	1,922	993	2,219	-	2,219
Cross Country	6,008	1,670	1,983	5,695	-	5,695
Football	595	2,490	2,700	385	-	385
Girls Basketball	911	1,938	2,113	736	-	736
Girls Softball	7,848	5,401	9,673	3,576	-	3,576
Girls Track	1,191	500	350	1,341	-	1,341
Bass Fishing Team	450	200	175	475	-	475
Boys Soccer	1,376	500	1,252	624	-	624
Girls Soccer	610	5,260	3,309	2,561	-	2,561
Boys Track	941	500	350	1,091	-	1,091
Girls Volleyball	2,238	500	1,660	1,078	-	1,078
Junior Class	6,099	9,017	13,776	1,340	-	1,340
Sophomore Class	3,725	4,212	3,320	4,617	-	4,617
Senior Class	-	5,235	5,235	-	-	-
Freshman Class	1,072	1,312	1,072	1,312	-	1,312
Youth Service Center	479	-	-	479	-	479
Backpack	59	-	-	59	-	59
DA - Horticulture	-	22,636	22,636	-	-	-
DA - Animal Science	-	1,406	-	1,406	-	1,406
DA - Sunrise Productions	-	721	721	-	-	-
DA - Art	-	3,847	3,847	-	-	-
	108,212	153,110	145,901	115,421	-	115,421
Less: Inter-fund Transfers	-	(52,895)	(52,895)	-	-	-
Totals	$ 108,212	$ 100,215	$ 93,006	$ 115,421	$ -	$ 115,421

BATH COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Grantor's Number	Program or Award Amount	Passed through to Subrecipients	Expenditures	
U.S. Department of Education						
Pass-through Kentucky Department of Education:						
Title I Grants to Local Educational Agencies	84.010	310002-21	$ 1,034,266	$ -	$ 422,249	
Title I Grants to Local Educational Agencies	84.010	310002-22	1,155,092	-	604,838	
				-	1,027,087	
Special Education Cluster (IDEA):						
Special Education Grants to States - IDEA, Part B	84.027	3810002-22	489,133	-	443,510	
Special Education Grants to States - IDEA, Part B - ARP	84.027	4910002-21	108,108	-	50,615	
Special Education Preschool Grants	84.173	3800002-21	31,103	-	10,722	
Special Education Preschool Grants	84.173	3800002-22	31,751	-	22,952	
Special Education Preschool Grants - ARP	84.173	4900002-21	14,996	-	8,340	
				-	536,139	
Title VI - Rural & Low Income	84.358	3140002-21	43,366	-	15,824	
Title VI - Rural & Low Income	84.358	3140002-22	36,432	-	25,262	
				-	41,086	
Improving Teacher Quality State Grants	84.367	3230002-21	124,199	-	57,516	
Improving Teacher Quality State Grants	84.367	3230002-22	139,363	-	116,542	
				-	174,058	
Student Support and Academic Enrichment Grant	84.424	3420002-21	82,785	-	14,979	
Student Support and Academic Enrichment Grant	84.424	3420002-22	79,446	-	68,569	
				-	83,548	
Vocational Education Basic Grants to States	84.048	3710002-22	43,426	-	43,426	
				-	43,426	
CRRSA - Geer II Funds	84.425C	564GF	100,000	-	49,973	*
ESSER III Funds Kentucky Virtual Library - ARPA	84.425U	4300005-21	6,938	-	6,938	*
ESSER Funds - CARES Act	84.425D	4000002-20	776,509	-	104,509	*
ESSER Funds - ARPA	84.425W	4980002-21	48,004	-	14,577	*
ESSER II Fund - CRRSA	84.425D	4200002-21	3,767,328	-	1,741,820	*
ESSER III Funds - ARPA	84.425U	563J	10,606	-	10,606	*
ESSER III Funds - ARPA	84.425U	4300002-21	8,121,777	-	882,474	*
				-	2,810,897	
Gear UP IV	84.334S	614J	17,555	-	1,618	
				-	1,618	
Pass-through Kentucky Educational Development Corporation:						
Migrant Education - State Grant Program	84.011	311I	142,335	-	53,292	
Migrant Education - State Grant Program	84.011	311J	78,505	-	10,188	
				-	63,480	
Total U.S. Department of Education				-	4,781,339	
Appalachian Regional Commission						
Pass-through Kentucky Department of Education:						
Appalachian Higher Education Network	23.011	6888	5,000	-	1,746	
Total Appalachian Regional Commission				-	1,746	
U.S. Department of Health and Human Services						
Pass-through State Department of Education:						
Improving Student Health and Academic Achievement with Nutrition	93.981	2200001-21	8,400	-	8,400	
Total U.S. Department of Health and Human Services				-	8,400	

The accompanying notes are an integral part of this schedule.

BATH COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Passed through to Subrecipients	Expenditures	
U.S. Department of Agriculture						
Pass-through Kentucky Department of Education:						
Cash Assistance:						
State Administrative Expense	10.560	7700001-22	-	-	2,192	
State Pandemic EFT	10.649	9990000-22	-	-	3,135	
Child and Adult Care Food Program	10.558	7800016-22	-	-	398	
Child and Adult Care Food Program	10.558	7800016-23	-	-	5,434	
Child and Adult Care Food Program	10.558	7790021-22	-	-	5,203	
Child and Adult Care Food Program	10.558	7790021-23	-	-	52,425	
				-	68,787	
Child Nutrition Cluster:						
National School Lunch Program	10.555	7750002-22	-	-	256,125	*
National School Lunch Program	10.555	7750002-23	-	-	907,893	*
National School Lunch Program	10.555	9980000-22	-	-	50,040	*
National School Lunch Program	10.555	9980000-23	-	-	24,599	*
Summer Food Service Program for Children	10.559	7690024-22	-	-	4,230	*
Summer Food Service Program for Children	10.559	7740023-22	-	-	45,392	*
School Breakfast Program	10.553	7760005-22	-	-	148,164	*
School Breakfast Program	10.553	7760005-23	-	-	527,918	*
Fresh Fruit and Vegetable Program	10.582	7720012-22	-	-	21,878	*
Fresh Fruit and Vegetable Program	10.582	7720012-23	-	-	42,282	*
Subtotal				-	2,028,521	
Non-Cash Assistance (Food Distribution):						
National School Lunch Program	10.555	4000810	-	-	109,477	*
Total Child Nutrition Cluster				-	2,137,998	
Total U.S. Department of Agriculture				-	2,206,785	
Total expenditures of Federal awards				$ -	$ 6,998,270	

* Denotes major program.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Bath County School District under the programs of the federal government for the year ended June 30, 2023. 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 Bath County School District, it is not intended to and does not present the financial position, changes in net assets 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the organization had total inventory of $8,999.

NOTE D - INDIRECT COST RATES

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

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

Kentucky State Committee for
School District Audits
Members of the Board of Education
Bath County School District
Owingsville, Kentucky

We have audited, in accordance with the 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 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 Bath County School District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 18, 2023.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect, and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 the 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 October 18, 2023.

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.

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
October 18, 2023

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

Kentucky State Committee for
School District Audits
Members of the Board of Education
Bath County School District
Owingsville, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bath County School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. 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, 2023.

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 (GAAS); 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). 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 GAAS, *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 GAAS, *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 and 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.

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
October 18, 2023

BATH COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

(A) SUMMARY OF AUDIT RESULTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		Unmodified		
Internal Control over financial reporting:				
Material weakness(es) identified?	______	yes	x	no
Significant deficiency(ies) identified?	______	yes	x	none reported
Noncompliance material to the financial statements noted?	______	yes	x	no
Federal Awards				
Internal control over major federal programs:				
Material weakness(es) identified?	______	yes	x	no
Significant deficiency(ies) identified?	______	yes	x	none reported
Type of auditor's report issued on compliance for major federal programs:		Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______	yes	x	no

Identification of major federal programs:

Education Stabilization Fund (84.425C, 84.425D, 84.425U and 84.425W)

Child Nutrition Cluster (10.553, 10.555, 10.559 and 10.582)

Dollar threshold to distinguish between Type A and Type B Programs:	$ 750,000			
The District qualified as a low risk auditee?	x	yes	______	no

(B) FINANCIAL STATEMENT FINDINGS

None noted in the current year.

(C) FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted in the current year.

BATH COUNTY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2023

There were no findings in the prior year.

Kelley Galloway
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Kentucky State Committee for School District Audits
Members of the Board of Education
Bath County School District
Owingsville, Kentucky

In planning and performing our audit of the financial statements of Bath County School District (the "District") as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit, we became aware of matters that are an opportunity for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated October 18, 2023, on the financial statements of the District.

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

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
October 18, 2023

BATH COUNTY SCHOOL DISTRICT

MANAGEMENT LETTER POINTS

FOR THE YEAR ENDED JUNE 30, 2023

2023-001 Booster Clubs

Statement of Condition: We noted that booster club Annual Financial Reports were not being submitted on a timely basis at the high school and both elementary schools.

Criteria for Condition: Annual Financial Reports of each of the booster clubs should be prepared and submitted to the school by July 25th.

Cause of Condition: Unknown

Effect of the Condition: Annual Financial Reports of the booster clubs were not available on a timely basis.

Recommendation of the Condition: We recommend that more care be taken to ensure that the Annual Financial Reports are prepared on a timely basis.

Management Response: Board Policy, 04.312, addresses all the requirements for Annual Financial Reports for submission to the schools. The District shall reinforce the guidelines within the policy. Booster groups will be communicated with and reminded regularly by Athletic Directors/ Principals/Bookkeepers, in order to receive the proper reports on a timely basis. Multiple reminders will be sent out before these reports are due. Annual *Redbook* training is also provided and mandatory for each booster group. Any group which does not comply for a few years in a row will be evaluated and the board would have the discretion to abolish the group at that time.

2023-002 Donations

Statement of Condition: We noted two instances in which donations were not adequately documented for donations over $250. In both instances, required donation acknowledgement forms (F-SA-18) were not completed. One instance was at the high school and the other instance was at Owingsville Elementary School.

Criteria for Condition: Donations over $250 are required to be documented on Form F-SA-18 by the *Redbook.*

Cause of Condition: Oversight.

Effect of the Condition: Noncompliance with *Redbook* requirements.

Recommendation of the Condition: We recommend that more care be taken to ensure that all donation acknowledgement forms are properly completed.

Management Response: Board Policy, 04.312, addresses all the requirements for accepting donations. The District shall reinforce the guidelines within the policy, so that better oversight is taken by Bookkeeper, Principal, and District staff to complete all required forms in accordance with board policy. State level bookkeeper trainings will be attended to reinforce the procedures.

2023-003 Deposit Timeliness

Statement of Condition: We noted one instance of a deposit in excess of $100 at the middle school that was not deposited the following business day.

Criteria for Condition: Deposits in excess of $100 are required to be deposited the next business day after receipt by the *Redbook.*

Cause of Condition: Oversight.

Effect of the Condition: Funds not deposited timely are at greater risk of being lost or stolen.

Recommendation of the Condition: We recommend that more care be taken to ensure that all funds in excess of $100 are deposited the following business day.

Management Response: Redbook outlines the requirements of deposit timeliness. The district shall reinforce these guidelines with each Bookkeeper and Principal to ensure any funds of excess of $100 are deposited daily. State level bookkeeper trainings will be attended to reinforce the procedures.

2023-004 Purchase Documentation

Statement of Condition: We noted one instance of a purchase that was not supported by a vendor invoice at Owingsville Elementary School.

Criteria for Condition: All purchases are required to be supported by an original vendor invoice by the *Redbook.*

Cause of Condition: Oversight.

Effect of the Condition: Noncompliance with *Redbook* requirements.

Recommendation of the Condition: We recommend that more care be taken to ensure that all purchases are supported by an original vendor invoice.

Management Response: Redbook outlines the requirements of purchase documentation. The district shall reinforce these guidelines with each Bookkeeper and Principal to ensure that all purchases are supported by an original vendor invoice. State level bookkeeper trainings will be attended to reinforce the procedures.

Status of Prior Year Management Points
The prior year condition 2022-001 was repeated as 2023-001 above. The Superintendent is the person responsible for initiation of the optional corrective action plan for the above conditions which will be implemented immediately. The corrective action plan is the management response for each condition.