METCALFE COUNTY
SCHOOL DISTRICT
AUDIT REPORT
JUNE 30, 2023

TABLE OF CONTENTS

Independent Auditor's Report 1-3

Management Discussion and Analysis 4-10

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position 11

Statement of Activities 12

Fund Financial Statements:

Balance Sheet – Governmental Funds 13

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position 14

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 15

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 16

Statement of Net Position – Proprietary Funds 17

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds 18

Statement of Cash Flows – Proprietary Funds 19

Statement of Fiduciary Net Position – Fiduciary Funds 20

Statement of Changes in Fiduciary Net Position – Fiduciary Funds 21

Notes to Basic Financial Statements 22-55

Required Supplementary Information:

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund 56

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund 57

Schedule of District's Proportionate Share of Net Pension Liability – Teachers' Retirement System 58

Schedule of District's Proportionate Share of Net Pension Liability – County Employees Retirement System 59

Schedule of Contributions to the Teachers Retirement System 60

TABLE OF CONTENTS (CONTINUED)

Schedule of Contributions to the
County Employees Retirement System 61

Schedule of District's Proportionate Share of the Net OPEB
Liability – Medical Insurance - CERS 62

Schedule of District's Proportionate Share of the Net OPEB
Liability – Medical Insurance - TRS 63

Schedule of District's Proportionate Share of the Net OPEB
Liability – Life Insurance - TRS 64

Schedule of Contributions to the
Medical Insurance Plan - CERS 65

Schedule of Contributions to the
Medical Insurance Plan - TRS 66

Schedule of Contributions to the
Life Insurance Plan - TRS 67

Notes to Required Supplementary Information 68-74

Other Supplementary Information:

Combining Statement – Non-Major Funds:

Combining Balance Sheet – Non-Major Governmental Funds 75

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances – Non-Major Governmental Funds 76

Combining Statement of Revenues, Expenditures and Fund Balances –
Agency Funds 77

Statement of Receipts, Disbursements and Fund Balance – High School
Activity Fund 78

Schedule of Expenditures of Federal Awards 79

Notes to Schedule of Expenditures of Federal Awards 80

Schedule of Findings and Questioned Costs 81-83

Schedule of Prior Year Audit Findings 84

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* 84-86

Independent Auditor's Report on Compliance for Each Major Program and on
Internal Control over Compliance Required the Uniform Guidance 87-90

Management Letter Comments 91-92

Letter to Those Charged with Governance 93-95

MONTGOMERY & COMPANY, P.L.L.C
Certified Public Accountants
710 Highway 208
Lebanon, KY 40033
270-995-2474

Joseph A. Montgomery, CPA Email joe.montgomery@jamcpas.com

November 15, 2023

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Metcalfe County School District
Edmonton, Kentucky

Report on the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Metcalfe County School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Metcalfe County School District's basic financial statements as listed in the table of contents.

In my 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 Metcalfe County School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, *Appendix I to the Independent Auditor's Contract – Audit Extension Request, Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract, Audit Acceptance Statement, AFR and Balance Sheet, Statement of Certification, and Audit Report.* My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Metcalfe County School District and to meet my ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Change in Accounting Principle

As described in Note A to the financial statements, in 2023, the District adopted new guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. My opinion is not modified with respect to this matter.

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 Metcalfe County School 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 Financial Statement

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 Metcalfe County School 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Metcalfe County School District's ability to continue as a going concern for a reasonable period of time.

I am 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 matters that I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of the district's proportionate share of net pension liabilities, and the schedules of the district's proportionate share of net other post-employment benefits on pages 4 through 10, 54 through 57, and 60 through 62 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated November 15, 2023, on my consideration of Metcalfe County School District's internal control over financial reporting and on my 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 my 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 Metcalfe County School 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 Metcalfe County School District's internal control over financial reporting and compliance.

Sincerely,

Montgomery & Company, L.L.C.

Certified Public Accountants

METCALFE COUNTY PUBLIC SCHOOL DISTRICT – EDMONTON, KY
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
YEAR-ENDED JUNE 30, 2023

As management of the Metcalfe County School District ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 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 total ending cash and cash equivalents balance for the District for the year-ended June 30, 2023 (FY23) was $4.5 million. Included, is a General Fund cash balance of $3.6 million.

- Metcalfe County has no industrial tax base. The District's property tax base is derived primarily from residential property, and property tax revenue is significantly impacted by growth and assessment levels. Property growth and assessment values grew by 11.6%. For FY23, the District levied property tax rates of 51.8 cents per $100 for real estate and 52.1 cents per $100 for tangible property. The motor vehicle tax rate (56.6 cents per $100 of assessed value) and the utility tax rate (3%) remained unchanged from the prior year.

- The District ended FY23 with an unassigned fund balance in the General Fund of $4.5 million, which is $1.3 million more than the previous year.

- Bonds are issued as the District constructs and/or renovates facilities consistent with the long-range facilities plan that is established with community input and following the Kentucky Department of Education's compliance regulations. The District did not issue any bonds in FY23. Regularly scheduled bond principal payments reduced related liabilities by $1.1 million in FY23.

- The District reported a net pension liability of $6.7 million as of June 30, 2023, which was related to the County Employees Retirement System.

- At the end of FY23, the District reported a net obligation for post-employment benefits (OPEB) of $4.9 million related to the Teacher's Retirement System and to the County Employees Retirement System.

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 of three components: 1) district-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.

District-wide financial statements

The district-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 and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

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. The proprietary funds are utilized for the District's school nutrition service and child care operations. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare, and teacher support. All other activities of the District are included in the governmental funds.

Notes to the financial statements

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

DISTRICT-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 $10.7 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) less any related debt incurred 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

A comparison of June 30, 2023 and June 30, 2022 government-wide net position follows:

	Governmental Activities		Business - Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and Other Assets *(2022 restated)*	$ 11,552,927	$ 9,415,347	$ 684,050	$ 635,434	$ 12,236,977	$ 10,050,781
Capital Assets *(2022 restated)*	35,639,002	34,159,608	375,913	418,440	36,014,915	34,578,048
Deferred Outflows	4,300,294	2,872,557	331,372	284,015	4,631,666	3,156,572
Total Assets and Deferred Outflows *(2022 restated)*	51,492,223	46,447,512	1,391,335	1,337,889	52,883,558	47,785,401
Current Liabilities *(2022 restated)*	1,928,446	1,631,372	977	1,352	1,929,423	1,632,724
Non-Current Liabilities	35,473,615	34,854,168	1,208,663	1,130,490	36,682,278	35,984,658
Deferred Inflows	3,240,317	3,495,724	274,529	290,649	3,514,846	3,786,373
Total Liabilities and Deferred Inflows *(2022 restated)*	40,642,378	39,981,264	1,484,169	1,422,491	42,126,547	41,403,755
Net Position						
Investment in Capital Assets (net of related debt) *(2022 restated)*	9,908,410	7,531,147	375,913	418,440	10,284,323	7,949,587
Restricted	6,188,824	5,332,210	(468,747)	634,082	5,720,077	5,846,912
Unrestricted *(2022 restated)*	(5,247,389)	(6,397,109)	0	(1,137,124)	(5,247,389)	(7,414,853)
Total Net Position *(2022 restated)*	$ 10,849,845	$ 6,466,248	$ (92,834)	$ (84,602)	$10,757,011	$ 6,381,646

Current and other assets increased by approximately $2.2 million. This was due in large part to a cash increase of 1.15 million and accounts receivable increase of $435,000. Net capital assets increased $1.4 million. This primarily resulted from the near completion of a district-wide roofing project during the fiscal year.

Current liabilities increased by approximately $297,000. This was primarily due to an increase in accounts payable ($289,000). Non-current liabilities increased by approximately $698,000. This was mainly due to an increase of $1.7 million in net pension and OPEB liabilities, offset by a decrease of $1.1 million in non-current bond obligations.

Changes in net position for the fiscal years ended June 30, 2023 and June 30, 2022 follow:

	Governmental Activities		Business - Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program Revenues						
Charges for services	$ 131,747	$ 13,500	$ 68,462	$ 53,359	$ 200,209	$ 66,859
Operating grants and contributions	5,379,441	4,293,601	1,699,443	1,513,332	7,078,884	5,806,933
Capital grants	2,604,944	846,589			2,604,944	846,589
General Revenues						
Property taxes	2,637,388				2,637,388	
Motor vehicle taxes	500,072				500,072	
Utility taxes	686,948				686,948	
Other taxes	5,446	3,862,313			5,446	3,862,313
Investment earnings	205,560	127,147	8,322	1,103	213,882	128,250
State and formula grants	12,549,540	10,930,349		84,881	12,549,540	11,015,230
Miscellaneous	1,151,791	751,938			1,151,791	751,938
Gain(Loss) on Sale of Assets	667	5,378	50	14	717	5,392
Loss Compensation	13,840				13,840	
Funds Transfer (Expense)	82,037	78,177	(82,037)	(78,177)		
Total revenues	25,949,421	20,908,992	1,694,240	1,574,512	27,643,661	22,483,504
EXPENSES						
Program Activities						
Instructional	11,963,773	10,503,047			11,963,773	10,503,047
Student support	672,687	609,297			672,687	609,297
Instructional staff support	398,075	373,615			398,075	373,615
District administrative support	771,361	684,956			771,361	684,956
School administrative support	1,291,714	1,199,283			1,291,714	1,199,283
Business support	695,628	925,338			695,628	925,338
Plant operations and maintenance	2,885,956	2,905,098			2,885,956	2,905,098
Student transportation	1,633,098	1,489,093			1,633,098	1,489,093
Community service activities	237,130	206,915			237,130	206,915
Facility Acquisition		178,520				178,520
Other	2,845	115			2,845	115
Interest costs	1,013,557	999,467			1,013,557	999,467
Business-type Activities						
Food Service			1,702,472	1,547,199	1,702,472	1,547,199
Total expenses	21,565,824	20,074,744	1,702,472	1,547,199	23,268,296	21,621,943
Increase (decrease) in net position	$ 4,383,597	$834,248	$(8,232)	$27,313	$ 4,375,365	$ 861,561

The on-behalf amounts are included in the above figures. On-behalf payments are those the state makes on behalf of employees to various agencies for health and life insurance, pension benefits, administrative fees, technology and debt service. The total on-behalf payments for 2023 and 2022 were $5,066,688 and $4,165,947, respectively.

Total revenue increased approximately $5.2 million and total expenses increased approximately $1.7 million.

Governmental Activities

Governmental program expenses are summarized below. Of the total expenses for the year ended June 30, 2023, instructional expenses comprised 55.5%, student and staff support services made up 5.0%, administrative support services were 12.8%, plant operations totaled 13.4%, student transportation comprised 7.5%, and interest and other expenses make up the remaining 5.8%.

The cost of program services and the charges for services and grants offsetting those services are shown on the Statement of Activities. The Statement of Activities identifies the net cost of services supported by tax revenue and unrestricted intergovernmental revenues (State entitlements).

	Governmental Activities Expense Total		Governmental Activities Expense Net	
	Cost of Services	% of Cost	Cost of Services	% of Cost
	2023		2022	
Instructional	$ 11,963,773	55.5 %	$ 10,503,047	52.3 %
Student and staff support	1,070,762	5.0 %	982,912	4.9 %
Administrative support	2,758,703	12.8 %	2,809,577	14.0 %
Plant operations	2,885,956	13.4 %	2,905,098	14.5 %
Student transportation	1,633,098	7.5 %	1,489,093	7.4 %
Facility Acquisition			178,520	0.9 %
Other	239,975	1.1 %	207,030	1.0 %
Interest Costs	1,013,557	4.7 %	999,467	5.0%
Total Expenses	$ 21,565,824	100.0%	$ 20,074,744	100.0%

Business-Type Activities

The business-type activities of the District consist of Food Service. Food Service total revenues were $1,694,420 and total expenses were $1,702,472 for fiscal year 2023. This business-type activity receives no support from tax revenues and, as a result, the District will continue to monitor activities and make necessary adjustments to the operations of these activities.

The School District's Funds

The School District's funds use the modified accrual basis of accounting to account for each fund's revenues and expenses. The combined revenues and other financing sources for all governmental funds for 2023 were $29,565,152 and expenditures and other financing uses were $27,694,116.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2023 fiscal year, the District had invested $35,978,551, net of depreciation, in a broad range of capital assets, including equipment, buses and other vehicles, buildings, and land. This amount represents a net increase of $1,438,267. Depreciation expense for the year was $1,301,621. Capital additions were $2,742,013, and capital retirements net of depreciation were $2,125.

	Governmental Activities (Net of Depreciation)		Business - Type Activities (Net of Depreciation)		Total Primary Government (Net of Depreciation)	
	2023	2022	2023	2022	2023	2022
Land	$ 174,705	$ 174,705	$ -	$ -	$ 174,705	$ 174,705
Construction in Progress *(2022 restated)*	2,030,274	211,465	-	-	2,030,274	211,465
Buildings and Improvements	32,255,075	32,989,269	89,801	94,137	32,344,876	33,083,406
Technology	565,487	546,688	675	1,068	566,162	547,756
Vehicles	151,656	70,712	-	-	151,656	70,712
General Equipment	425,441	129,005	285,437	323,235	710,878	452,240
Total	$ 35,602,638	$ 34,121,844	$ 375,913	$ 418,440	$ 35,978,551	$ 34,540,284

	Governmental Activities		Business - Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Beginning Balance	$ 34,121,844	$ 35,054,113	$ 418,440	$ 380,124	$ 34,540,284	$ 35,434,237
Additions *(2022 restated)*	2,742,013	313,709	-	78,290	2,742,013	391,999
Retirements	(2,125)	-	-	-	(2,125)	-
Depreciation	1,259,094	1,245,978	42,527	39,974	1,301,621	1,285,952
Ending Balance *(2022 restated)*	$ 35,602,638	$ 34,121,844	$ 375,913	$ 418,440	$ 35,978,551	$ 34,540,284

Long-Term Debt

The District made scheduled bond principal payments in the amount of $955,000. The School Facilities Construction Commission made bond principal payments on behalf of the District in the amount of $260,167. The District made scheduled capital lease payments of $21,948.

ADDITIONAL FINANCIAL HIGHLIGHTS

General Fund-Budget Highlights

The School District's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. The State Department of Education requires a zero-based budget with any budgeted remaining fund balance shown as a contingency expense in the budget process. It is the District's practice to not include state on-behalf payments in the budget.

The General Fund had budgeted revenues of $11,666,250 with actual revenues being $15,451,436 which was an increase of $3.8 million over the budgeted amount. This difference is primarily due to the District not recording On-Behalf payments as part of General Fund Revenues when budgeting.

The General Fund's budgeted expenditures were $14,282,991 with actual results of $14,186,059.

Future Budgetary Implications

The District convened its Local Planning Committee to review facilities in the District and prioritize future construction and renovation needs. The District is growing and those facility needs have outpaced available resources, so this will be a critical process for planning purposes. Kentucky public school districts are required by law to have a minimum 2% contingency. The FY24 adopted budget for the District has a contingency of 2.2%. A growing school district has facility and other needs that inevitably challenge its financial resources.

As the District enters into FY24, budget concerns continue to be focused on how the COVID-19 health crisis will impact K-12 funding and ensuring future funds are sufficient to address ongoing needs since federal funding for these issues will soon expire.

Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers and other interested readers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives and disburses. If you have questions about this report or need additional financial information, contact Mrs. Cheyenne Garmon, the District's Chief Financial Analyst, at (270) 432-3171.

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

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash & Cash Equivalents - Note C	3,869,690	644,737	4,514,427
Investments, Restricted - Note D	5,936,174		5,936,174
Accounts Receivable:			
Taxes - Current	141,096		141,096
Taxes - Delinquent	14,034		14,034
Accounts	30,330	15,107	45,437
Intergovernmental - State	6,331		6,331
Intergovernmental - Federal	1,555,272		1,555,272
Inventories for Consumption		24,206	24,206
Total Current Assets	11,552,927	684,050	12,236,977
Noncurrent Assets - Notes G & S			
Right to Use Asset - Net of Amortization	36,364		36,364
Land	174,705		174,705
Construction in Progress	2,030,274		2,030,274
Buildings & Improvements	46,781,721		46,781,721
Furniture & Equipment	5,887,644	772,531	6,660,175
Less: Accumulated Depreciation	(19,271,706)	(396,618)	(19,668,324)
Total Noncurrent Assets	35,639,002	375,913	36,014,915
TOTAL ASSETS	47,191,929	1,059,963	48,251,892
Deferred Outflows Related to Pensions	1,433,933	195,102	1,629,035
Deferred Outflows Related to Other Post Employment Benefits	2,787,103	136,270	2,923,373
Deferred Outflows Related to Advanced Bond Refundings	79,258		79,258
TOTAL DEFERRED OUTFLOWS	4,300,294	331,372	4,631,666
TOTAL ASSETS AND DEFERRED OUTFLOWS	51,492,223	1,391,335	52,883,558
LIABILITIES:			
Current Liabilities:			
Accounts Payable	370,158	977	371,135
Accrued Salaries & Sick Leave - Note A	206,024		206,024
Advances from Grantors	155,475		155,475
Bond Obligations - Note D	980,000		980,000
Lease Obligation	22,956		22,956
Capital Lease Obligation - Note F	26,880		26,880
Accrued Interest Payable	166,953		166,953
Total Current Liabilities	1,928,446	977	1,929,423
Noncurrent Liabilities:			
Bond Obligations - Note D	24,622,851		24,622,851
Lease Obligation	1,960		1,960
Capital Lease Obligation - Note F	75,945		75,945
Net Pension Liability	5,739,359	949,503	6,688,862
Net Other Post Employment Benefits Liability	4,622,577	259,160	4,881,737
Accrued Sick Leave - Note A	410,923		410,923
Total Noncurrent Liabilities	35,473,615	1,208,663	36,682,278
TOTAL LIABILITIES	37,402,061	1,209,640	38,611,701
Deferred Inflows Related to Pensions	815,447	134,262	949,709
Deferred Inflows Related to Other Post Employment Benefits	2,424,870	140,267	2,565,137
TOTAL DEFERRED INFLOWS	3,240,317	274,529	3,514,846
TOTAL LIABILITIES AND DEFERRED INFLOWS	40,642,378	1,484,169	42,126,547
NET POSITION:			
Net Investment in Capital Assets	9,908,410	375,913	10,284,323
Restricted for:			
SFCC Escrow	59,954		59,954
Student Activities	192,696		192,696
Debt Service	5,936,174		5,936,174
Food Service		(468,747)	(468,747)
Unrestricted	(5,247,389)		(5,247,389)
TOTAL NET POSITION	10,849,845	(92,834)	10,757,011
TOTAL LIABILITIES AND NET POSITION	51,492,223	1,391,335	52,883,558

See independent auditor's report and accompanying notes to financial statements.

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

FUNCTION/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
Instructional	11,961,648		4,153,209		(7,808,439)		(7,808,439)
Support Services:							
Student Support Services	672,687		78,314		(594,373)		(594,373)
Staff Support Services	398,075		1,696		(396,379)		(396,379)
District Administration	771,361		74,949		(696,412)		(696,412)
School Administration	1,291,714				(1,291,714)		(1,291,714)
Business Support Services	695,628				(695,628)		(695,628)
Plant Operation & Maintenance	2,885,956		447,770		(2,438,186)		(2,438,186)
Student Transportation	1,633,098	117,122	414,315		(1,101,661)		(1,101,661)
Other Non-Instructional	2,845				(2,845)		(2,845)
Community Service Operations	237,130	14,625	209,188		(13,317)		(13,317)
Facility Acquisition				2,030,274	2,030,274		2,030,274
Interest on Long-Term Debt	1,013,557			574,670	(438,887)		(438,887)
TOTAL GOVERNMENTAL ACTIVITIES	21,563,699	131,747	5,379,441	2,604,944	(13,447,567)		(13,447,567)
BUSINESS-TYPE ACTIVITIES:							
Food Service	1,702,472	68,462	1,699,443			65,433	65,433
TOTAL BUSINESS-TYPE ACTIVITIES	1,702,472	68,462	1,699,443	0	0	65,433	65,433
TOTAL SCHOOL DISTRICT	23,266,171	200,209	7,078,884	2,604,944	(13,447,567)	65,433	(13,382,134)
GENERAL REVENUES:							
Taxes:							
Property					2,637,388		2,637,388
Motor Vehicle					500,072		500,072
Utility					686,948		686,948
Other					5,446		5,446
State Aid - Formula Grants					12,549,540		12,549,540
Investment Earnings					205,560	8,322	213,882
Fund Transfer (Expense)					82,037	(82,037)	0
Miscellaneous					1,151,791		1,151,791
Loss Compensation					13,840		13,840
Gain(Loss) Sale of Assets					(1,458)	50	(1,408)
TOTAL GENERAL REVENUES & TRANSFERS					17,831,164	(73,665)	17,757,499
CHANGE IN NET POSITION					4,383,597	(8,232)	4,375,365
NET POSITION - BEGINNING - RESTATED NOTE T					6,466,248	(84,602)	6,381,646
NET POSITION - ENDING					10,849,845	(92,834)	10,757,011

See independent auditor's report and accompanying notes to financial statements.

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

	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE FUND	CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:						
Cash & Cash Equivalents	3,617,660				252,030	3,869,690
Investments, restricted			5,936,174			5,936,174
Accounts Receivable:						
Taxes - Current	141,096					141,096
Taxes - Delinquent	14,034					14,034
Accounts	28,807				1,523	30,330
Interfund Receviable	1,113,628			356,759		1,470,387
Intergovernmental - State		6,331				6,331
Intergovernmental - Federal		1,555,272				1,555,272
TOTAL ASSETS	4,915,225	1,561,603	5,936,174	356,759	253,553	13,023,314
LIABILITIES AND FUND BALANCE:						
Liabilities:						
Accounts Payable	76,755			292,500	903	370,158
Accrued Salaries & Sick Leave	206,024					206,024
Interfund Payable		1,406,128		64,259		1,470,387
Advances from Grantors		155,475				155,475
Total Liabilities	282,779	1,561,603	0	356,759	903	2,202,044
Fund Balance:						
Restricted for:						
SFCC Escrow					59,954	59,954
Debt Service			5,936,174			5,936,174
Student Activities					192,696	192,696
Committed For:						
Accrued Sick Leave	77,638					77,638
Assigned for:						
Purchase Obligations	70,873					70,873
Unassigned	4,483,935					4,483,935
Total Fund Balance	4,632,446	0	5,936,174	0	252,650	10,821,270
TOTAL LIABILITIES AND FUND BALANCES	4,915,225	1,561,603	5,936,174	356,759	253,553	13,023,314

See independent auditor's report and accompanying notes to financial statements.

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

Amounts reported for governmental activities in the statement of net position are different because:

TOTAL GOVERNMENTAL FUND BALANCE		10,821,270
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of Capital Assets	54,874,344	
Accumulated Depreciation	(19,271,706)	35,602,638
Right to Use Asset - Net of Amortization		36,364
Deferred Outflows Related to Bond Refundings are not current assets and therefore are not reported as assets in governmental funds.		79,258
Deferred Outflows Related to Pensions are not current assets and therefore are not reported as assets in governmental funds.		1,433,933
Deferred Outflows Related to Other Post Employment Benefits are not current assets and therefore are not reported as assets in governmental funds.		2,787,103
Long-term liabilities (including bonds payable) are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds Payable	(25,698,000)	
Unamortized Bond Discount	95,149	
Lease Obligation	(24,916)	
Capital Lease Obligation	(102,825)	
Accrued Interest on Bonds	(166,953)	
Net Pension Liability	(5,739,359)	
Net Other Post Employment Benefits Liability	(4,622,577)	
Accrued Sick Leave	(410,923)	(36,670,404)
Deferred Inflows Related to Other Post Employment Benefits are not current liabilities and therefore are not reported as liabilities in governmental funds.		(2,424,870)
Deferred Inflows Related to Pensions are not current liabilities and therefore are not reported as liabilities in governmental funds.		(815,447)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		10,849,845

See independent auditor's report and accompanying notes to financial statements.

METCALFE 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	DEBT SERVICE FUND	CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Taxes:						
Property	2,057,365				580,023	2,637,388
Motor Vehicle	500,072					500,072
Utility	686,948					686,948
Other	5,446					5,446
Earnings on Investments	74,053	832	130,671	4		205,560
Intergovernmental - State	11,198,496	883,970	482,253		945,983	13,510,702
Intergovernmental - Federal	106,091	6,419,654	497,478			7,023,223
Other Sources	619,158	27,760			636,620	1,283,538
TOTAL REVENUES	15,247,629	7,332,216	1,110,402	4	2,162,626	25,852,877
EXPENDITURES:						
Instructional	7,408,267	4,045,137			645,157	12,098,561
Support Services:						
Student Support Services	590,836	76,276				667,112
Staff Support Services	388,435	1,652				390,087
District Administration	693,680	72,999				766,679
School Administration	1,281,941					1,281,941
Business Support Services	691,855					691,855
Plant Operation & Maintenance	1,751,359	436,118				2,187,477
Student Transportation	1,300,052	403,534				1,703,586
Other Non-Instructional					2,845	2,845
Community Service Operations	31,298	203,745				235,043
Facilities Acquisition & Construction	50,926			2,030,274		2,081,200
Debt Service:						
Principal			981,200			981,200
Interest			990,799			990,799
TOTAL EXPENDITURES	14,188,649	5,239,461	1,971,999	2,030,274	648,002	24,078,385
EXCESS(DEFICIT) REVENUES OVER EXPENDITURES	1,058,980	2,092,755	(861,597)	(2,030,270)	1,514,624	1,774,492
OTHER FINANCING SOURCES(USES):						
Loss Compensation	13,840					13,840
Proceeds from Sale of Assets	667					667
Operating Transfers In - Note N	189,967	28,707	1,465,561	2,013,533		3,697,768
Operating Transfers Out - Note N	(28,708)	(2,121,462)			(1,465,561)	(3,615,731)
TOTAL OTHER FINANCING SOURCES	175,766	(2,092,755)	1,465,561	2,013,533	(1,465,561)	96,544
NET CHANGE IN FUND BALANCES	1,234,746	0	603,964	(16,737)	49,063	1,871,036
FUND BALANCES - BEGINNING - RESTATED NOTE T	3,397,700	0	5,332,210	16,737	203,587	8,950,234
FUND BALANCES - ENDING	4,632,446	0	5,936,174	0	252,650	10,821,270

See independent auditor's report and accompanying notes to financial statements.

METCALFE 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

Amounts reported for governmental activities in the statement of net position are different because:

NET CHANGES - GOVERNMENTAL FUNDS		1,871,036
Governmental funds report capital outlays as expenditures because they use current financial resources. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital exceeds depreciation expense for the year.		
Depreciation Expense	(1,259,094)	
Capital Outlays	2,742,013	
		1,482,919
Bond proceeds and capital leases are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.		
Principal Paid	981,200	
Lease Obligation Paid	21,948	
		1,003,148
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.		
Amortization -Deferred Outflows from Advanced Bond Refundings	(11,250)	
Amortization - Bond Discounts	(7,382)	
District Pension Contributions	536,023	
Cost of Benefits Earned Net of Employee Contributions	(479,981)	
Accrued Interest Payable	(2,466)	
Amorization Right of Use Assets	(33,566)	
District Other Post Employment Benefits Contributions	291,222	
Cost of Benefits Earned Net of Employee Contributions - OPEB	(260,179)	
Accrued Sick Leave	(3,803)	
		28,618
In the statement of activities the net gain on the sale/disposal of assets is reported in whereas in the governmental funds the proceeds from the sale increases financial resources. Thus the change in net position differs from change in fund balances by the cost of the asset sold.		
Loss - Disposition of Assets - Cost of Assets Sold Net of Depreciation		(2,125)
CHANGES - NET POSITION GOVERNMENTAL FUNDS		4,383,596

See independent auditor's report and accompanying notes to financial statements.

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

	ENTERPRISE FUND
	FOOD SERVICE
ASSETS:	
Current Assets:	
Cash & Cash Equivalents	644,737
Accounts Receivables	15,107
Inventories for Consumption	24,206
Total Current Assets	684,050
Noncurrent Assets:	
Furniture & Equipment	772,531
Less: Accumulated Depreciation	(396,618)
Total Noncurrent Assets	375,913
TOTAL ASSETS	1,059,963
Deferred Outflows Related to Pensions	195,102
Deferred Outflows Related to Other Post Employment Benefits	136,270
TOTAL ASSETS AND DEFERRED OUTFLOWS	1,391,335
LIABILITIES:	
Current Liabilities:	
Account Payable	977
Total Current Liabilities	977
Noncurrent Liabilities:	
Net Pension Liability	949,503
Net Other Post Employment Benefits Liability	259,160
Total Noncurrent Liabilities	1,208,663
TOTAL LIABILITIES	1,209,640
Deferred Inflows Related to Pensions	134,262
Deferred Inflows Related to Other Post Employment Benefits	140,267
TOTAL LIABILITIES AND DEFERRED INFLOWS	1,484,169
Net Position:	
Net Investment in Capital Assets	375,913
Restricted	(468,747)
Total Net Position	(92,834)
TOTAL LIABILITIES AND NET POSITION	1,391,335

See independent auditor's report and accompanying notes to financial statements.

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

	ENTERPRISE FUND
	FOOD SERVICE
OPERATING REVENUES:	
Lunchroom Sales	68,462
Other Operating Revenues	0
TOTAL OPERATING REVENUES	68,462
OPERATING EXPENSES:	
Salaries & Benefits	717,575
Contract Services	30,732
Materials & Supplies	905,095
Depreciation - Note F	42,527
Other Operating Expenses	6,543
TOTAL OPERATING EXPENSES	1,702,472
OPERATING INCOME(LOSS)	(1,634,010)
NONOPERATING REVENUES(EXPENSES):	
Federal Grants	1,453,703
State Grants	157,411
Donated Commodities	88,329
Sale of Equipment	50
Interest Income	8,322
Transfer Out to General Fund	(82,037)
TOTAL NONOPERATING REVENUE	1,625,778
INCOME(LOSS) BEFORE CAPITAL CONTRIBUTIONS	(8,232)
CAPITAL CONTRIBUTIONS	-
CHANGE IN NET POSITION	(8,232)
NET POSITION - BEGINNING	(84,602)
TOTAL NET POSITION - ENDING	(92,834)

See independent auditor's report and accompanying notes to financial statements.

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

	FOOD SERVICE
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from:	
Lunchroom Sales	68,462
Other Operating Revenue	
Cash Paid to/for:	
Employees	(553,715)
Supplies	(825,561)
Other Activities	(37,275)
Net Cash Used by Operating Activities	(1,348,089)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:	
Transfer Out to General Fund	(82,037)
Federal Grants	1,589,306
State Grants	8,245
Net Cash Provided by Non-Capital and Related Financing Activities	1,515,514
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	0
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds From Sale of Fixed Assets	50
Receipt of Interest Income	8,322
Net Cash Used by Investing Activities	8,372
Net Increase (Decrease) in Cash and Cash Equivalents	175,797
Balances, Beginning of Year	468,940
Balances, End of Year	644,737
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Income (Loss)	(1,634,010)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities	
Depreciation	42,527
State On-Behalf Payments	149,165
Donated Commodities	88,329
Change in Assets, Deferred Outflows, Liabilities and Deferred Inflows:	
Deferred Outflows	(47,356)
Deferred Inflows	(16,120)
Net Pension Liability	80,029
Net Other Post Employment Benefits	(1,856)
Inventory	(8,422)
Accounts Payable	(375)
Net Cash Used by Operating Activities	(1,348,089)
Schedule of Non-Cash Transactions:	
Donated Commodities	88,329
State On-Behalf Payments	149,165

See independent auditor's report and accompanying notes to financial statements.

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

	PRIVATE PURPOSE TRUST FUNDS
ASSETS:	
Cash and Cash Equivalents	1,032
TOTAL ASSETS	1,032
LIABILITIES:	
Accounts Payable	-
TOTAL LIABILITIES	-
NET POSITION HELD IN TRUST	1,032

See independent auditor's report and accompanying notes to financial statements.

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

	PRIVATE PURPOSE TRUST FUNDS
ADDITIONS:	
Scholarship Funds Contributions	1,678
DEDUCTIONS:	
Benefits Paid	1,000
Changes in Net Position	678
NET POSITION HELD IN TRUST - BEGINNING OF YEAR	354
NET POSITION HELD IN TRUST - END OF YEAR	1,032

See independent auditor's report and accompanying notes to financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

The financial statements of the 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 organizations are included in the accompanying financial statements:

Metcalfe County Board of Education Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Metcalfe 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) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors.

Basis of Presentation

Government-Wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

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

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

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

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

The District has the following funds:

I. Governmental Fund Types

A. The General Fund is the main operating fund of the Board. 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 (Grant) Funds account for proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the 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 and related notes. This is a major fund of the District.

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 Fund).

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.

D. 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 cost; and for the payment of interest on generally obligation notes payable, as required by Kentucky law. This is a major fund of the District.

II. Proprietary Fund Types (Enterprise Fund)

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.

The District applies all GASB pronouncements to proprietary funds as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

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

The Private Purpose Trust funds are used to report trust arrangements under which principal and income benefit individuals, private organization, or other governments.

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 us the accrual basis of accounting.

Revenues – Exchange and Nonexchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of the fiscal year-end.

Proprietary Fund operating revenues are defined as revenues received from the direct purchases of products and services (i.e. food service). Non-operating revenues are not related to direct purchases of products; for the District, these revenues are typically investment income and state and federal grant revenues.

Nonexchange 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.

Deferred Revenue – Deferred 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.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred 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 costs, such as depreciation, are not recognized in governmental funds.

Property Taxes

Property Tax Revenues – Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited 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 $0.518 per $100 valuation for real property, $0.521 per $100 valuation for business personal property, and $0.566 per $100 valuation for motor vehicles.

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

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 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	Governmental Activities 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
Rolling stock	15 years
Other	10 years

Interfund Balances

On fund financial statements, receivables and payable 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 amount "accumulated sick leave payable" in the general fund. The noncurrent portion of the liability is reported as a reserve of fund balance.

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 differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

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

Cash and Cash Equivalents

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

Inventories

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

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

The food service fund uses the specific identification method.

Investments

The private purpose trust funds record investments at their quoted market prices. All realized gains and losses and changes in fair value are recorded in the Statement of Changes in Fiduciary Net Position.

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, the noncurrent portion of capital leases, 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, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Fund Balance

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

> Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
>
> Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Formal School Board action must be taken during an open meeting to establish, modify, or rescind a fund balance commitment.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Superintendent.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The District committed the following fund balance type by taking the following action:

Fund Balance Type	Amount	Action
General Fund	$77,638	Long-Term Sick Leave Commitment

The District uses *restricted/committed* amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as grant agreements requiring dollar for dollar spending. Additionally, the District would first use *committed,* then *assigned,* and lastly *unassigned* amounts for unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy.

Major Special Revenue Fund	Revenue Source
Special Revenue	State, Local and Federal Grants

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 School 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 School District, those revenues are primarily charges for meals provided by the various schools.

Contributions of Capital

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

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.

Pensions

Teachers' Retirement System - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Retirement System of the State of Kentucky (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. 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.

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

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

Postemployment Benefits Other Than Pensions

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

County Employees Retirement System - For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System of the State of Kentucky (CERS) and

additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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

Changes in Accounting Principle

Effective July 1, 2022, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB 96 enhances the relevance and consistency of information of the government's subscription-based technology arrangement activities. It establishes the capitalization criteria for implementation costs and requires a government to report a subscription asset and subscription liability and to disclose essential information about the arrangement. Adoption of the provisions of this statement did not have a material impact on the District's financial statements.

NOTE B – 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 general-purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE C – CASH AND CASH EQUIVALENTS

Custodial Credit Risk - Deposits. Custodial Credit is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities.

At year-end, the carrying amount of the District's total cash and cash equivalents was $4,515,459. Of the total cash balance, $250,000 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 maturity of 90 days or less.

Cash and cash equivalents at June 30, 2023, consisted of the following:

	Bank Balance	Book Balance
Edmonton State Bank	4,949,091	4,515,459
Breakdown per financial statements:		
Governmental Funds		3,869,690
Proprietary Funds		644,737
Fiduciary Funds		1,032
Total Cash		4,515,459

NOTE D – INVESTMENTS

Kentucky Revised Statutes authorizes the District to invest in the following: obligations of the United States Government and of its agencies and instrumentalities, repurchase agreements and specially approved AAA rated corporate bonds; bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and municipalities; certificates of deposit or other interest bearing accounts issued by any bank or savings and loan institution up to FDIC insured amount, and in larger amounts provided that the bank pledges as security obligations having a current market value at least equal to any uninsured deposits.

The District entered into a repurchase agreement with Natixis Funding Corp. as a result of the issuance of Series 2011 Qualified School Construction Bonds with Bank of New York Mellon Trust Company, N.A. as acting Escrow Agent. Beginning December 3, 2012 and each subsequent December through 2030, the District is obligated to deposit into an Escrow account with the Bank of New York Mellon $309,008 and the School Facilities Construction Commission is obligated to deposit $164,285 into the Escrow account with the Bank of New York Mellon for a combined yearly deposit of $473,293. Acting as Escrow agent, the Bank of New York Mellon will purchase qualified investments as permitted under KRS 66.480 for the District until December 2, 2030 from Natixis Funding Corp. with a margin of 103%. On December 2, 2030, the final repurchase date, the Bank of New York Mellon Trust Company, N.A. will issue a demand for repurchase to Natixis Funding Corp. at which time the investment will be repurchased by Natixis Funding Corp. and funds will be deposited into the Escrow account for a one-time debt service payment of the Series 2011 Qualified School Construction Bonds.

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District held the following investments at year end:

	Carrying Amount	Fair Value
Repurchase agreements	$ 5,332,210	$ 5,332,210
Total Investments	$ 5,332,210	$ 5,332,210

All fair values listed above are valued using quoted market prices (Level 2 inputs). The repurchase agreements categorized as Level 2 are valued using a pricing technique that values securities based on their relationship to benchmark quoted prices.

NOTE E – LONG TERM OBLIGATIONS

The amount shown in the accompanying financial statements as bond obligations represents the District's future obligations to make payments relating to the bonds issued by the Metcalfe County School District Finance Corporation in the original amount aggregating $35,908,000.

The original amount of each issue and interest rates are summarized below:

2011	11,153,000	4.65%
2015	9,100,000	2.0% - 3.625%
2015 Refunding	12,345,000	2.00% - 3.00%
2019	3,310,000	3.00%

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

In 1995 the Board entered into "participation agreements" with the Kentucky School Facility Construction Commission. The Commission was created by the Kentucky Legislature for the purpose of assisting local school districts in meeting school construction needs. The table sets forth the amount to be paid by the Board and the Commission for each year until maturity of all bonds issued. The Kentucky School Construction Commission's participation is limited to the biennial budget period of the Commonwealth of Kentucky with the right reserved by the Kentucky School Construction Commission to terminate the commitment to pay the agreed participation every two years. The obligation of the Kentucky School Construction Commission to make the agreed payments automatically renews each two years for a period of two years unless the Kentucky School Construction Commission gives notice if its intention not to participate not less than sixty days prior to the end of its biennium.

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 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:

Year	Principal	Interest	Participation	District's Portion
2023-24	980,000	958,483	301,630	1,636,853
2024-25	995,000	928,858	287,360	1,636,498
2025-26	1,025,000	898,633	287,360	1,636,273
2026-27	1,055,000	867,434	287,362	1,635,072
2027-28	1,090,000	835,258	287,360	1,637,898
2028-29	1,120,000	802,108	287,361	1,634,747
2029-30	1,160,000	767,846	289,720	1,638,126
2030-31	12,298,000	473,539	4,113,595	8,657,944
2031-32	905,000	185,978	87,989	1,002,989
2032-33	935,000	95,963	87,988	942,975
2033-34	965,000	94,635	87,988	971,647
2034-35	1,000,000	91,450	87,987	1,003,463
2035-36	1,025,000	57,144	78,869	1,003,275
2036-37	370,000	34,350	43,482	360,868
2037-38	380,000	23,250	43,481	359,769
2038-39	395,000	11,850	43,482	363,368
	25,698,000	7,126,779	6,703,014	26,121,765

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Beginning Balance - Restated	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental Activities:					
Revenue Bond Payable	15,500,000	0	955,000	14,545,000	980,000
Less: Bond Discount	(102,531)	0	(7,382)	(95,149)	(7,382)
Net Revenue Bond Payable	15,397,469	0	947,618	14,449,851	972,618
Qualified School Construction Bonds	11,153,000	0	0	11,153,000	0
Net Pension Liability	5,255,806	483,553	0	5,739,359	0
Capital Lease Obligations	126,025	0	23,200	102,825	26,880
Lease Obligation	46,864	0	21,948	24,916	22,956
Net OPEB Liability	3,466,794	1,155,783	0	4,622,577	0
Accrued Sick Leave	435,633	129,257	76,329	488,561	77,638
Total Governmental Activities:	35,881,591	1,768,593	1,069,095	36,581,089	1,100,092
Proprietary Activities:					
Net OPEB Liability	261,016	0	1,856	259,160	0
Net Pension Liability	869,474	80,029	0	949,503	0
Total Long-Term Liabilities:	37,012,081	1,848,622	1,070,951	37,789,752	1,100,092

NOTE F - CAPITAL LEASE PAYABLE

The District is the lessee of buses under a capital lease expiring in 2027. The asset and liability under the capital lease is recorded at the present value of the minimum lease payments or the fair value of the asset. The asset is amortized over it's estimated productive life. Amortization of the asset under a capital lease is included in depreciation expense for fiscal year 2023.

The following is a summary of property held under capital leases:

Classes of Property	Book Value as of June 30, 2023
Buse	259,352
Accumulated Amortization	(155,611)
Total	103,741

The following is a schedule by years of the future principal payments under capital leases as of June 30, 2023:

Year Ending June 30,	Capital Lease Payable
2024	29,502
2025	29,498
2026	25,120
2037	25,123
Net minimum lease payments	109,243
Amount representing interest	(6,418)
Present value of net minimum lease payments	102,825

Interest rates on the capitalized lease is 2.550%. The capital lease provide for the asset to revert to the District at the end of the respective lease with no further payment for purchase.

NOTE G - CAPITAL ASSETS

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

	BEGINNING BALANCE	ADDITIONS	RECLASSIFICATIONS	RETIREMENTS	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:					
Non-Depreciable Assets:					
Land	174,705				174,705
Construction in Progress - Restated	211,465	2,241,738	(422,929)		2,030,274
Depreciable Assets:					
Buildings & Building Improvements	46,534,468	141,019	106,234		46,781,721
Technology Equipment	2,914,090	134,082		335,171	2,713,001
Vehicles	2,147,378	200,736			2,348,114
General Equipment	493,316	24,438	316,695	7,920	826,529
TOTAL AT HISTORICAL COST	52,475,422	2,742,013	-	343,091	54,874,344
LESS ACCUMULATED DEPRECIATION FOR:					
Buildings & Building Improvements	13,545,199	981,447			14,526,646
Technology Equipment	2,367,402	113,352		333,240	2,147,514
Vehicles	2,076,666	119,792			2,196,458
General Equipment	364,311	44,503		7,726	401,088
TOTAL ACCUMULATED DEPRECIATION	18,353,578	1,259,094	-	340,966	19,271,706
GOVERNMENTAL ACTIVITIES CAPITAL NET	34,121,844	1,482,919	-	(2,125)	35,602,638
PROPRIETARY ACTIVITIES:					
Depreciable Assets:					
Buildings & Building Improvements	197,782				197,782
Technology Equipment	9,517				9,517
General Equipment	565,232				565,232
TOTALS AT HISTORICAL COST	772,531	-	-	-	772,531
LESS ACCUMULATED DEPRECIATION FOR:					
Buildings & Building Improvements	103,645	4,336			107,981
Technology Equipment	8,449	393			8,842
General Equipment	241,997	37,798			279,795
TOTAL ACCUMULATED DEPRECIATION	354,091	42,527	-	-	396,618
PROPRIETARY ACTIVITIES CAPITAL NET	418,440	(42,527)	-	-	375,913

DEPRECIATION EXPENSE CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:	
Instructional	105,272
Student Support Services	1,070
Staff Support Services	5,009
District Administration	4,299
School Administration	536
Plant Operation & Maintenance	1,017,900
Student Transportation	123,070
Communiy Service Operations	1,938
TOTAL	1,259,094

NOTE H – RETIREMENT PLANS

The District's employees are provided with two pension plans, based on each position's college degree

requirement. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification. The Kentucky Teachers Retirement System covers positions requiring teaching certification or otherwise requiring a college degree.

General information about the County Employees Retirement System Non-Hazardous ("CERS")

Plan description—Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute ("KRS") Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from http://kyret.ky.gov/.

Benefits provided—CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service. For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old
		At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old
		OR age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service or 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old
		OR age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not Available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are $5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and $10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits

Contributions—Required contributions by the employee are based on the tier:

	Required Contributions
Tier 1	5%
Tier 2	5% +1% for insurance
Tier 3	5% +1% for insurance

General information about the Teachers' Retirement System of the State of Kentucky ("TRS")

Plan description—Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers' Retirement System of the State of Kentucky (TRS)—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at http://www.TRS.ky.gov/05_publications/index.htm.

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

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

Employees that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years.

In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary. A life insurance benefit, payable upon the death of a member, is $2,000 for active contributing employees and $5,000 for retired or disabled employees.

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). University members contribute 10.40% of salary to the retirement system. Non-university members contribute 12.855% of salary to the retirement system. Member contributions are picked up by the employer.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

Medical Insurance Plan

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

To be eligible for medical benefits, the member must have retired either for service or disability. The TRS Medical Insurance Fund offers coverage to employees under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. Once retired employees and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

Funding policy—In order to fund the post-retirement healthcare benefit, six percent (6%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three percent (3%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and two and one quarter percent (2.25%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

At June 30, 2023, the District reported a liability of $6,688,862 for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth 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 CERS net pension liability	$ 6,688,862
Commonwealth's proportional share of the TRS net pension liability associated with the District	28,665,297
	$ 35,354,159

The net pension liability for each plan 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 that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the District's proportion was 0.092528% percent.

For the year ended June 30, 2023, the District recognized pension expense of $559,420 related to CERS and $2,615,455 related to TRS. The District also recognized revenue of $2,615,455 for TRS support provided by the Commonwealth. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 7,151	$ 59,567
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	910,154	738,676
Changes in proportion and differences between District contributions and proportionate share of contributions	86,994	151,466
District contributions subsequent to the measurement date	624,736	-
Total	$ 1,629,035	$ 949,709

$624,736 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	(11,707)
2025	(67,509)
2026	(56,209)
2027	190,015
2028	-

Actuarial assumptions—The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers' Retirement System (TRS)

The total pension 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
Long-term Investment Rate of Return, net of pension plan investment expense, including inflation	7.10%
Municipal Bond Index Rate	
Prior Measurement Date	2.19%
Measurement Date	2.13%
Salary increases, including inflation	3.00-7.50%, includes inflation
Post-retirement benefit increases	1.50% annually
Inflation rate	2.50%
Single Equivalent Interest Rate, net of pension plan investment expense, including inflation	
Prior Measurement Date	7.50%
Measurement Date	7.10%

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.0 percent to 2.5 percent. 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 TRS's investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rates of Return
Large Cap U.S. Equity	37.40%	4.20%
Small Cap U.S. Equity	2.60%	4.70%
Developed International Equity	16.50%	5.30%
Emerging Markets Equity	5.50%	5.40%
Fixed Income	15.00%	-0.1%
High Yield Bonds	2.00%	1.70%
Other Additional Categories	5.00%	2.20%
Real Estate	7.00%	4.0%
Private Equity	7.00%	6.9%
Cash	2.0%	-0.3%
Total	100.0%	

Discount rate - For TRS, The discount rate used to measure the TPL as of the Measurement Date was 7.10 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. We 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 rates for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

County Employees' Retirement System (CERS)

The total pension 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, 2020
Experience Study	July 1, 2013-June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years, closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Payroll Growth Rate	2.0%
Investment rate of return	6.25%
Projected salary increases	3.30 to 10.30%, varies by service
Inflation rate	2.30%

The mortality table used for active members was Pub-2010 General Mortality table, for the Nonhazardous

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the system. The most recent analysis, performed for the period covering fiscal years 2013 through 2018, is outlined in a report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". 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 return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the table below. The current long-term inflation assumption is 2.3% per annum.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	**68.50%**	
U.S. Equity	21.75%	5.70%
Non-U.S. Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Liquidity	**11.50%**	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies	**20.00%**	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	10.00%	4.55%
Total	100.0%	5.00%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		7.30%

Discount rate—For CERS, projection of cash flows used to determine the discount rate of 6.25% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as amended by House Bill 362 (passed in 2018) over the remaining 30 years (closed) amortization period of the unfunded actuarial accrued liability.

Sensitivity of CERS and TRS proportionate share of net pension liability to changes in the discount rate—The following table presents the net pension liability of the District, calculated using the discount rates selected by each pension system, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	8,360,247	6,688,862	5,306,487
TRS	6.50%	7.50%	8.50%
District's proportionate share of net pension liability	0	0	0

Pension plan fiduciary net position—Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports of both CERS and TRS.

NOTE I – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Teachers' Retirement System of Kentucky

Plan description – Teaching-certified employees of the Kentucky School 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 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.

At June 30, 2023, the Metcalfe County District reported a liability of $3,056,000 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, and 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 .1613 percent, compared to .088 percent at June 30, 2021.

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	$ 3,056,000
State's proportionate share of the net OPEB liability associated with the District	1,004,000
Total	$ 4,060,000

For the year ended June 30, 2023, the District recognized OPEB expense of $91,360 and revenue of $53,662 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	$ -	$ 1,285,000
Changes of assumptions	621,000	-
Net difference between projected and actual earnings on pension plan investments	162,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	916,000	292,000
District contributions subsequent to the measurement date	213,567	-
Total	1,912,567	1,577,000

Of the total amount reported as deferred outflows of resources related to OPEB, $213,567 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2024	$ (142,000)
2025	(111,000)
2026	(59,000)
2027	194,000
2028	166,000
Thereafter	74,000

Actuarial 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:

Long-term investment rate of return net of OPEB plan investment expense, including inflation.	
Health Trust	7.10%
Life Trust	7.10%
Salary increases, including wage Inflation	3.00 – 7.50%
Inflation	2.50%
Real wage growth	0.25%
Wage Inflation	2.75%
Health Trust Health Care Cost Trends	
Under 65	7.00% for FY 2021 decreasing to an ultimate rate of 4.50% by FY 2031
Ages 65 and Older	5.00% for FY 2022* decreasing to an ultimate rate of 4.50% by FY 2024
Medicare Part B Premiums	4.40% for FY 2021 with an ultimate rate of 4.50% by 2034
Municipal Bond Index Rate	2.13%
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Health Trust	7.10%
Life Trust	7.10%
Year FNP is projected to be depleted	
Health Trust	N/A
Life Trust	N/A

**Based on known expected increase in Medicare-eligible costs in the year following the valuation date, an increase rate of 20.00% was used for FYE 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 remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2022 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation. The health care cost trend assumption was updated for the June 30, 2022 valuation and was shown as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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

The 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	58.00%	5.10%
Fixed Income	9.00%	-0.10%
Real Estate	6.50%	4.00%
Private Equity	8.50%	6.90%
Additional Category: High Yield	8.00%	1.70%
Other Additional Categories	9.00%	2.20%
Cash (LIBOR)	1.00%	-0.30%
	100.00%	

Discount rate (SEIR)- The discount rate used to measure the TOL at June 30, 2022 was 7.10% for the Health Trust and 7.10% for the Life Trust. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2020.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.10%, 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 (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
TRS	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	3.834,000	3,056,000	2,412,000

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 net OPEB liability	2,291,000	3,056,000	4,008,000

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.

At June 30, 2023, the Kentucky School 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	-0-
State's proportionate share of the net OPEB liability associated with the District	50,000
Total	$ 50,000

Actuarial assumptions – The actuarial assumptions are listed above with the TRS OPEB assumptions information.

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

The 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	40.00%	4.40%
International Equity	23.00%	5.60%
Fixed Income	18.00%	-0.10%
Real Estate	6.00%	4.00%
Private Equity	5.00%	6.90%
Additional Categories	6.00%	2.10%
Cash (LIBOR)	2.00%	-0.30%
	100.00%	

Discount rate (SEIR) - The discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2021.

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 of Kentucky

Plan description – Classified (non-certified) employees of the Kentucky School District are provided OPEBs through the County Employees Retirement System of the State of Kentucky (CERS)—a cost-sharing multiple-employer defined benefit OPEB plan retirement annuity plan coverage for local school districts and other public agencies in the state. CERS was established July 1, 1958 by the state legislature. CERS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. CERS issues a publicly available financial report that can be obtained at https://kyret.ky.gov/About/Board-of-Trustees/Pages/CAFR-and-SAFR.aspx.

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 CERS Medical Insurance. The following information is about the CERS plans:

Medical Insurance Plan

Plan description –The Kentucky Retirement Systems' Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for eligible members receiving benefits from KERS, CERS, and SPRS, the state retirement options. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. It is noted that while this insurance fund covers employees eligible through KERS, CERS, and SPRS, only the portion related to CERS is applicable to Spencer County School District since the District does not have or qualify to have employees participate in KERS or SPRS.

Benefits provided – Medical Insurance coverage is provided based on the member's initial participation date and length of service. Members received either a percentage or dollar amount for insurance coverage. The amount of contribution paid by the Insurance Fund is based on years of service. For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	Paid By Insurance Fund (%)
20+	100%
15-19	75%
10-14	50%
4-9	25%
Less than 4	0%

Medical insurance benefits are calculated differently for members who began participating on or after July 1, 2003. Once members reach a vesting period of 10 years, non-hazardous employees whose participation began on or after July 1, 2003 earn $10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands. Only benefit descriptions applicable to CERS Non-Hazardous have been included with this information since only that portion is applicable to the District.

Contributions – In order to fund the post-retirement healthcare benefit, three and thirty-nine one hundreds percent (3.39%) of the gross annual payroll of members is contributed for the year ended June 30, 2023 for CERS Non-Hazardous, which is the portion of the plan applicable to the District, and this portion is paid 100% paid by employer contributions. One percent (1.00%) is contributed by employees hired on or after September 1, 2008.

At June 30, 2023, the Metcalfe County District reported a liability of $1,825,737 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, and 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 .092512 percent, compared to .096049 percent at June 30, 2021.

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	$ 1,825,737
State's proportionate share of the net OPEB liability associated with the District	-0-
Total	$ 1,825,737

For the year ended June 30, 2023, the District recognized OPEB expense of $259,303. 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	$ 183,776	$ 418,684
Changes of assumptions	288,753	237,931
Net difference between projected and actual earnings on pension plan investments	339,971	265,869
Changes in proportion and differences between District contributions and proportionate share of contrbutions	41,974	65,653
District contributions subsequent to the measurement date	156,332	-
Total	1,010,806	988,137

Of the total amount reported as deferred outflows of resources related to OPEB, $156,332 resulting from District contributions of $90,507 subsequent to the measurement date and before the end of the fiscal year and implicit subsidy of $65,825, will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2024	$ (3,961)
2025	(9,251)
2026	(116,020)
2027	(4,431)
2028	-
Thereafter	-

Actuarial 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
Investment rate of return	6.25%
Salary Increases	3.30% to 10.30%, varies by service
Inflation	2.30%
Payroll Growth Rate	2.00%
Healthcare cost trend rates	
Pre - 65	Initial trend starting at 6.20% at January 1, 2023, 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 2023, 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
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 long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the table below. The current long-term inflation assumption is 2.30% per annum.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	**68.50%**	
U.S. Equity	21.75%	5.70%
Non-U.S. Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Liquidity	**11.50%**	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies	**20.00%**	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	10.00%	4.55%
Total	100.0%	

Discount rate - The discount rate used to measure the total OPEB liability was 5.70%. The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028, for the CERS plans.

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	Current Discount Rate	1% Increase
CERS	4.70%	5.70%	6.70%
District's proportionate share of net OPEB liability	2,440,719	1,825,737	1,317,352

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
Systems' net pension liability	1,357,395	1,825,737	2,388,127

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

NOTE J – CONTINGENCIES

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

NOTE K – INSURANCE AND RELATED ACTIVITIES

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

NOTE L – RISK MANAGEMENT

The District is exposed to various risks of loss related to injuries to employees. To obtain insurance of workers' compensation, errors and omissions, and general liability coverage, the District obtains quotes from commercial insurance companies. Currently, the District maintains insurance coverage through Ohio Casualty Insurance Company.

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.

NOTE M – DEFICIT OPERATING BALANCES

The Food Service Fund had a deficit fund balance in the amount of $92,834. Additionally, the following funds have operations that resulted in a current year deficit of expenditures over revenues resulting in a corresponding reduction of fund balance:

Student Activity	10,891
Debt Service	861,597
Construction Fund	2,030,270

NOTE N – COBRA

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

NOTE O – TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Matching	General	Special Revenue	Technology Match	28,707
Operating	Special Revenue	General	Indirect Cost	107,930
Operating	Special Revenue	Construction	Construction	2,013,533
Operating	Building	Debt Service	Debt Service	1,328,866
Operating	Food Service	General	Indirect Costs	82,037
Operating	Capital Outlay	Debt Service	Debt Service	136,695
			Governmental Funds Transferred In	3,697,768
Operating	Food Service	General	Indirect Costs	(82,037)
			Proprietary Funds Transferred	(82,037)
			Total Transferred Funds	3,615,731

NOTE P – INTERFUND RECEIVABLES AND PAYABLES

Receivable Fund	Payable Fund	Amount
General	Special Revenue	$1,113,628
Construction	Special Revenue	356,759
General	Construction	64,259

The interfund payables/receivables represent temporary financing that will be repaid within one year.

NOTE Q – SUBSEQUENT EVENTS

Management has reviewed subsequent events through November 15, 2023 the date the financial statements were available for release. There are no material subsequent events to disclose.

NOTE R – ON-BEHALF PAYMENT

For the year ended June 30, 2023, $5,066,688 in on-behalf payments were made by the Commonwealth of Kentucky for the benefit of the District. Payments for life insurance, health insurance, Kentucky teacher retirement matching pension contributions, administrative fees, technology and debt service were paid by the State for the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts. These payments were as follows:

Teachers Retirement System (GASB 68 Schedule A)	$2,615,455
Teachers Retirement System (GASB 75)	57,473
Health Insurance	2,012,986
Life Insurance	2,713
Administrative Fee	21,660
HRA/Dental/Vision	71,050
Federal Reimbursement	(294,811)
Technology	97,909
SFCC Debt Service Payments	482,253
Total	$5,066,688

NOTE S – LEASES

The District is committed under a noncancellable operating lease for copiers. The total lease liability measured at present value is $46,864. The ending liability balance at June 30, 2023 is $24,916. The District has recognized an intangible right of use asset for the terms of the lease but the District will not acquire the equipment at the end of the lease. Annual requirements to amortize long-term obligations and related interest are as follows:

Year	Principal	Interest
2024	22,956	1,660
2025	1,960	7
Total	24,916	1,667

The following assets and amortization have been recognized.

Right of Use Asset – Copiers	$ 69.960
Accumulated Amortization	(33,566)
Net Ending Balance	36,364

NOTE T – NET POSITION AND FUND BALANCE, AS RESTATED

The beginning net position of the Governmental Activities was increased by $92,084 and the beginning fund balance of the General Fund was increased by $68,667. Below are the details of the restatements:

	Government Activities	General Fund
Net Position/Fund Balance June 30, 2022	$ 6,374,164	$ 3,329,033
Understatement of Motor Vehicle Tax Receivable	10,767	10,767
Understatement of Construction in Progress	211,465	-0-
Overstatement Accrued Salaries & Benefits	57,900	57,900
Understatement of Sick Leave Liability	(188,048)	-0-
Beginning Net Position/Fund Balance, As Restated	$ 6,466,248	$ 3,397,700

NOTE U – COMMITMENTS

Metcalfe County School District is the process of replacing the roofs on all district buildings it is anticipated the completion of this project will cost $1,047,726.

REQUIRED SUPPLEMENTARY INFORMATION

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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes	2,530,000	2,530,000	3,249,831	719,831
Other Local Sources	444,836	444,836	693,211	248,375
State Sources	8,447,477	8,447,477	11,198,496	2,751,019
Federal Sources	35,000	35,000	106,091	71,091
Other Sources	208,937	208,937	204,474	(4,463)
TOTAL REVENUES	11,666,250	11,666,250	15,452,103	3,785,853
EXPENDITURES:				
Instructional	6,845,203	6,845,203	7,408,267	(563,064)
Student Support Services	504,620	504,620	590,836	(86,216)
Staff Support Services	291,030	291,030	388,435	(97,405)
District Administration	987,948	987,948	693,680	294,268
School Administration	1,043,162	1,043,162	1,281,941	(238,779)
Business Support Services	593,191	593,191	691,855	(98,664)
Plant Operation & Maintenance	1,788,932	1,788,932	1,751,359	37,573
Student Transportation	1,327,374	1,327,374	1,300,052	27,322
Community Service			31,298	(31,298)
Facilities Acquisition & Construction	833,000	833,000	50,926	782,074
Principal	38,531	38,531	0	38,531
Interest			0	0
Other	30,000	30,000	28,708	1,292
TOTAL EXPENDITURES	14,282,991	14,282,991	14,217,357	65,634
NET CHANGE IN FUND BALANCE	(2,616,741)	(2,616,741)	1,234,746	3,851,487
FUND BALANCES - BEGINNING	2,616,741	2,616,741	3,397,700	780,959
FUND BALANCES - ENDING	0	0	4,632,446	4,632,446

See independent auditor's report and accompanying notes to financial statements.

METCALFE 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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Other Local Sources	8,039	8,039	28,592	20,553
State Sources	857,396	857,396	883,970	26,574
Federal Sources	3,242,095	3,242,095	6,419,654	3,177,559
Other Sources	212,504	212,504	28,707	(183,797)
TOTAL REVENUES	4,320,034	4,320,034	7,360,923	3,040,889
EXPENDITURES:				
Instructional	4,139,471	4,139,471	4,045,137	94,334
Student Support Services	514	514	76,276	(75,762)
Staff Support Services	1,652	1,652	1,652	0
District Administration			72,999	(72,999)
Business Support Services			0	0
Plant Operation & Maintenance			436,118	(436,118)
Student Transportation			403,534	(403,534)
Community Service Operations	189,000	189,000	203,745	(14,745)
Other			2,121,462	(2,121,462)
TOTAL EXPENDITURES	4,330,637	4,330,637	7,360,923	(3,030,286)
NET CHANGE IN FUND BALANCE	(10,603)	(10,603)	0	10,603
FUND BALANCES - BEGINNING	10,603	10,603	0	0
FUND BALANCES - ENDING	0	0	0	10,603

See accompanying auditor's report and accompanying notes to financial statements.

METCALFE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	$ -	-	-	-	-	-	-	-	-
State of Kentucky's share of the net pension liability associated with the district	48,087,992	52,709,328	58,863,335	55,964,370	25,810,006	23,033,956	23,500,728	21,310,164	28,665,297
TOTAL	$ 48,087,992	$ 52,709,328	$ 58,863,335	55,964,370	25,810,006	23,033,956	23,500,728	21,310,164	28,665,297
District's covered-employee payroll	$ 7,335,506	7,388,184	6,925,941	$ 7,144,226	$ 7,110,235	$ 6,386,755	$ 6,364,466	$ 6,298,051	$ 7,118,892
District's proportionate share of the net pension liability 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%
Plan fiduciary net position as a percentage of the total pension liability	45.59%	44.70%	57.04%	39.80%	59.30%	58.80%	58.27%	65.59%	56.41%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

METCALFE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of net pension liability	0.097293%	0.094760%	0.088350%	0.090640%	0.091220%	0.090970%	0.093060%	0.096070%	0.092528%
District's proportionate share of the net pension liability	$ 3,157,000	4,074,145	4,349,799	5,305,145	5,555,881	6,397,609	7,137,395	6,125,280	6,688,862
State of Kentucky's share of the net pension liability associated with the district	$ -	-	-	-	-	-	-	-	-
TOTAL	3,157,000	4,074,145	4,349,799	5,305,145	5,555,881	6,397,609	7,137,395	6,125,280	6,688,862
District's covered-employee payroll	$ 2,273,254	2,259,147	2,157,832	2,255,479	2,304,919	2,338,501	2,459,929	2,533,694	2,669,813
District's proportionate share of the net pension liability as a percentage of its covered-payroll	138.88%	180.34%	201.58%	235.21%	241.04%	273.58%	290.15%	241.75%	250.54%
Plan fiduciary net position as a percentage of the total pension liability	66.801%	63.46%	55.50%	53.30%	53.54%	50.45%	47.81%	57.33%	52.42%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

METCALFE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE
TEACHERS RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contributions (actuarially determined)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contributions	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 7,335,506	$ 7,388,184	$ 6,925,941	$ 7,144,226	$ 7,110,235	$ 6,386,755	$ 6,364,466	$ 6,298,051	$ 7,118,892
Contributions as a percentage of Covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

METCALFE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contributions (actuarially determined)	$ 288,041	$ 268,003	$ 314,639	$ 333,752	$ 379,305	$ 474,779	$ 489,003	$ 564,149	$ 624,736
Contributions in relation to the actuarially determined contributions	288,041	268,003	314,639	333,752	379,305	474,779	489,003	564,149	624,736
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 2,259,147	$ 2,157,832	$ 2,255,479	$ 2,304,919	$ 2,338,501	$ 2,459,929	$ 2,533,694	$ 2,664,849	$ 2,669,813
Contributions as a percentage of Covered employee payroll	12.75%	12.42%	13.95%	14.48%	16.22%	19.30%	19.30%	21.17%	23.40%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

METCALFE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY - MEDICAL INSURANCE
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2018	2019	2020	2021	2022	2023
District's proportion of net OPEB liability	0.090635%	0.091222%	0.090941%	0.093030%	0.096049%	0.092512%
District's proportionate share of the net OPEB liability	1,822,074	1,619,625	1,529,587	2,246,392	1,838,810	1,825,737
State of Kentucky's share of the net OPEB liability associated with the district	-	-	-	-	-	-
TOTAL	1,822,074	1,619,625	1,529,587	2,246,392	1,838,810	1,825,737
District's covered-employee payroll	2,255,479	2,304,919	2,335,501	2,459,929	2,533,694	2,669,813
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	80.78%	70.27%	65.41%	91.32%	72.50%	68.38%
Plan fiduciary net position as a percentage of the total OPEB liability	52.40%	57.62%	60.44%	51.67%	62.91%	47.76%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

METCALFE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
TEACHERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2018	2019	2020	2021	2022	2023
District's proportion of net OPEB liability	0.1100%	0.1100%	0.0903%	0.0894%	0.0880%	0.1613%
District's proportionate share of the net OPEB liability	3,921,000	3,551,000	2,643,000	2,256,000	1,889,000	3,056,000
State of Kentucky's share of the net OPEB liability associated with the district	3,203,000	3,060,000	2,134,000	1,807,000	154,000	1,004,000
TOTAL	7,124,000	6,611,000	4,777,000	4,063,000	2,043,000	4,060,000
District's covered-employee payroll	$ 7,144,226	$ 7,110,235	$ 6,386,755	$ 6,364,466	$ 6,298,051	$ 7,118,892
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	54.88%	49.94%	41.38%	35.45%	29.99%	57.03%
Plan fiduciary net position as a percentage of the total OPEB liability	21.18%	25.50%	32.60%	39.05%	51.74%	47.76%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

METCALFE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY - LIFE INSURANCE PLAN
TEACHERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2018	2019	2020	2021	2022	2023
District's proportion of net OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net OPEB liability	-	-	-	-	-	-
State of Kentucky's share of the net OPEB liability associated with the district	43,000	53,000	50,000	55,000	20,000	50,000
TOTAL	43,000	53,000	50,000	55,000	20,000	50,000
District's covered-employee payroll	$ 7,144,226	$ 7,110,235	$ 6,386,755	$ 6,364,466	$ 6,298,051	$ 7,118,892
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	79.99%	75.00%	73.40%	71.57%	89.15%	73.97%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

METCALFE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE MEDICAL INSUARANCE PLAN
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2018	2019	2020	2021	2022	2023
Contractually required contributions (actuarially determined)	$ 108,331	$ 123,005	$ 117,093	$ 120,604	$ 154,029	$ 90,507
Contributions in relation to the actuarially determined contributions	108,331	123,005	117,093	120,604	154,029	90,507
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 2,304,919	$ 2,338,501	$ 2,459,929	$ 2,553,694	$ 2,664,849	$ 2,669,813
Contributions as a percentage of Covered employee payroll	4.70%	5.26%	4.76%	4.76%	5.78%	3.39%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

METCALFE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE MEDICAL INSURANCE PLAN
TEACHERS RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2018	2019	2020	2021	2022	2023
Contractually required contributions (actuarially determined)	$ 182,315	$ 157,219	$ 157,891	$ 188,942	$ 163,194	$ 213,567
Contributions in relation to the actuarially determined contributions	182,315	157,219	157,891	188,942	163,194	213,567
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 7,110,235	$ 6,386,755	$ 6,386,755	$ 6,364,466	$ 6,298,051	$ 7,118,892
Contributions as a percentage of Covered employee payroll	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 are not displayed.

METCALFE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE LIFE INSURANCE PLAN
TEACHERS RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2018	2019	2020	2021	2022	2023
Contractually required contributions (actuarially determined)	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contributions	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 7,144,226	$ 7,110,235	$ 6,386,755	$ 6,364,466	$ 6,298,051	$ 7,118,892
Contributions as a percentage of Covered employee payroll	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 are not displayed.

METCALFE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABLITY
FOR THE YEAR ENDED JUNE 30, 2023

TEACHERS' RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

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

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

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

In 2017, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%. • In 2018, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%.

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

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

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 the schedule:

Actuarial Cost Method	Entry age, normal
Amortization Period	Level percentage of payroll, closed
Remaining amortization period	30-year closed period that began fiscal year 2011 to amortize the unfunded liability
Asset valuation method	5-year asset smoothing method
Inflation	2.50 percent
Salary Increase	3.00 to 7.50 percent
Ultimate Investment rate of return	7.10 per annum, compounded annually, including inflation

NOTE C – CHANGES OF BENEFITS

There were no changes in benefits for TRS pension.

METCALFE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABLITY
FOR THE YEAR ENDED JUNE 30, 2023

COUNTY EMPLOYEES RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

2015
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 inflation rate was reduced from 3.5% to 3.255%.

The assumed rate of wage inflation was reduced from 1.00% to .75%.

Payroll growth assumption was reduced from 4.5% to 4%.

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 20013 (set back 1 year for females). For disabled members, the RP-2000 Combined 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.

2016
There were no changes of assumptions for the year ended June 30, 2016.

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

The assumed rate of inflation was reduced to 2.30% from 3.25%

The assumed salary increases were reduced to 3.05%, average, from 4.00%, average including inflation

The assumed investment rate of return was reduced to 6.25% from 7.50%

2018
There were no changes in assumptions.

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

COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

The projected salary increase was changed to 3.3-11.5% from 3.05%

The asset valuation method was changed to 20% of the difference between the market value assets and the expected actuarial value of assets if recognized from 5-year smoothed market.

The payroll growth rate was changed to 2.0% from 4.0%.

The investment rate of return was change to 6.25% from 7.5%.

The inflation rate was changed to 2.3% from 3.25%.

2020
There were no changes of assumptions for the year ended June 30, 2020.

2021
There were no changes of assumptions for the year ended June 30, 2021.

2022
There were no changes of assumptions for the year ended June 30, 2022.

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The following actuarial methods and assumptions were used to determine the rates reported in that schedule:

Valuation Date	June 30, 2020
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 *Gains/losses incurring after 2019 will be amortized over separate 20-year amortization basis*
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 percent
Salary Increase	3.30-10.30 percent, varies by service
Investment Rate of Return	6.25 percent
Phase-In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018 for CERS

The retiree mortality 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.

NOTE C – CHANGES OF BENEFITS

There were no changes in benefits for CERS non-hazardous pensions.

METCALFE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABLITY
FOR THE YEAR ENDED JUNE 30, 2023

TEACHERS' RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

2017
There were no changes in assumptions.

2018
There were no changes in assumptions.

2019
There were no changes in assumptions.

2020
Health Care Cost Trend Rates were updated for the June 30, 2019 valuation.

2021
Health Trust and Life Trust
In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives.

The assumed long-term investment rate of return was changed from 8.00% for the Health Trust and 7.50% for the Life Trust to 7.10%. The price inflation assumption was lowered from 3.00% to 2.50%.

The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

2022
There were no changes in assumptions.

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The Health Trust is not funded based on an actuarially determined contribution, but instead is funded based on statutorily determined amounts.

NOTE C – CHANGES OF BENEFITS

There were no changes of benefits.

METCALFE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABLITY
FOR THE YEAR ENDED JUNE 30, 2023

COUNTY EMPLOYEES RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

2017

The assumed investment return was changed from 7.5% to 6.2%

The price inflation assumption was changed from 3.25% to 2.30% which resulted in a .95% decrease in the salary increase assumption at all years of service

The payroll growth assumption (*applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.0% to 2.0%

For the non-hazardous plan, the single discount rate changed from 6.89% to 5.84%. For the hazardous plan the single discount rate changed from 7.37% to 5.96%

2018

There were no changes in assumptions.

2019

The investment rate of return was changed to 6.25% from 7.0%.

The projected salary increases changed to 3.05-11.55% from 4.0%.

The inflation rate changed to 2.3% from 3.25%.

The payroll growth rate changed to 2.0% from 4.0%.

2020

There were no changes in assumptions.

2021

The single discount rates used to calculate the total OPEB liability changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2020 valuation process and was updated to better reflect the plan's long-term healthcare costs.

2022

The Initial trend rate for Pre-65 was changes to 6.20% and for Post-65 the change was to 9.00%.

METCALFE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABLITY
FOR THE YEAR ENDED JUNE 30, 2023

COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

Methods and assumptions used in the actuarially determined contributions – The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2022:

Valuation Date	June 30, 2021
Experience Study	July 1, 2013 – June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	30 years, closed *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%-10.30%, varies by service
Investment Rate of Return	6.25 %
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Healthcare cost trend rates	
Pre - 65	Initial trend starting at 6.20% at January 1, 2021 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% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Phase-In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

NOTE C – CHANGES OF BENEFITS

There were no changes in benefits for CERS, non-hazardous OPEB.

OTHER SUPPLEMENTARY INFORMATION

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

	CAPITAL OUTLAY FUND	STUDENT ACTIVITY FUND	BUILDING FUND	TOTAL NON-MAJOR GOVERNMENT FUNDS
ASSETS:				
Cash & Cash Equivalents	0	192,076	59,954	252,030
Accounts Receivable		1,523		1,523
TOTAL ASSETS	0	193,599	59,954	253,553
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable		903		903
Total Liabilities	0	903	0	903
Fund Balances:				
Restricted for:				
Student Activities		192,696		192,696
SFCC Escrow	0		59,954	59,954
Total Fund Balances	0	192,696	59,954	252,650
TOTAL LIABILITIES AND FUND BALANCES	0	193,599	59,954	253,553

See independent auditor's report and accompanying notes to financial statements.

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

	CAPITAL OUTLAY FUND	STUDENT ACTIVIY FUND	BUILDING FUND	TOTAL NON-MAJOR GOVERNMENT FUNDS
REVENUES:				
Property Taxes		491	579,532	580,023
Intergovernmental - State	136,695		809,288	945,983
Other Sources		636,620		636,620
TOTAL REVENUES	136,695	637,111	1,388,820	2,162,626
EXPENDITURES:				
Instructional		645,157		645,157
Other Non-Instructional		2,845		2,845
TOTAL EXPENDITURES	0	648,002	0	648,002
EXCESS(DEFICIT) REVENUES OVER EXPENDITURES	136,695	(10,891)	1,388,820	1,514,624
OTHER FINANCING SOURCES(USES):				
Operating Transfers In				0
Operating Transfers Out	(136,695)		(1,328,866)	(1,465,561)
TOTAL OTHER FINANCING SOURCES(USES)	(136,695)	0	(1,328,866)	(1,465,561)
NET CHANGE IN FUND BALANCES	0	(10,891)	59,954	49,063
FUND BALANCES - BEGINNING	0	203,587	0	203,587
FUND BALANCES - ENDING	0	192,696	59,954	252,650

See independent auditor's report and accompanying notes to financial statements.

METCALFE COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
STUDENT ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	FUND BALANCE JULY 1, 2022	REVENUES	EXPENDITURES	FUND BALANCE JUNE 30, 2023
Metcalfe County Elementary	66,349	132,757	136,849	62,257
Metcalfe County Middle	38,573	111,376	124,838	25,111
Metcalfe County High	98,665	392,978	386,315	105,328
Total Activity Funds (Due to Student Groups)	203,587	637,111	648,002	192,696

See independent accountant's report and accompanying notes to financial statements.

METCALFE COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
HIGH SCHOOL ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	CASH BALANCE JULY 1, 2022	RECEIPTS	DISBURSEMENTS	CASH BALANCE JUNE 30, 2023	ACCOUNTS RECEIVABLE JUNE 30, 2023	ACCOUNTS PAYABLE JUNE 30, 2023	FUND BALANCE JUNE 30, 2023
Golf	$ 2,504	8,165	5,518	5,151			5,151
Aviation	4		4	-			0
Cross Country	1,011	738		1,749			1,749
Athletics Tournament Share	3,044	33,710	34,295	2,459		432	2,027
Art Department	1,336	2,754	2,809	1,281			1,281
Athletics	3,424	80,672	82,632	1,464			1,464
Academic Team	0	577	423	154			154
National Honor Society	520		81	439			439
Nursing Uniforms & Supplies	1,408		282	1,126			1,126
STLP	2,018	50	626	1,442			1,442
FFA	11,628	7,311	13,409	5,530	23	445	5,108
General	587	3,155	3,389	353			353
Interest	139	262	258	143			143
Student Coke/Snack	732	10,965	11,312	385			385
Teachers' Lounge	48	276	306	18			18
Picture Day Fund	240	174	414	-			0
Yearbook	2,317	3,810	4,916	1,211			1,211
HOSA	289	564	520	333			333
Fall Formal	1,556	1,667	663	2,560			2,560
FCCLA	1,160	3,822	2,935	2,047			2,047
Prom	2,314	4,993	4,414	2,893			2,893
Football	15,001	27,447	28,634	13,814		26	13,788
Band	5,746	34,363	37,416	2,693	1,500		4,193
Volleyball	6,704	14,314	15,976	5,042			5,042
Boys Basket ball	4,361	25,041	27,496	1,906			1,906
Girls Softball	2,068	8,030	6,799	3,299			3,299
Girls Basket ball	5,148	36,358	25,232	16,274			16,274
Cheerleading	5,510	20,324	19,339	6,495			6,495
Health Career Cert/Test/Online	505	510	762	253			253
Baseball	2,468	9,533	7,946	4,055			4,055
Digital Signs	0	3,500	3,500	-			0
MCHS Posters	119		119	-			0
Track	207	336	274	269			269
BETA	834	4,331	4,552	613			613
Ag Awareness Class	3,690	4,382	5,421	2,651			2,651
FCA	100		50	50			50
Arts and Humanities	1,040			1,040			1,040
MCHS Community Service Club	1,234	3,200	3,750	684			684
Archery Club	469		15	454			454
Hornet Air Rifle Team	69		69	-			0
MCHS Leadership Team	4			4			4
Travel Club	1,693		423	1,270			1,270
Culinary	0	1,058	639	419			419
Operation Hornet Hoodie	0	9,094	7,916	1,178			1,178
Bass Fishing Team	0	910	150	760			760
Student Ambassadors	0	500	360	140			140
Work Ready	0	1,825	21	1,804			1,804

Boys Tennis	420	1,591	1,433	578			578
HNN Video Services	184			184			184
Chess Club	41		41	-			0
Start-Up Money	0	5,815	5,815	-			0
Class of 2022	125		125	-			0
Class of 2023	1,687	14,904	16,571	20			20
Class of 2024	2,959	6,752	4,262	5,449			5,449
Class of 2026	0	8,835	6,263	2,572			2,572
Total All Funds	98,665	406,618	400,575	104,708	1,523	903	105,328
Interfund Transfers		(14,045)	(14,045)				0
Total	98,665	392,573	386,530	104,708	1,523	903	105,328

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

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS THROUGH NUMBER (if applicable)	MUNIS PROJECT NUMBER	EXPENDITURES
U.S. Department of Education				
Passed-Through Department of Education				
Title I - Grants to Local Educational Agencies	84.010	3100002	310G	68,853
Title I - Grants to Local Educational Agencies	84.010	3100002	310I	797,365
Title I - Parent Involvement	84.010	3100002	310GM	4,035
Title I - Parent Involvement	84.010	3100002	310JN	1,560
Title I - Parent Involvement	84.010	3100002	310IM	5,438
Title I - Grants to Local Educational Agencies	84.010	3100002	310J	279,914
Title I - Parent Involvement	84.010	3100002	310JM	4,216
Title I Grants to Local Educational Agencies Total				1,161,381
Title V - Rural and Low Income Schools	84.358	3140002	350I	13,161
Title V - Rural and Low Income Schools	84.358	3140002	350J	24,086
Title V - Rural and Low Income Schools Total				37,247
Striving Readers Comprehensive Literacy Program	84.371C	466IA	466IA	81,137
Striving Readers Comprehensive Literacy Program	84.371C	466JA	466JA	104,452
Striving Readers Comprehensive Literacy Program Total				185,589
21st Century Learning Center	84.287	3400002	550G	130,698
21st Century Learning Center	84.287	3400002	550I	230,859
21st Century Learning Center Total				361,557
Perkins Voc.	84.048	3710006	348GA	1,580
Perkins Voc.	84.048	3710006	348I	3,310
Perkins Voc.	84.048	3710006	348IA	1,804
Perkins Voc.	84.048	3710006	348J	19,998
Perkins Voc. Total				26,692
Title IV, Part A-Student Support and Academic Enrichment	84.424	342002	552FT	360
COVID-19- Elementary and Secondary School Emergency Relief Fund	84.425U	4300002	473G	1,961,613
COVID-19- Elementary and Secondary School Emergency Relief Fund	84.425U	4300005	473GB	1,652
COVID-19- Elementary and Secondary School Emergency Relief Fund	84.425U	4300005	473GD	1,793
COVID-19- Elementary and Secondary School Emergency Relief Fund	84.425U	4300005	473GL	122,121
COVID-19- Elementary and Secondary School Emergency Relief Fund	84.425U	4300005	473GO	5,956
COVID-19-Elementary and Secondary School Emergency Relief Fund	84.425U	4300005	563J	12,570
COVID-19-Elementary and Secondary School Emergency Relief Fund	84.425D	4200002	554G	160,690
COVID-19-Elementary and Secondary School Emergency Relief Fund	84.425D	4200002	554GD	1,231,866
COVID-19-Elementary and Secondary School Emergency Relief Fund	84.425D	4200003	554GS	11,593
COVID-19-Elementary and Secondary School Emergency Relief Fund	84.425D	4000002	613F	146,989
COVID-19 Education Stabilization Fund Total				3,656,843
IDEA - Special Education - Grants to State	84.027	3810002	337G	1,649
IDEA - Special Education - Grants to State	84.027	3810002	337I	45,008
IDEA - Special Education - Grants to State	84.027	3810002	337J	338,746
IDEA - Special Education - Grants to State	84.027	3810002	376I	6,638
IDEA - Special Education - Grants to State	84.027	3810002	376J	38,847
IDEA - Special Education - Preschool Grants	84.173	3800002	343I	14,462
IDEA - Special Education - Preschool Grants	84.173	3800002	343J	10,923
COVID - 19- Special Education-Grants to States	84.027X	4900002	478I	3,840
COVID - 19- Special Education-Preschool Grants	84.027X	4900002	488I	1,463
Special Education Cluster				461,576
Total U.S. Department of Education				5,891,245
U.S. Department of Justice				
Public Safety Through Community Policing	16.710	Direct	437G	20,170
U.S. Department of Health and Human Services				
Passed-Through State Department of Education				
Promoting Adolescent Health	93.079	2100001	493H	300
U.S. Department of Health and Human Services				
Passed-Through Kentucky Department of Education				
COVID-19 Preschool Partnership Grant	93.575	562JP	562JP	125,151
Total U S Department of health and Human Services				125,451
U.S. Department of Agriculture				
Passed-Through State Department of Education				
School Breakfast Program	10.553	7760005-22	7760005-22	108,442
School Breakfast Program	10.553	7760005-23	7690024.23	370,179
National School Lunchroom	10.555	7750002-22	7750002-22	212,993
National School Lunchroom	10.555	7750002-23	7750002-23	716,960
National School Lunchroom	10.555	9980000-22	9980000-22	38,815
National School Lunchroom	10.555	9980000-23	9980000-23	19,714
PEBT Administrative Funds	10.649	9990000-24	9990000-22	6,145
Summer Meal Program	10.559	7690024-22	7690024-22	17,522
Child Nutrition Cluster				1,490,770
Passed-Through State Department of Education				
Child & Adult Care Food Program	10.558	7980000-21	7980000-21	
Child & Adult Care Food Program	10.558	7790021-22	7790021-22	9,745
Child & Adult Care Food Program	10.558	7790021-23	7790021-23	78,516
Child & Adult Care Food Program	10.558	7800016-22	7800016-22	725
Child & Adult Care Food Program	10.558	7800016-23	7800016-23	5,845
Child & Adult Care Food Program Total				94,831
Pass-Through State Department of Agriculture				
State Administration for Child Expenses	10.560	7700001-20	7700001-20	1,863
Passed-Through State Department of Education				
Food Distribution	10.565	057502-10	057502-10	88,329
Total U.S. Department of Agriculture				1,675,793
Total Federal Financial Assistance				7,712,659

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

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Metcalfe County School District under 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 Metcalfe County School District, it is not intended to and does not present the financial position, changes in net asset, or cash flows of Metcalfe County School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule 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 present where available.

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed.

NOTE D – DE MINIMIS COST RATE

The District did not elect to use the 10 percent de minimis cost rate as allowed under the Uniform Guidance.

NOTE E – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

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

Section I – Summary of Auditor's Results

Financial Statements

Type of audit issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes __X__ None Reported

Noncompliance material to financial statements noted? _____ Yes __X__ No

Federal Awards

Internal control over major programs?

- Material weakness(es) identified? __X__ Yes _____ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? __X__ Yes _____ None Reported

Type of auditor's report issued on compliance for major programs (unmodified):

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? __X__ Yes _____ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.553/10.555/10.559	Child Nutrition Cluster
84.425C/84.425D/84.425U	Covid-19 Elementary and Secondary School Emergency Relief Fund

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

Auditee qualified as low-risk auditee? __X__ Yes ____ No

Section II – Financial Statement of Findings

No matters were reported.

METCALFE COUNTY SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS
JUNE 30, 2023

Section III – Federal Award Findings and Questioned Costs

Department of Education

2023-001 – Elementary and Secondary Schools Emergency Relief Program – Assistance Listing No. 84.425; Grant Pass Through No. 4300002; Grant period: Year ended June 30, 2023

Criteria and Condition: Construction projects utilizing federal grant funds must follow the requirements of the Davis Bacon Act. The District was not in compliance with this requirement.

Context: Testing compliance with the Davis Bacon Act related to the construction project paid with Elementary and Secondary Schools Emergency Relief Program showed that the requirement of the Davis Bacon Act were not included in the construction contract. Further review showed that the construction company had not paid the required prevailing wages to laborers on the construction project which caused an underpayment to the laborers in total for the year ended June 30, 2023 $143,328. Questioned costs $0.

Effect: Failure to pay the laborers on the construction project the prevailing wages which caused an total underpayment of wages in the amount of $143,328 as of June 30, 2023 for the differential between the actual amount paid and the amount that should have been paid using the prevailing wages as required by the Davis Bacon Act.

Cause: Internal controls did not require a review of compliance requirements related to construction projects paid with federal grant funds.

Recommendation: Review compliance requirements for federal grants for all non-routine transactions.

Views of Responsible Officials and Planned Corrective Actions: The construction project was outside the normal use of federal awards. The district received approval to use the funds for construction from the Kentucky Department of Education. The district relied upon the architect and construction manager to review for any specific requirements related to the use of federal grant funds for construction. Upon finding that the Davis Bacon Act was not included in the construction contract and had not been followed the contract was updated, retroactively, to include the Davis Bacon Act requirements. Further a change order on the construction project was approved retroactively paying the laborers the $143,328 differential between the amount that was paid to date as compared with the amount that should have been paid under the Davis Bacon Act using the prevailing wages. Furthermore, the compliance with the Davis Bacon Act is now being closely monitored by district management, the construction manager and the architects.

2023-002 – Elementary and Secondary Schools Emergency Relief Program – Assistance Listing No. 84.425; Grant Pass Through No. 4300002; Grant period: Year ended June 30, 2023

Criteria and condition: Expenditures are required to follow the allowable costs related to the grant. The district did not comply with this requirement.

Context: A test of 14 non-payroll expenditures out of a population of 70 revealed that there were two instances where the expenditure of federal grant funds were unallowable under the grant's allowable costs. Specifically the district expended $20,600 to pay the 2021-2022 audit fees for the district and expended $16,275 for errors and omission insurance. Therefore there is a total of $36,875 of questioned costs associated with this program.

Effect: $36,875 of questioned costs as a result of paying non-routine expenses from the federal grant. These questioned costs are considered immaterial to the Elementary and Secondary Emergency Relief Program.

Cause: Internal controls did not include a review of non-standard expenses for compliance prior to being charged to the federal grant.

Recommendation: Review compliance requirements for federal grants for all non-routine transactions.

Views of Responsible Officials and Planned Corrective Actions: We agree with the finding and have implemented procedures to strengthen controls over allowable costs associated with federal grants whereby any non-standard expenses require a secondary review of allowability prior to being charged to a federal grant.

METCALFE COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2023

There were no prior year audit findings.

MONTGOMERY & COMPANY, P.L.L.C
Certified Public Accountants
710 Highway 208
Lebanon, KY 40033
270-995-2474

Joseph A. Montgomery, CPA Email joe.montgomery@jamcpas.com

November 15, 2023

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*

Members of the Board of Education
Metcalfe County School District
Edmonton, Kentucky

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Appendix I to the Independent Auditor's Contract – Audit Extension Request, Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract, Audit Acceptance Statement, AFR and Balance Sheet, Statement of Certification, and Audit Report*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Metcalfe County School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Metcalfe County School District's basic financial statements, and have issued my report thereon dated November 15, 2023.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Metcalfe County School 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Metcalfe County School District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Metcalfe County School 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Metcalfe County School District's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.* In addition, the results of my tests disclosed no material instances of noncompliance of specific state statutes or regulation identified in *Appendix II of the Independent Auditor's Contract – State Audit Requirements.*

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Sincerely,

Montgomery & Company, L.L.C.

Certified Public Accountants

MONTGOMERY & COMPANY, P.L.L.C
Certified Public Accountants
710 Highway 208
Lebanon, KY 40033
270-995-2474

Joseph A. Montgomery, CPA Email joe.montgomery@jamcpas.com

November 15, 2023

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

Members of the Board of Education
Metcalfe County School District
Edmonton, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Metcalfe County School District's 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 Metcalfe County School District's major federal programs for the year ended June 30, 2023. Metcalfe County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on the Elementary and Secondary School Emergency Relief Fund

In my opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of my report, Metcalfe County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Elementary and Secondary School Emergency Relief Fund for the year ended June 30, 2023

Unmodified Opinion on Each of the Other Major Federal Programs

In my opinion, Metcalfe County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United State of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and *Appendix I to the Independent Auditor's Contract – Audit Extension Request, Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract, Audit Acceptance Statement, AFR and Balance Sheet, Statement of Certification, and Audit Report.*

My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Metcalfe County School District and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified and unmodified opinions on compliance for each major federal program. My audit does not provide a legal determination of Metcalfe County School District's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on the Elementary and Secondary School Emergency Relief Fund

As described in the accompanying schedule of findings and questioned costs, Metcalfe County School District did not comply with requirements regarding the Elementary and Secondary School Emergency Relief Fund as described in numbers 2023-001 for Davis Bacon Act and 2023-002 for Allowable Costs.

Compliance with such requirements is necessary, in my opinion, for Metcalfe County School District to comply with the requirements applicable to that program.

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 Metcalfe County School District's federal programs.

Auditor's Responsibility for the Audit of Compliance

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

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

- 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 Metcalfe County School District's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.

- Obtain an understanding of Metcalfe County School 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 Metcalfe County School District's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I identified during the audit.

Other Matters

Government Auditing Standard requires the auditor to perform limited procedures on Metcalfe County School District's response to the noncompliance findings identified in my compliance audit described in the accompanying schedule of findings and questioned costs. Metcalfe County School District's response was not subjected to auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control Over Compliance

My 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I did identify certain deficiencies in internal control over compliance that I consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be material weaknesses.

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. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002 to be significant deficiencies.

My 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.

Government Auditing Standards requires the auditor to perform limited procedures on Metcalfe County School District's response to the internal control over compliance findings identified in my compliance audit described in the accompanying schedule of findings and questioned costs. Metcalfe County School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

Sincerely,

Montgomery & Company, L.L.C.

Certified Public Accountants

MONTGOMERY & COMPANY, P.L.L.C

Certified Public Accountants
710 Highway 208
Lebanon, KY 40033
270-995-2474

Joseph A. Montgomery, CPA Email joe.montgomery@jamcpas.com

November 15, 2023

MANAGEMENT LETTER

Members of the Board of Education
Metcalfe County School District
Edmonton, Kentucky

In planning and performing my audit of the financial statements of Metcalfe County School District for the year ended June 30, 2022, I considered its internal control in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements. Our professional standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. I feel that the District's financial statements are free of material misstatement. However, I offer the following suggestions that I feel will strengthen your organization's internal control structure.

Prior Year Recommendations - School Activity Funds:

None

Prior Year Recommendation - District:

None

Current Year Recommendations - School Activity Funds:

2023-1 Current Year Recommendation:
During current year testing, there were 2 instances at the Metcalfe County Middle School and 3 instances at the Metcalfe County High School were purchases occurred prior to the approval of the purchase order. I recommend the management stress to school personnel that all purchases must have an approved purchase order prior to making the purchase.

Management Response:
We will ensure that all staff are aware of the requirement that approved purchase orders must be received prior to committing funds.

2023-2 Current Year Recommendation:
During current year testing, there were 2 instances at the Metcalfe County High School were purchases exceeded the amount approved on the purchase order. I recommend the management stress to school personnel that all purchases cannot exceed the amount approved on the purchase order and any additional items needed requires additional approval via a second purchase order.

Management Response:
We will ensure that all staff are aware that purchases cannot exceed the amount approved on the purchase order and that a new purchase order is to be submitted and approved prior to making the additional purchases.

2023-3 Current Year Recommendation:
During current year testing, there were 1 instance at all schools where prenumbered tickets and the requisition and report of ticket sales were not being used at an event where gate was taken. I recommend the management stress to school personnel that all events where gate is taken requires the use of prenumber tickets and the requisition and report of ticket sales form.

Management Response:
We will ensure that all events where gate is taken use prenumbered tickets and properly complete the requisition and report of ticket sales.

Current Year Recommendations - District:

None

I would like to offer our assistance throughout the year if and when new or unusual situations arise. My awareness of new developments when they occur would help to ensure that the District is complying with requirements such as those mentioned above.

Sincerely,

Montgomery & Company, L.L.C.

Certified Public Accountants

MONTGOMERY & COMPANY, P.L.L.C

Certified Public Accountants
710 Highway 208
Lebanon, KY 40033
270-995-2474

Joseph A. Montgomery, CPA Email joe.montgomery@jamcpas.com

November 15, 2023

Members of the Board of Education
Metcalfe County School District
Edmonton, Kentucky

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Metcalfe County School District for the year ended June 30, 2023. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated April 9, 2023. Professional standards also require that I communicate to you the following information related to my audit.

Significant Audit Matters:

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting polices used by Metcalfe County School District are described in Note A to the financial statements. As described in Note A to the financial statements, the District changed policies related to leases by adopting Statement of Governmental Accounting Standards No. 96, Subscription-Based Information Technology Arrangements, in 2023. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Activities. No other new accounting policies were adopted and the application of existing policies was not changed during 2023. I noted no transactions entered into by Metcalfe County School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

> Management's estimate of the sick leave liability is based on current pay rates and those currently eligible for retirement. I evaluated the key factors and assumptions used to develop the sick leave liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I are pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated November 15, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Metcalfe County School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Metcalfe County School District's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

Other Matters

I applied certain limited procedures to management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. My procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

I was not engaged to report on the budgetary comparison information on pages 54 and 55, or on the schedules of the district's proportionate share of net pension liabilities and other post-employment benefit plans on pages 56-57 and 60-62, or on the schedules of contributions to the County Employees Retirement System and Teachers Retirement System pension plans or the County Employees Retirement System and Teachers Retirement System other post-employment benefit plans on pages 58-59 and 63-65,

which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of Members of the Board of Education and management of Metcalfe County School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Montgomery & Company, L.L.C.

Certified Public Accountants