Menifee County School District

Audited Financial Statements
and Required Supplementary Information

June 30, 2023

MENIFEE COUNTY SCHOOL DISTRICT
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SUMMERS, MCCRARY & SPARKS, P.S.C.
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INDEPENDENT AUDITOR'S REPORT

To the Kentucky State Committee of School District Audits
Members of the Board of Education
Menifee County School District
Frenchburg, KY 40322

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, major fund, and the aggregate remaining fund information of the Menifee 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

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Menifee 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.

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201 SOUTH MAIN STREET, WINCHESTER, KY 40391, (859) 745-1174 FAX (859) 745-2433

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Menifee 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Menifee County School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of District's Proportionate Share of Net Pension Liability, Schedule of District Contributions – Pension, Schedule of District's Proportionate Share of Net OPEB Liability – Medical Insurance Plan, Schedule of District Contributions – Medical Insurance Plan, Schedule of District's Proportionate Share of Net OPEB Liability – Life Insurance Plan, and Schedule of District Contributions – Life Insurance Plan on pages 4-10 and 64-73 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2023, on our consideration of the Menifee County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Menifee 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 Menifee County School District's internal control over financial reporting and compliance.

Summers, McCrary & Sparks, PSC

Lexington, KY
October 20, 2023

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MENIFEE COUNTY SCHOOL DISTRICT – FRENCHBURG, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023

As management of the Menifee 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 audit.

FINANCIAL HIGHLIGHTS

The General fund has $10,749,681 in revenue, which primarily consisted of the state program (SEEK), property, utilities, franchise and motor vehicle taxes. Excluding inter-fund transfers, there was $12,542,621 in General Fund expenditures. This includes on-behalf payments of $3,523,316.

The beginning General Fund balance was $2,202,749. The ending balance for the General Fund was $1,237,244 for June 30, 2022, noting a decrease of $965,505.

The Menifee County School District continues to make student achievement our highest priority. We have 1 to1 devices in the hands of all students across the school district. We have addressed pay scale differences between our county and adjacent counties to reduce disparities in order to reduce teacher turnover and maintain staffing levels.

Menifee Central School was completed in June of 2022, allowing all students kindergarten through 8th grade begin the 2022-2023 school year in a new 21st Century building. We constructed a new greenhouse during 2022-2023 school year. We continue addressing facility needs at Menifee County High School by upgrading the HVAC control systems, adding clean air intake and renovating sections of the roof.

Menifee County School District has addressed facilities where flooding is a continual issue by constructing a new Board Office beside Menifee Central School out of the flood zone. The new Board Office was moved into July 2023 and the old office building was sold.

In addition, Menifee County School District is building a new athletic field consisting of a new soccer and track fields, bleachers and a concession stand to serve the needs of the students of Menifee County. We are continuing to look for new ways to reduce costs while addressing students needs.

CURRENT ISSUES

One of the greatest concerns looking ahead at the future fiscal years is the impact of the federal sequestration - or loss of federal funds for the next eight years, averaging a decline of 7.8% to 9.1%. In addition, the governor has implemented a 17% cut to state departments. These cuts could potentially cause reduced funding from the state and ensure we will have to be prepared to reduce expenditures accordingly. Finally, the impact of the pension issues in Kentucky and the increase of costs for County Employees Retirement System matching requirement could potentially affect the future spending for the District.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental and proprietary funds The only proprietary funds are our vending and food service operations. All other activities of the district are included in the governmental funds. The basic fund financial statements can be found on pages 13-21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-63 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by $130,843 as of June 30, 2023 as compared to $584,037 in the prior year.

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

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

Net position for the years ending June 30, 2023 and 2022

	2023	2022	Change
Current Assets	$ 2,663,145	$ 5,884,979	$ (3,221,834)
Noncurrent Assets	28,794,836	25,958,246	2,836,590
Total Assets	31,457,981	31,843,225	(385,244)
Deferred Outflows of Resources	3,983,321	2,069,059	1,914,262
Current Liabilities	2,434,211	1,650,425	783,786
Noncurrent Liabilities	30,934,412	29,450,445	1,483,967
Total Liabilities	33,368,623	31,100,870	2,267,753
Deferred Inflows of Resources	2,389,025	2,481,189	(92,164)
Net Position			
Investment in capital assets (net)	5,151,005	1,611,418	3,539,587
Restricted	598,494	3,475,583	(2,877,089)
Unrestricted	(6,065,845)	(4,756,776)	(1,309,069)
Total Net Position	$ (316,346)	$ 330,225	$ (646,571)

The following table presents a summary of changes in net position for the fiscal years ended June 30, 2023 and 2022.

	Net Change in Position					
	Governmental		Business-type		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Local revenue sources	$2,236,951	$2,405,820	$103,811	$22,399	$2,340,762	$2,428,219
State revenue sources	12,436,172	7,140,862	85,143	32,619	12,521,315	7,173,481
Federal revenue sources	3,397,453	3,486,765	854,728	925,987	4,252,181	4,412,752
Tuition	20,350	16,050	0	0	20,350	16,050
Gain/(Loss) on sale of assets	78,883	(2,221,524)	0	0	78,883	(2,221,524)
Investments	103,575	18,753	0	0	103,575	18,753
Total Revenue	18,273,384	10,846,726	1,043,682	981,005	19,317,066	11,827,731
Expenses:						
Instruction	9,493,400	5,202,825	0	0	9,493,400	5,202,825
Student support services	2,011,354	1,212,319	0	0	2,011,354	1,212,319
Instructional support	687,700	418,453	0	0	687,700	418,453
District administration	1,107,695	510,683	0	0	1,107,695	510,683
School administration	710,900	414,994	0	0	710,900	414,994
Business support	644,452	529,921	0	0	644,452	529,921
Plant operations	1,746,670	1,709,915	0	0	1,746,670	1,709,915
Student transportation	1,407,245	856,128	0	0	1,407,245	856,128
Community service	233,815	166,219	0	0	233,815	166,219
Interest on long-term debt	683,344	642,272	0	0	683,344	642,272
Food service	0	198	1,237,062	954,310	1,237,062	954,508
Total Expenses	18,726,575	11,663,927	1,237,062	954,310	19,963,637	12,618,237
Transfers	(3)	0	3	0	0	0
Change in net position	(453,194)	(817,201)	(193,377)	26,695	(646,571)	(790,506)
Beginning net position	584,037	1,401,238	(253,812)	(280,507)	330,225	1,120,731
Ending net position	$130,843	$584,037	($447,189)	($253,812)	($316,346)	$330,225

Governmental Activities

The majority of revenue was derived from state funding making up 68% of the total revenue and local revenue sources making up 12% of total revenue. Instruction makes up 51% of total Governmental Fund Expenses. Central support services expenses are: Transportation 8%, Maintenance & Operations 9%, School Administration 4% and Other Support Functions 29%.

Business-Type Activities

Revenues for Food Service Fund totals $1,043,682 as of June 30, 2023, an increase of $62,677 from 2022. These revenues include lunchroom sales, federal and state grants, and federal commodities. Total Operating Expenses for Food Service Fund totals $1,237,062 as of June 30, 2023, an increase of $282,752 from 2022. The Change in Net position (Revenues less Expenses) for the Food Service Fund is a decrease of $193,377.

FUND FINANCIAL ANALYSIS

The District's total general fund revenues for the fiscal year ended June 30, 2023 net of inter-fund transfers, were $10,749,681, an increase of $888,749 from the total revenues of $9,860,932 for 2022.

The following tables present a summary of operations, excluding transfers for selected funds (including on-behalf payments). Food service amounts are presented on the accrual basis while General fund, Special Revenue fund, and Construction fund amounts are on the modified accrual basis.

For the Year ending June 30, 2023

	GENERAL FUND	SPECIAL REVENUE FUND	CONSTRUCTION FUND	FOOD SERVICE FUND
REVENUES:				
From local sources:				
Taxes:				
Property	$ 505,802	$ 0	$ 0	$ 0
Motor vehicle	236,327	0	0	0
Utilities	353,299	0	0	0
Other	256,591	0	0	0
Earnings on investments	90,642	0	12,933	0
Tuition	20,350	0	0	0
Other local revenues	165,864	37,670	0	67,378
Intergovernmental - state	9,031,416	711,138	0	85,143
Intergovernmental - federal	89,390	3,308,063	0	854,728
Lunchroom sales	0	0	0	36,433
TOTAL REVENUES	10,749,681	4,056,871	12,933	1,043,682
EXPENDITURES:				
Instruction:	5,905,914	2,644,435	0	0
Support Services:				
Student	1,196,400	535,656	0	0
Instructional staff	420,985	205,365	0	0
District administration	655,905	0	0	0
School administration	644,980	0	0	0
Business	535,814	83,391	0	0
Plant operations and maintenance	1,476,205	92,258	0	0
Student transportation	1,291,248	0	0	0
Food Service	0	0	0	1,237,062
Community Service	0	226,523	0	0
Capital Outlay	271,218	33,266	3,182,423	0
Debt service	143,952	0	0	0
TOTAL EXPENDITURES	12,542,621	3,820,894	3,182,423	1,237,062
Excess (Deficit) of Revenues over Expenditures	$ (1,792,940)	$ 235,977	$ (3,169,490)	$ (193,380)

For the Year ending June 30, 2022

	GENERAL FUND	SPECIAL REVENUE FUND	CONSTRUCTION FUND	FOOD SERVICE FUND
REVENUES:				
From local sources:				
Taxes:				
Property	$ 599,831	$ 0	$ 0	$ 0
Motor vehicle	215,375	0	0	0
Utilities	355,824	0	0	0
Other	468,114	0	0	0
Earnings on investments	15,234	0	3,519	0
Tuition	16,050	0	0	0
Other local revenues	243,588	32,332	25,000	8,000
Intergovernmental - state	7,849,705	430,996	0	32,619
Intergovernmental - federal	97,211	3,389,555	0	925,987
Lunchroom sales	0	0	0	14,399
TOTAL REVENUES	9,860,932	3,852,883	28,519	981,005
EXPENDITURES:				
Instruction:	4,939,315	2,337,453	0	0
Support Services:				
Student	983,726	384,359	0	0
Instructional staff	348,757	290,809	0	0
District administration	595,539	0	0	0
School administration	603,202	0	0	0
Business	474,007	50,643	0	0
Plant operations and maintenance	1,211,759	312,050	0	0
Student transportation	681,878	72,431	0	0
Food Service	0	164,927	0	954,310
Community Service	0	198	0	0
Capital Outlay	126,461	0	2,790,546	0
Debt service	125,661	0	0	0
TOTAL EXPENDITURES	10,090,305	3,612,870	2,790,546	954,310
Excess (Deficit) of Revenues over Expenditures	$ (229,373)	$ 240,013	$ (2,762,027)	$ 26,695

Debt

At June 30, 2023, the School District had $23,950,744 in revenue bonds, financed purchases, and lease liabilities outstanding, less a discount of 140,729; of this amount $9,891,574 is to be paid from the KSFCC funding provided by the State of Kentucky. A total of $1,363,523 is due within one year.

Capital Assets

The Board added $3,486,907 to the governmental funds and $0 to the proprietary funds in capital assets during the year, primarily for land acquisition and construction of the new K-8 school and central office.

Comments on Budget Comparisons
General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual revenues being $565,392 more than budget. General fund budget compared to actual expenditures varied slightly from line item to line item with the ending actual expenditures being $770,336 more than budgeted.

BUDGETARY IMPLICATIONS

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

Questions regarding this report should be directed to Lorri Bartley, CFE, Finance Officer (606) 768-8002 or by mail at the Menifee County Board of Education, 440 Wynn Flat Road Frenchburg, KY 40322.

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

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Current Assets			
Cash and cash equivalents	$ 1,385,877	$ 55,696	$ 1,441,573
Accounts receivable			
Accounts	124,996	7,541	132,537
Taxes	43,054	-	43,054
Intergovernmental - Federal	947,392	-	947,392
Inventory	-	27,715	27,715
Other assets	70,874	-	70,874
Total Current Assets	2,572,193	90,952	2,663,145
Noncurrent Assets			
Non-depreciated capital assets	3,744,276	-	3,744,276
Net depreciated capital assets	24,934,386	42,073	24,976,459
Net intangible right-to-use assets	74,101	-	74,101
Total Noncurrent Assets	28,752,763	42,073	28,794,836
TOTAL ASSETS	31,324,956	133,025	31,457,981
DEFERRED OUTFLOW OF RESOURCES			
Deferred loss on refunding	91,175	-	91,175
Pension - CERS	1,204,663	113,826	1,318,489
OPEB - CERS	648,235	66,116	714,351
OPEB - KTRS	1,859,306	-	1,859,306
Total deferred outflow of resources	3,803,379	179,942	3,983,321
LIABILITIES:			
Current Liabilities			
Accounts payable	516,163	1,621	517,784
Accrued salaries	-	-	-
Current portion of bond obligations	1,155,000	-	1,155,000
Current portion of financed purchases	143,524	-	143,524
Current portion of accrued sick leave	28,186	-	28,186
Current portion of lease liability	36,813	-	36,813
Accrued interest payable	259,917	-	259,917
Unearned revenues	292,987	-	292,987
Total Current Liabilities	2,432,590	1,621	2,434,211
Noncurrent Liabilities			
Noncurrent portion of bond obligations	21,644,271	-	21,644,271
Noncurrent portion of financed purchases	792,211	-	792,211
Net pension liability - CERS	3,865,523	551,477	4,417,000
Net OPEB liability - CERS	1,136,000	69,619	1,205,619
Net OPEB liability - KTRS	2,580,000	-	2,580,000
Noncurrent portion of lease liability	38,196	-	38,196
Noncurrent portion of accrued sick leave	257,115	-	257,115
Total Noncurrent Liabilities	30,313,316	621,096	30,934,412
TOTAL LIABILITIES	32,745,906	622,717	33,368,623
DEFERRED INFLOW OF RESOURCES			
Pension - CERS	526,539	63,383	589,922
OPEB - CERS	590,047	74,056	664,103
OPEB - KTRS	1,135,000	-	1,135,000
Total deferred inflow of resources	2,251,586	137,439	2,389,025
NET POSITION			
Net Investment in Capital Assets	5,108,932	42,073	5,151,005
Restricted			
Capital projects (expendable)	366,279	-	366,279
Other purposes	142,885	89,330	232,215
Unrestricted	(5,487,253)	(578,592)	(6,065,845)
TOTAL NET POSITION	$ 130,843	$ (447,189)	$ (316,346)

See Accompanying Notes to the Financial Statements

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

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: PRIMARY GOVERNMENT: TOTAL
Primary Government							
Governmental Activities:							
Instructional	$ 9,493,400	$ 20,350	$ 3,397,453	$ -	$ (6,075,597)	$ -	$ (6,075,597)
Support Services:							
Student	2,011,354			-	(2,011,354)	-	(2,011,354)
Instructional staff	687,700	-	-	-	(687,700)	-	(687,700)
District administration	1,107,695	-	-	-	(1,107,695)	-	(1,107,695)
School administration	710,900	-	-	-	(710,900)	-	(710,900)
Business	644,452	-	-	-	(644,452)	-	(644,452)
Plant operations and maintainance	1,746,670	-	-	-	(1,746,670)	-	(1,746,670)
Student transportation	1,407,245	-	-	-	(1,407,245)	-	(1,407,245)
Community services	233,815	-	-	-	(233,815)	-	(233,815)
Interest on long-term debt	683,344	-	-	879,802	196,458	-	196,458
Total Governmental Activities	18,726,575	20,350	3,397,453	879,802	(14,428,970)	-	(14,428,970)
Business Type Activities:							
Food Service	1,237,062	103,811	939,871	-	-	(193,380)	(193,380)
Total Business Type Activities	1,237,062	103,811	939,871	-	-	(193,380)	(193,380)
Total Primary Government	$ 19,963,637	$ 124,161	$ 4,337,324	$ 879,802	$ (14,428,970)	$ (193,380)	$ (14,622,350)
General Revenues:							
Taxes:							
Property					$ 923,308	$ -	$ 923,308
Motor vehicle					236,327	-	236,327
Utilities					353,299	-	353,299
Other					256,591	-	256,591
State and formula grants					11,556,371	-	11,556,371
Interest and investment earnings					103,575	-	103,575
Miscellaneous					467,425	-	467,425
Gain/(Loss) on disposal					78,883	-	78,883
Transfers					(3)	3	-
Total General Revenues and Transfers					13,975,776	3	13,975,779
Change in Net Position					(453,194)	(193,377)	(646,571)
Net Position - beginning					584,037	(253,812)	330,225
Net Position - end of year					$ 130,843	$ (447,189)	$ (316,346)

See Accompanying Notes to the Financial Statements

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

	GENERAL FUND	SPECIAL REVENUE (GRANT) FUNDS	CONSTRUCTION FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	$ 422,221	$ -	$ 820,554	$ 143,102	$ 1,385,877
Accounts receivable					
Accounts	124,996	-	-	-	124,996
Taxes	43,054	-	-	-	43,054
Intergovernmental - Federal	-	947,392	-	-	947,392
Due from other funds	635,741	-	-	-	635,741
Other assets	70,874	-	-	-	70,874
TOTAL ASSETS	$ 1,296,886	$ 947,392	$ 820,554	$ 143,102	$ 3,207,934
LIABILITIES:					
Accounts payable	$ 43,007	$ 18,664	$ 454,275	$ 217	$ 516,163
Due to other funds	-	635,741	-	-	635,741
Accrued salaries	-	-	-	-	-
Sick leave payable	16,635	-	-	-	16,635
Unearned revenue	-	292,987	-	-	292,987
TOTAL LIABILITIES	59,642	947,392	454,275	217	1,461,526
FUND BALANCES:					
Restricted					
Capital projects	-	-	366,279	-	366,279
Other	-	-	-	142,885	142,885
Assigned	-	-	-	-	-
Committed	142,650	-	-	-	142,650
Unassigned	1,094,594	-	-	-	1,094,594
TOTAL FUND BALANCES	1,237,244	-	366,279	142,885	1,746,408
TOTAL LIABILITIES AND FUND BALANCES	$ 1,296,886	$ 947,392	$ 820,554	$ 143,102	$ 3,207,934

See Accompanying Notes to the Financial Statements

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

Total Governmental Fund Balances	$	1,746,408
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position		
Capital assets		28,752,763
Certain assets (obligations) are not a use of financial resourses and therefore, are not reported in the government funds, but are presented in the statement of net position		
Deferred loss on refunding		91,175
Pension deferred outflows		1,204,663
OPEB deferred outflows		2,507,541
Net pension liability		(3,865,523)
Net OPEB liability		(3,716,000)
Pension deferred inflows		(526,539)
OPEB deferred inflows		(1,725,047)
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, and accrued interest) are not reported in the fund financial statement because they are not due and payable, but are presented in the statement of net position		
Bond obligations		(22,799,271)
Financed purchases		(935,735)
Lease liability		(75,009)
Accrued interest		(259,917)
Accrued sick leave		(268,666)
Net Position of Governmental Activities	$	130,843

See Accompanying Notes to the Financial Statements

MENIFEE 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 (GRANT) FUNDS	CONSTRUCTION FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
From local sources:					
Taxes:					
Property	$ 505,802	$ -	$ -	$ 417,506	$ 923,308
Motor vehicle	236,327	-	-	-	236,327
Utilities	353,299	-	-	-	353,299
Other	256,591	-	-	-	256,591
Earnings on investments	90,642	-	12,933	-	103,575
Tuition	20,350	-	-	-	20,350
Other local revenues	165,864	37,670	-	263,892	467,426
Intergovernmental - State	9,031,416	711,138	-	1,663,370	11,405,924
Intergovernmental - Indirect federal	89,390	3,308,063	-	-	3,397,453
TOTAL REVENUES	10,749,681	4,056,871	12,933	2,344,768	17,164,253
EXPENDITURES:					
Current:					
Instruction:	5,905,914	2,644,435	-	230,635	8,780,984
Support Services:					
Student	1,196,400	535,656	-	-	1,732,056
Instructional staff	420,985	205,365	-	-	626,350
District administration	655,905	-	-	-	655,905
School administration	644,980	-	-	-	644,980
Business	535,814	83,391	-	-	619,205
Plant operations and maintainance	1,476,205	92,258	-	-	1,568,463
Student transportation	1,291,248	-	-	-	1,291,248
Community services	-	226,523	-	-	226,523
Food Service	-	-	-	-	-
Capital outlay	271,218	33,266	3,182,423	-	3,486,907
Debt service	143,952	-	-	1,706,760	1,850,712
TOTAL EXPENDITURES	12,542,621	3,820,894	3,182,423	1,937,395	21,483,333
Excess (Deficit) of Revenues over Expenditures	(1,792,940)	235,977	(3,169,490)	407,373	(4,319,080)
OTHER FINANCING SOURCES (USES):					
Operating transfers in	225,847	37,647	811,967	826,958	1,902,419
Operating transfers out	(38,288)	(273,624)	-	(1,590,511)	(1,902,423)
Sale of Equipment	158,531	-	-	-	158,531
Bond Discount	-	-	-	-	-
Issuance of Debt	481,345	-	-	-	481,345
TOTAL OTHER FINANCING SOURCES (USES):	827,435	(235,977)	811,967	(763,553)	639,872
Net Change in Fund Balances	(965,505)	-	(2,357,523)	(356,180)	(3,679,208)
Fund balance - beginning of year	2,202,749	-	2,723,802	499,065	5,425,616
Fund balance - end of year	$ 1,237,244	$ -	$ 366,279	$ 142,885	$ 1,746,408

See Accompanying Notes to the Financial Statements

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

Net Change in Fund Balances - Total Governmental Funds	$	(3,679,208)
Amounts reported for governmental activities in the statement of activities are different because:		
Bond discounts are expensed as incurred in the fund financial statement, but are amortized over the life of the bond in the statement of activities:		
Amortization expense		(7,510)
Bond discount		
Issuance of debt proceeds are recognized in this fund financial statement as resources available for use as current financial resources, but these proceeds are not recognized in the statement of activities.		
Issuance of debt		(481,345)
The proceeds from the disposal of capital assets provide current financial resources and are reports in the fund financial statements. However, for governmental activities the proceeds are reported net of the cost less any accumulated depreciation.		(79,648)
Capital outlays are reported as expenditures in the fund financial statement because they are current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.		
Capital outlays		3,486,907
Depreciation expense		(678,981)
Generally, expenditures recognized in the fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activites when they are incurred.		
Accrued interest		(16,972)
Sick leave		(84,330)
Deferred loss on refunding		(13,025)
Governmental funds report CERS contributions as expenditures when paid. However, in the Statement of Activities, pension expens is the cost of benefits earned, adjusted for member contributions, the recognition of chagnes in deferred outflows and inflows of resources related to pensions, and investment experience.		
KTRS on-behalf revenue		1,030,251
KTRS on-behalf pension expense		(895,251)
KTRS on-behalf OPEB expense		(135,000)
Pension expense		(55,905)
OPEB expense		(83,815)
Bond and lease payments are recognized as expenditures of current financial resources in the fund financial statement, but are reductions of liabilities In the statement of net position.		1,240,638
Change in Net Position of Governmental Activities	$	(453,194)

See Accompanying Notes to the Financial Statements

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

	GENERAL FUND			
	BUDGETED AMOUNTS			VARIANCE Favorable
	ORIGINAL	FINAL	ACTUAL	(Unfavorable)
REVENUES:				
From local sources:				
Taxes:				
Property	$ 609,600	$ 622,100	$ 505,802	$ (116,298)
Motor vehicle	160,000	160,000	236,327	76,327
Utilities	289,000	289,000	353,299	64,299
Other	320,000	362,500	256,591	(105,909)
Earnings on Investments	48,452	48,452	90,642	42,190
Tuition	15,000	25,000	20,350	(4,650)
Other local revenues	91,700	158,650	165,864	7,214
Intergovernmental - State	7,897,018	8,320,397	9,031,416	711,019
Intergovernmental - Federal	172,312	198,190	89,390	(108,800)
TOTAL REVENUES	9,603,082	10,184,289	10,749,681	565,392
EXPENDITURES:				
Current:				
Instruction:	5,404,157	5,388,979	5,905,914	(516,935)
Support Services:				
Student	1,009,139	1,154,247	1,196,400	(42,153)
Instructional staff	362,097	450,537	420,985	29,552
District administration	708,006	688,270	655,905	32,365
School administration	615,672	577,111	644,980	(67,869)
Business	510,559	638,102	535,814	102,288
Plant operations and maintenance	1,548,788	1,545,532	1,512,941	32,591
Student transportation	1,119,869	1,185,555	1,525,730	(340,175)
Noninstructional	-	-	-	-
Debt service	125,661	143,952	143,952	-
TOTAL EXPENDITURES	11,403,948	11,772,285	12,542,621	(770,336)
Excess (Deficit) of Revenues over Expenditures	(1,800,866)	(1,587,996)	(1,792,940)	(204,944)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	477,300	345,711	225,847	(119,864)
Operating transfers out	(134,726)	(500,556)	(38,288)	462,268
Sale of equipment	848,695	8,160	158,531	150,371
Issuance of debt	220,000	220,000	481,345	261,345
Contingency	(951,091)	(573,922)	-	573,922
TOTAL OTHER FINANCING SOURCES (USES):	460,178	(500,607)	827,435	1,328,042
Net Change in Fund Balance	(1,340,688)	(2,088,603)	(965,505)	1,123,098
Fund balance - beginning of year	1,340,688	2,088,603	2,202,749	114,146
Fund balance - end of year	$ -	$ -	$ 1,237,244	$ 1,237,244

See Accompanying Notes to the Financial Statements

MENIFEE 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

	SPECIAL REVENUE FUND			
	BUDGETED AMOUNTS			VARIANCE Favorable
	ORIGINAL	FINAL	ACTUAL	(Unfavorable)
REVENUES:				
From local sources:				
Other local revenues	$ 14,100	$ 1,800	$ 37,670	$ 35,870
Intergovernmental - State	427,165	640,348	711,138	70,790
Intergovernmental - Indirect federal	5,046,748	3,911,859	3,308,063	(603,796)
TOTAL REVENUES	5,488,013	4,554,007	4,056,871	(497,136)
EXPENDITURES:				
Current:				
Instruction:	3,992,735	2,009,332	2,644,435	(635,103)
Support Services:			-	
Student	348,728	457,274	535,656	(78,382)
Instructional staff	274,104	219,332	205,365	13,967
Business	(21,160)	33,828	83,391	(49,563)
Plant operations and maintenance	1,113,827	651,143	125,524	525,619
Student transportation	180,932	-	-	-
Community services	166,145	175,290	226,523	(51,233)
Food Service	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	6,055,311	3,546,199	3,820,894	(274,695)
Excess (Deficit) of Revenues over Expenditures	(567,298)	1,007,808	235,977	(771,831)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	34,726	28,608	37,647	9,039
Operating transfers out	(477,300)	(1,026,611)	(273,624)	(752,987)
Sale of equipment	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES):	(442,574)	(998,003)	(235,977)	(743,948)
Net Change in Fund Balance	(1,009,872)	9,805	-	(9,805)
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	$ (1,009,872)	$ 9,805	$ -	$ (9,805)

See Accompanying Notes to the Financial Statements

MENIFEE COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

	FOOD SERVICE
ASSETS:	
Current Assets	
Cash and cash equivalents	$ 55,696
Accounts receivable	7,541
Inventory	27,715
Total Current Assets	90,952
Noncurrent Assets	
Machinery & equipment	158,112
Accumulated depreciation	(116,039)
Total Noncurrent Assets	42,073
TOTAL ASSETS	133,025
DEFERRED OUTFLOW OF RESOURCES	
Pension - CERS	113,826
OPEB - CERS	66,116
TOTAL DEFERRED OUTFLOWS OF RESOURCES	179,942
LIABILITIES:	
Current Liabilities	
Accounts Payable	1,621
Noncurrent Liabilities	
Net pension liability - CERS	551,477
Net OPEB liability - CERS	69,619
Total Noncurrent Liabiliites	621,096
TOTAL LIABILITIES	622,717
DEFERRED INFLOW OF RESOURCES	
Pension - CERS	63,383
OPEB - CERS	74,056
TOTAL DEFERRED INFLOWS OF RESOURCES	137,439
NET POSITION:	
Net Investment in Capital Assets	42,073
Restricted	89,330
Unrestricted	(578,592)
TOTAL NET POSITION	$ (447,189)

See Accompanying Notes to the Financial Statements

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

	FOOD SERVICE
OPERATING REVENUES:	
Lunchroom sales	$ 36,433
Other operating revenues	67,378
TOTAL OPERATING REVENUES	103,811
OPERATING EXPENSES:	
Salaries and wages	305,684
Employee benefits	176,631
Contract services	3,049
Materials and supplies	702,902
Miscellaneous	46,335
Depreciation	2,461
TOTAL OPERATING EXPENSES	1,237,062
Operating income (loss)	(1,133,251)
NON-OPERATING REVENUES (EXPENSES)	
Federal grants	807,025
Federal commodities	47,703
State grants	85,143
Loss on disposal	-
NON-OPERATING REVENUES (EXPENSES)	939,871
Net income (loss) before operating transfers	(193,380)
Operating transfers	3
Change in net position	(193,377)
Net position - beginning	(253,812)
Net position - end of year	$ (447,189)

See Accompanying Notes to the Financial Statements

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

		FOOD SERVICE
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from lunchroom sales	$	120,627
Cash paid to suppliers		(711,028)
Cash paid to employees		(426,578)
Cash paid for other activites		(3,049)
Net Cash Provided (Used) by Operating Activities		(1,020,028)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal grants		807,025
State Grants		53,312
Transfers		3
Net Cash Provided (Used) by Noncapital Activities		860,340
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets		-
Loss on disposal		-
Net Cash Provided (Used) by Financing Activities		-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received		-
Net Cash Provided (Used) by Investing Activities		-
Net Increase (Decrease) in Cash and Cash Equivalents		(159,688)
Cash and cash equivalents - beginning of year		215,384
Cash and cash equivalents - end of year	$	55,696
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$	(1,133,251)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:		
Federal commodities		47,703
On-behalf payments		31,831
Depreciation		2,461
Changes in Assets and Liabilities:		
Accounts Receivable		16,816
Inventory		(725)
Deferred outflows		(117,180)
Accounts payable		(8,769)
Deferred inflows		(15,216)
Net pension liability		133,236
Net OPEB liability		23,066
Net Cash Provided (Used) by Operating Activities	$	(1,020,028)
Schedule of non-cash transactions:		
Donated commodities received from federal government	$	47,703
On-behalf payments	$	31,831

See Accompanying Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Menifee County School District (the District) conform to generally accepted accounting principles (GAAP) as applicable to governmental entities in the United States of America. U. S. governmental accounting standards are established by the Governmental Accounting Standards Board (GASB) for state and local governmental entities. The following discussion is a summary of the more significant accounting policies that apply to the District.

Reporting Entity

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

The District, for financial purposes, includes all the funds and account groups relevant to the operation of the Menifee 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 Boosters Clubs, Parent-Teacher Associations, School-Based Decision-Making Councils, and Family Resource Centers.

The financial statements of the District include those of separately administered organizations that are controlled by or dependent on the Board. Control or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board. Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements:

Blended Component Unit

Menifee County Board of Education Finance Corporation - In a prior year, the Board resolved to authorize the establishment of the Menifee County School District Finance Corporation (a non-stock, non-profit, public and charitable corporation organized under School Bond Act and KRS 273 and KRS section 58.180) (the Corporation) as an agency of the District for financing the costs of school building improvements. The Board members of the Menifee County Board of Education also comprise the corporation's Board of Directors. The Corporation is blended into the District's financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Presentation

The District's basic financial statements present government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within the 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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 accompanied by a total column.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all the District's assets and liabilities, including capital assets as well as long-term liabilities are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, transactions between governmental and business-type activities have not been eliminated.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for on the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statements of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year- end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District are property tax and utility tax. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The District has the following funds:

I. Governmental Fund Types

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

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

1) The Special Revenue Fund includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3) The School Activity Fund is a Special Revenue Fund type and is used to account for activities and programs for athletic, community service, and scholastic organizations managed by each school to benefit student activities. This fund was added in FY 2020 after the District implemented GASBS No. 84, *Fiduciary Activity*. This is a non-major fund of the District.

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

1) The Support Education Excellence in Kentucky (SEEK), Fund receives those funds designated by the state as Capital Outlay Funds (unless authorized for retention in the General Fund) and is generally restricted for use in financing capital acquisitions. This is a non-major fund of the District.

2) The Facility Support Program of Kentucky (FSPK), Fund 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. This is a non-major fund of the District.

3) The Construction Fund accounts for funds from two sources. First, funds generated by sales of bonds issues are used for various construction and renovation projects. Second, proceeds from the sale of properties and equipment owned by the District are to be used at the discretion of the Board for construction projects in future years. This is a major fund of the District.

(D) The Debt Service Fund accounts for financial resources used for payment of principal and interest and other debt related costs. This is a non-major fund of the District.

II. Proprietary Fund Types (Enterprise Fund)

The Food Service Fund accounts 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Accounting

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

Revenues – Exchange and Non-Exchange Transactions

Revenues resulting from exchange transactions are where each party receives equal value. On the modified accrual basis of accounting, 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.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue – Unearned revenue arises when assets are recognized before eligibility criteria other than time requirements have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. Unused donated commodities are also reported as inventory and unearned revenue.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property Taxes

Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer. However, the actual due 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 when tax revenues are restricted to a specific purpose.

The property tax rates assessed for the year ended June 30, 2023, to finance the General Fund operations were $0.537 per $100 valuation for real property, $0.544 per $100 valuation for business personal property and $0.492 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 delivery, within the district, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial and mixed gas.

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.

Inventory

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

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

Buildings and improvements	25-50	years
Land improvements	20	years
Technology equipment	5	years
Vehicles	5-10	years
Audio-visual equipment	15	years
Food service equipment	12	years
Furniture and fixtures	20	years
Rolling Stock	15	years
Other	10	years

Accumulated Unpaid Sick Leave Benefits
Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of the accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

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 "accrued sick leave" in the general fund. The non-current portion of the liability is not reported in the fund financial statements, but is reflected in the statement of net position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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:

a) Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP) during the year and adjusted to modified accrual for the governmental funds at year-end.
b) Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP) during the year and adjusted to modified accrual for the governmental funds at year-end.
c) Capital outlay is budgeted within the departmental budget (budgetary) as opposed to separate classification by character (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 in accordance with state law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year end.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund advances 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.

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 non-current 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous ("CERS") and Teachers Retirement System of the State of Kentucky ("KTRS") and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the CERS and KTRS, respectively. 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. Both systems publish separate financial statements as described in Note 5.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous ("CERS") and Teachers Retirement System of the State of Kentucky ("KTRS") and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by these multiple-employer cost-sharing OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the pension systems when due and payable in accordance with the benefit terms. Investments are reported at fair value by the pension systems. Both systems publish separate financial statements as described in Note 6.

Fund Balances

The District adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) for fiscal year 2011 for its governmental funds. Fund balances for each of the District's governmental funds (General Fund, special revenue funds, capital projects funds, and debt service funds) will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance*—amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.
- *Restricted fund balance*—amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation. Fund balance restricted for capital projects consists of $366,279 in the construction fund, $0 in the SEEK capital outlay fund, and $0 in the FSPK building fund, for a total of $366,279 at June 30, 2023. Fund balance restricted for other purposes consists of $34,127 in the district activity fund and $108,758 in the student activity fund, for a total of $142,885 at June 30, 2023.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Balances (Cont'd)

- *Committed fund balance*—amounts that can be spent only for specific purposes determined by a formal action of the board's highest level of decision-making authority, which is a resolution. At June 30, 2023, The District had committed fund balance for sick leave of $142,650 in the general fund.
- *Assigned fund balance*—amounts intended to be used by the District for specific purposes that are neither restricted nor committed. The Board or a delegated entity has the authority to assign amounts to be used for specific purposes. Assigned fund balance in the General Fund includes amounts that have been appropriated for expenditures in the budget for the District's subsequent fiscal year.

- *Unassigned fund balance*—amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations, using restricted funds first, followed by committed funds, assigned funds, then unassigned funds.

The District considers unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Also, the District has established the order of assigned, committed and restricted when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets and any deferred outflows/inflows related to debt issued for capital financing. Net position is reported as restricted when there are limitations imposed on its 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 various schools and fees charged for day care services. All other revenues are non-operating. Operating expenses can be tied directly to the production of the goods and services, such as the materials and labor and direct overhead. Other expenses are non-operating.

Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

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 the proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Bond Issuance Costs

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

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 in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until the appropriate period. The District reports three types of deferred outflows- contributions to the CERS and KTRS pension systems after the measurement period, differences between actual and estimated actuarial assumptions in the two pension systems (see Notes 6 and 7), and the unrecognized portion of a deferred loss on the refinancing of long-term debt (see Note 5).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until appropriate period. The District reports one type of deferred inflows- those related to the net differences between projected and actual actuarial assumptions for pension and OPEB plans (see Notes 6 and 7).

Lease Liabilities

The lease liability is recognized at the commencement of the lease term, unless the lease is a short-term lease, below the lease capitalization threshold of $5,000, or it transfers ownership of the underlying asset. The lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives) based on a borrowing rate specified in the contract or implicit rate. The lease term includes the noncancelable period of the lease and extensions the District is reasonably certain to exercise. The District monitors changes in circumstances that are expected to significantly affect the amount of a lease liability that may require a remeasurement of its lease.

New Accounting Pronouncements

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for fiscal years beginning after June 15, 2022. This standard will require similar recognition for right-to-use subscription intangible assets and a corresponding subscription liability that is provided for long-term leases in GASBS No. 87. The District reviewed its current IT subscription services and implemented the standard in the current year. Further details of the implementation are outlined in Note 18.

In June 2023, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*, that will be effective for these types of changes in fiscal years beginning after June 15, 2023. The District will apply this guidance, when appropriate.

In June 2023, the GASB issued Statement No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023 (the District's 2025 fiscal year). This standard revises some definitions for compensated absences and consolidates guidance for all types of leave to a single accounting recognition. This standard is not likely to have a material effect on the District's financial statements since they only provide one type of leave that is already recognized using the principles in GASBS No. 101.

NOTE 2 - CASH AND INVESTMENTS

Deposits and Investments

The Kentucky Revised Statutes authorize the District to invest money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security obligations, as permitted by KRS 41.240 (4), having a current quoted market value at least equal to uninsured deposits. As of June 30, 2023, the District did not hold any invested funds.

Cash and Cash Equivalents

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

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law. At year end, the District's bank balances were collateralized by securities held by the pledging bank's trust department in the District's name and FDIC Insurance. At year end, the carrying amount of the District's cash and cash equivalents was $1,441,573. The bank balance for the same time was $1,772,487. Due to the nature of the accounts and limitations imposed by the purposes of the various funds, all cash balances are considered to be restricted except for the General Fund.

NOTE 3 - CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities:				
Capital Assets not being depreciated:				
Land	$302,590	$0	$14,500	$288,090
Construction in Progress	18,145,633	3,182,423	17,871,871	3,456,186
Total Capital Assets not being depreciated	18,448,223	3,182,423	17,886,371	3,744,276
Depreciable Capital Assets				
Land Improvements	264,754	0	13,062	251,692
Buildings & Improvements	9,697,803	17,915,873	143,649	27,470,027
Technological Equipment	25,200	0	0	25,200
Vehicles	2,477,257	260,482	102,840	2,634,899
General Equipment	130,647	0	0	130,647
Total Depreciable Assets	12,595,662	18,176,355	259,551	30,512,466
Less accumulated depreciation for:				
Land Improvements	(245,763)	(6,438)	(13,062)	(239,139)
Buildings & Improvements	(3,156,977)	(506,292)	(109,490)	(3,553,778)
Technological Equipment	(1,680)	(5,040)	0	(6,720)
Vehicles	(1,641,350)	(119,654)	(71,851)	(1,689,153)
General Equipment	(84,403)	(4,886)	0	(89,289)
Total accumulated depreciation	(5,130,173)	(642,310)	(194,404)	(5,578,080)
Depreciable Capital Assets, net	7,465,489	17,534,045	65,148	24,934,386
Intangible Right-to-Use Assets				
Leased Equipment	0	110,772	0	110,772
Less Accumulated Depreciation	0	(36,671)	0	(36,671)
Intangible Right-to-Use Assets, Net	0	74,101	0	74,101
Governmental Activities, net	$25,913,713	$20,790,569	$17,951,519	$28,752,763
Business Activities:				
Technological Equipment	$0	$0	$0	$0
General Equipment	158,112	0	0	158,112
Total	158,112	0	0	158,112
Less accumulated depreciation for:				
Technological Equipment	0	0	0	0
General Equipment	(113,578)	(2,461)	0	(116,039)
Total accumulated depreciation	(113,578)	(2,461)	0	(116,039)
Business Activities, net	$44,534	($2,461)	$0	$42,073

NOTE 3 - CAPITAL ASSETS (Cont'd)

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

Governmental Activities:	
Instruction	$4,321
Support Services:	
Student	110,617
District Administration	331,244
Business Support Services	1,833
Plant Operations & Maintenance	151,060
Student Transportation	79,906
Total depreciation expense, governmental activities	$678,981

NOTE 4 – LONG-TERM DEBT AND LEASE OBLIGATIONS

Bonds

The District, through the General Fund, the Building Fund, and the SEEK Capital Outlay Fund is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Menifee County School District Finance Corporation to construct school facilities. The District has the option to purchase the property under lease at any time by retiring the bonds then outstanding. During fiscal year 2022, School Building Refunding Revenue Bond of 2022 was approved on June 2, 2022 and delivered on June 23, 2022 in the amount of $3,000,000 for the purpose of financing the construction of the new Menifee County High School.

In connection with the school revenue bonds issued after May 1, 1996, the District entered into "Participation agreements" with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

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

Issue	Proceeds	Rates	Maturity Dates	Outstanding Balance June 30, 2023
2015	1,160,000	5.00%	12/1/2030	825,000
2019	14,355,000	3.00%	8/1/2039	13,200,000
2019B	2,750,000	2.25-2.75%	2/1/2040	2,540,000
2020	4,260,000	1.40-3.00%	5/1/2031	3,375,000
2021	3,000,000	2.25-3.8%	8/1/2042	3,000,000
	$27,870,000			$22,940,000

NOTE 4 - LONG-TERM DEBT AND LEASE OBLIGATIONS (cont'd)

	Menifee County School District		Kentucky School Construction Commission		
Year	Principal	Interest	Principal	Interest	Total
2024	572,570	372,079	582,430	270,079	1,797,158
2025	582,547	358,028	597,453	255,055	1,793,083
2026	597,105	343,618	612,895	239,614	1,793,232
2027	616,237	328,675	628,763	223,745	1,797,420
2028	629,926	313,161	645,074	207,434	1,795,595
2029-2032	3,409,835	1,306,666	3,095,165	776,231	8,587,897
2033-2037	3,940,470	775,611	2,684,530	351,071	7,751,682
2038-2042	2,699,736	256,540	1,584,921	27,402	4,028,942
	$13,048,426	$4,054,378	$9,891,574	$2,350,631	$29,345,009

Financed Purchases

The following is an analysis of assets purchased through the KISTA program by class at June 30, 2023:

Class of Property	Amount
Buses Book Value	$380,672

The following is a schedule by years of the future minimum payments under the financed purchases agreements with the present value of the minimum payments as of June 30, 2023:

Year Ending June 30	Financed Purchases Payable
2024	168,908
2025	160,309
2026	154,597
2027	134,467
2028	112,704
Thereafter	321,069
Total Minimum lease payments	1,052,053
Less: Amount of Interest	(116,318)
Present value of net minimum lease payments	$935,735

The following is a summary of the District's long-term debt transactions for the year ended June 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds	$24,020,000	$0	$1,080,000	$22,940,000	$1,155,000
Less: Bond Discount	(148,237)	0	7,510	(140,728)	0
Financed Purchases	579,265	481,345	124,875	935,735	143,524
Lease Liabilities	0	110,772	35,763	75,009	36,813
Sick Leave	184,330	126,801	25,830	285,301	28,186
Total	$24,635,358	$718,918	$1,273,978	$24,095,318	$1,363,523

NOTE 4 - LONG-TERM DEBT AND LEASE OBLIGATIONS (cont'd)

Intangible Right-to-Use Lease Liabilities
In FY 2022, the District implemented the guidance of GASBS No. 87, *Leases*, for accounting and reporting leases that had previously been reported as operating leases.

During FY 2023 the District entered into a lease agreement with ProSource for various copy and print equipment. The lease requires a minimum monthly lease payment of $3,213, plus additional charges for excess usage and excluding applicable taxes. For purposes of discounting future payments on the lease, the District used the interest rate (3%) on its most recent KISTA financing agreement to determine an appropriate discount rate. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note 3.

Minimum lease payments over the next five years include:

	Lease Payments to Maturity		
	Principal	Interest	Total
FY 2024	$36,813	$1,747	$38,560
FY 2025	37,933	627	38,560
FY 2026	262	2	264
Total	$75,009	$2,376	$77,384

NOTE 5 – 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 Public Pensions Authority (KPPA), an agency of the Commonwealth of Kentucky. As of April 1, 2021, Kentucky Revised Statute ("KRS") Section 78.782 shifted the governance of CERS to a separate Board of Trustees of the County Employees Retirement System. The CERS Board manages the CERS trust, including investment management.

NOTE 5 – RETIREMENT PLANS (Cont'd)

KPPA provides the day-to-day administration (KRS 61.505) for accounting and benefit administration for CERS. The Kentucky General Assembly has the authority to establish and amend benefit provisions. The Kentucky Public Pensions Authority 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 of service or 65 years old
	Reduced retirement	At least 5 years of service and 55 years old At least 25 years of service and any age
Tier 2	Participation date	September 1, 2008 – December 31, 2013
	Unreduced retirement	At least 5 years of service and 65 years old Or age 57+ and the sum of service years plus age equal 87
	Reduced retirement	At least 10 years of service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years of service and 65 years old Or age 57+ and the 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. In 2013, the General Assembly established funding status thresholds which must be achieved before another COLA can be awarded to retirees. 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.

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.

Employer Contributions – For the year ended June 30, 2023, employer contributions were established by the County Employees Retirement Systems in December 2021. The governing Board establishes employer contribution rates based on the annual actuarial valuation completed in November each year for the fiscal year beginning the following July 1. For fiscal year 2023, the employer contribution rate for CERS nonhazardous pensions was 23.4% and hazardous pensions was 42.81%.

NOTE 5 – RETIREMENT PLANS (Cont'd)

In fiscal year 2022, these rates were 22.78% and 35.60%, respectively. Rates for both 2023 and 2022 reflect the adjustments enacted by the Kentucky General Assembly to phase-in the actuarially determined rates. (See Note 6 for additional rate information for the OPEB plans.)

Employee Contributions – Required contributions by the employee are based on the tier:

	NonHazardous	Hazardous
Tier 1	5%	8%
Tier 2	5% + 1% for insurance	8% + 1% for insurance
Tier 3	5% + 1% for insurance	8% + 1% for insurance

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

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 of Ky)—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 of Ky was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. TRS of Ky is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS of Ky issues a separate publicly available financial report that can be obtained from the TRS of Ky website, at https://trs.ky.gov/administration/financial-reports-information/.

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 is less than ten years.

NOTE 5 – RETIREMENT PLANS (Cont'd)

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 was amended to change the benefit structure for employees hired on or after that date. Members hired after July 1, 2008, must complete 27 years of service, attain age 60 and 5 years of service, or attain age 55 and 10 years of service. The annual retirement allowance for members hired after July 1, 2008, is 1.7% for 10 years or less of service; 2.0% for 10 -20 years; 2.3% for 20 – 26 years; 2.5% for 26 – 30 years; or 3.0% for more than 30 years of service. The annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

In 2021, the Kentucky General Assembly added a fourth tier to the TRS System. Members hired on or after January 1, 2022, will be eligible for a combined defined benefit and defined contribution plan. The defined benefit portion is based on length of service, final average salary, a multiplier, and the annuity option selected by the member. The defined contribution benefit portion is determined by an account balance funded by mandatory and voluntary contributions and the payment options selected by the member.

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 of Ky 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.

TRS provides disability retirement allowance for members who are totally and permanently disabled after completing at least 5 years of service, but less than 27 years. The disability allowance is equal to 60% of the member's final average salary, payable over an entitlement period equal to 25% of the service credited to the member at the date of disability or five years, whichever is longer. If the member is still disabled after the end of the entitlement period, the member receives a service retirement allowance, including additional service credit for the period of disability retirement. This extended allowance will not be less than $6,000 and is not reduced for retirement prior to age 60 or completion of 27 years of service.

TRS provides a death benefit to a surviving spouse of an active member with less than 10 years of service. This benefit is $2,880 per year unless the spouse has income from other sources that exceed $6,600 which will reduce this death benefit to $2,160 per year.

NOTE 5 – RETIREMENT PLANS (Cont'd)

A surviving spouse of an active member with 10 or more years of service is eligible for a death benefit actuarially equivalent to the allowance that the member would have received upon retirement. This benefit will commence on the date the deceased member would have been eligible for the service retirement and is payable during the life of the spouse. Additional benefits are provided for unmarried children under age 18 who are also survivors of the deceased member.

If an employee terminates 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.

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). Tiers 1, 2, and 3 non-university employees are required to contribute 9.105% of their salaries to the System for pension benefits. (See OPEB discussion for additional contribution rates.) For the FY22 measurement period, the Commonwealth of Kentucky, as a non-employer contributing entity, paid matching contributions at the rate of 16.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 17.105% for those hired after July 1, 2008, for pension benefits. (See OPEB discussion for additional contribution rates.) The 2020 actuarially determined combined member and state contribution rates for the fiscal year ended June 30, 2023 was 30.665% for non-university members hired before July 1, 2008, and 31.665% for those hired after July 1, 2008. The 2019 actuarially determined combined member and state contribution rates for the fiscal year ended June 30, 2022 was 38.56% for non-university members hired before July 1, 2008, and 39.56% for those hired after July 1, 2008. The Kentucky General Assembly increased the employer contribution in the state's fiscal year 2022 budget to reflect the actuarially determined rates, less the employee contribution.

The mandatory pension contribution for Tier 4 non-university employees hired on or after January 1, 2022, is 11%. Employer rates for Tier 4 are 10%. (See OPEB Note 6 for additional contribution rates.) Those employees may voluntarily contribute an additional amount, not to exceed the earnings on a paycheck.

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

At June 30, 2023, the District reported a liability 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 of Ky because the Commonwealth of Kentucky provides the pension support directly to TRS of Ky on behalf of the District in a special funding situation.

NOTE 5 – RETIREMENT PLANS (Cont'd)

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 net CERS pension liability	$	4,417,000
Commonwealth's proportionate share of the net KTRS pension liability associated with the District		24,545,060
	$	28,962,060

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 actuarial liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2023, the District's proportion was 0.061101 percent. For the year ended June 30, 2023, the District recognized pension expense of $65,057 related to CERS and expense of $2,239,516 related to TRS of Ky. The District also recognized on-behalf revenue of $3,318,283 for TRS of Ky support provided by the Commonwealth paid directly to TRS of Ky.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	4,722	$	39,335
Changes of assumptions		-		-
Net difference between projected and actual earnings on pension plan investments		601,021		487,785
Changes in proportion and differences between District contributions and proportionate share of contributions		321,146		62,802
District contributions subsequent to the measurement date		391,600		-
	$	1,318,489	$	589,922

$391,600 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.

NOTE 5 – RETIREMENT PLANS (Cont'd)

Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended June 30:	
2024	$ 101,266
2025	$ 147,342
2026	$ (37,118)
2027	$ 125,477
2028	$ 0
Thereafter	$ 0

Actuarial assumptions - The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	CERS	TRS of Ky
Inflation	2.30%	2.50%
Payroll growth rate	2.00%	N/A
Cost-of-living adjustment	0.00%	1.5%
Salary Increases-NonHazardous	3.30% - 10.30%	3.0-7.5%
Salary Increases-Hazardous	3.55% - 19.05%	N/A
Investment rate of return	6.25%	7.10%

For CERS, mortality tables used for active members was the PUB-2010 General Mortality table, for the non-hazardous system, and the PUB-2010 Public Safety Mortality table for the Hazardous system, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members and beneficiaries, the mortality table used is a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the table used is the PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

For TRS of Ky, mortality rates were based on the Pub2010 (Teachers Benefit-Weighted Mortality Table projected generationally with MP-2020 and 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.

NOTE 5 – RETIREMENT PLANS (Cont'd)

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years, at a minimum. The most recent analysis, performed for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. 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 the table below. The current long-term inflation assumption is 2.3% per annum for both the non-hazardous and hazardous plan.

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

For TRS of Ky, 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.

NOTE 5 – RETIREMENT PLANS (Cont'd)

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

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

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

For TRS of Ky, the discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. The actuary assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at the Actuarially Determined Contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan employees. 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.

Sensitivity of CERS and TRS of Ky 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:

NOTE 5 – RETIREMENT PLANS (Cont'd)

	1% Decrease	Current Discount Rate	1% Increase
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	$ 5,520,701	$ 4,417,000	$ 3,504,147
KTRS	6.10%	7.10%	8.10%
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 of Ky.

Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, was amended by GASBS No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The GASB standards allow entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities for these defined contribution plans from their financial statements. The District therefore does not show these assets and liabilities in this financial statement.

NOTE 6 – POST-EMPLOYMENT HEALTH CARE BENEFITS

The District's employees are provided with two OPEB 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 Teachers Retirement System of Kentucky (TRS of Ky) covers positions requiring teaching certiflcation or otherwise requiring a college degree. Retired District employees receive some health care benefits depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advance funded on an actuarially determined basis through the CERS and TRS of Ky plans. The change in governance for CERS discussed in Note 5 for pension plan governance also applies to the CERS OPEB plans. The Kentucky Public Pensions Authority's publicly available financial report includes the CERS OPEB plan reports and may be obtained from http://kyret.ky.gov/. TRS of Ky issues a publicly available financial report that can be obtained at http://www.TRS of Ky.ky.gov/05_publications/index.htm.

NOTE 6 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Cont'd)

CERS Other Postemployment Benefits

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

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

Hazardous retirees receive $15 toward the monthly premium and the hazardous retiree's spouse may also receive this contribution upon the retiree's death. The monthly insurance benefit has been increased annually by a Cost of Living Adjustment (COLA) since July 2004.

Contributions—CERS allocates a portion of the employer contributions to the health insurance benefit plans. CERS allocated 3.39% in FY 2023 and 4.17% in FY 2022 for the actuarially required contribution rate paid by employers for funding the nonhazardous healthcare benefit. Contributions for the hazardous OPEB plan were 6.78% in FY 2023 and 8.73% in FY 2022. In addition, 1% of the Tier 2 and 3 employee contributions are allocated to the health insurance plan for both hazardous and nonhazardous plans. OPEB contribution rates are declining as the funded status for CERS health insurance benefit plans approach 100%.

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

At June 30, 2023, the District reported a liability of $1,205,619 for its proportionate share of the CERS collective net OPEB liability. 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 OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 0.061090 percent. The District recognized OPEB expense of $104,885 as the OPEB liability increased and the related deferred inflows of resources and deferred outflows of resources decreased.

NOTE 6 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Cont'd)

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

CERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 121,356	$ 276,477
Changes of assumptions	190,677	157,117
Net difference between projected and actual earnings on OPEB plan investments	224,499	175,566
Changes in proportion and differences between District contributions and proportionate share of contributions	106,136	54,943
District contributions subsequent to the measurement date	71,683	-
	$ 714,351	$ 664,103

Of the total amount reported as deferred outflows of resources related to OPEB, $71,683 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	($60)
2025	$6,693
2026	($55,490)
2027	$27,422
2028	$0
Thereafter	$0

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:

Investment rate of return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.30% - 10.30%, for non-hazardous, depending on years of service 3.55% to 19.05%, for hazardous, depending on years of service
Inflation rate	2.30%
Healthcare cost trend rates:	
Under 65	Initial trend rate starts at 6.40%, January 2021, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years
Ages 65 and Older	Initial trend starting at 6.3%, January 2021, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years
Municipal Bond Index Rate	3.69% for both hazardous and non-hazardous
Discount Rate	5.70% non-hazardous and 5.61% hazardous

NOTE 6 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Cont'd)

Post-retirement mortality rates (non-disabled) used a system-specific mortality table based on mortality experience from 2013 – 2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. The investment return, price inflation, and payroll growth assumption were adopted by the Board in May 2021 for use with the June 30, 2021 valuation in order to reflect future economic expectations.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years, at a minimum. The most recent analysis, performed for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. 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 the table below. The current long-term inflation assumption is 2.3% per annum for both the non-hazardous and hazardous plan.

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

Discount rate – The single discount rate of 5.70% for CERS nonhazardous and 5.61% for CERS hazardous was used to measure the total OPEB liability as of June 30, 2022. The Single discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.69%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022.

NOTE 6 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Cont'd)

Future contributions are projected in accordance with the current funding policy mandated in Ky Revised Statutes 61.565, as amended, which includes the requirement that each participating employer in the System contribute the actuarially determined contribution rate, which is determined using a closed funding period (the Kentucky General Assembly reset the amortization period to 30 years in 2020) and the actuarial assumptions and methods adopted by the Board of Trustees. Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system.

However, the cost associated with the implicit employer subsidy for non-Medicare retirees is not currently included in the calculation of the System's actuarial determined contributions and any cost associated with the implicit subsidy is not paid out of the System's trust. The implicit rate subsidy is paid by the Commonwealth of Kentucky self-insurance fund, Kentucky Employees Health Plan. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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

	1% Decrease	Current Discount Rate	1% Increase
CERS	4.70%	5.70%	6.70%
District's proportionate share of net OPEB liability	$ 1,611,721	$ 1,205,619	$ 869,909

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 Health Care Trend Rate	1% Increase
CERS			
District's proportionate share of net OPEB liability	$ 896,351	$ 1,205,619	$ 1,576,992

The Kentucky Public Pensions Authority's publicly available financial report includes financial reports for the CERS OPEB plans and may be obtained from http://kyret.ky.gov/.

NOTE 6 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Cont'd)

TRS of Ky POST-EMPLOYMENT HEALTH CARE BENEFITS

The Commonwealth of Kentucky (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 of Ky Medical Insurance and Life Insurance Plans in a special funding situation for local school districts. Local school districts include a proportionate share of the liability, deferred outflows of resources and deferred inflows of resources, and expenses for the cost-sharing medical insurance plan.

Plan description—In addition to the pension benefits described in Note H, KRS 161.675 requires TRS of Ky to provide post-employment healthcare benefits to eligible employees and dependents. The TRS of Ky Medical Insurance Fund is a cost-sharing multiple-employer defined benefit plan. Changes made to the medical plan may be made by the TRS of Ky 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 of Ky 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 of Ky Medicare Eligible Health Plan.

Contributions–KRS 161.540 requires non-university members to contribute 3.75% to fund the post-retirement healthcare benefit, including members in Tier 4 hired after January 1, 2022. The Commonwealth of Kentucky contributes three quarters percent (.75%) from state appropriation and local school district employers contribute three percent (3.00%). In addition, the state contributes 1.57% for the cost of health insurance for retirees who are not eligible for Medicare. The total member and employer actuarially determined contribution based on the 2021 valuation was 4.62% for school district employees. The FY 22 difference between the total contributions and actuarially determined contribution (4.45%) was applied to reduce the unfunded actuarial accrued liability. The FY21 total member and employer actuarially determined contribution rate was 4.64% and 4.44% (the excess payment) was applied to the unfunded actuarial accrued liability.

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

At June 30, 2023, the District reported a liability of $2,580,000 for its proportionate share of the collective net OPEB liability for medical insurance.

NOTE 6 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Cont'd)

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 0.103922 percent.

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	$ 2,580,000
State's proportionate share of the net OPEB liability associated with the District	848,000
Total	$ 3,428,000

For the fiscal year ended June 30, 2023, the District recognized a decrease in OPEB expense of $6,316 as the liability, deferred outflows and inflows of resource increased, and deferred contributions increased. In addition, the District recognized on-behalf revenue and expenses of $45,299 for support provided by the State as a nonemployer contributing entity. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

KTRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,084,000
Changes of assumptions	524,000	-
Net difference between projected and actual earnings on OPEB plan investments	137,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,057,000	51,000
District contributions subsequent to the measurement date	141,306	-
	$ 1,859,306	$ 1,135,000

Of the total amount reported as deferred outflows of resources related to OPEB, $141,306 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:

NOTE 6 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Cont'd)

Year ended June 30:	
2023	$43,000
2024	$49,000
2025	$63,000
2026	$208,000
2027	$153,000
Thereafter	$67,000

Actuarial assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.1%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.00 – 7.50%, including inflation
Inflation rate	2.50%
Wage Inflation	2.75%
Single Equivalent Interest Rate	7.10%, net of OPEB Plan investment expense, including inflation
Healthcare cost trend rates	
Under 65	7.0% for FYE 2022 decreasing to an ultimate rate of 4.50% by FY 2032
Ages 65 and Older	5.125% for FYE 2022 decreasing to an ultimate rate of 4.50% by FY 2025
Medicare Part B Premiums	6.97% for FYE 2022 with an ultimate rate of 4.50% by 2034

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the in the June 30, 2021 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends) used in the June 30, 2021 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation. The health care cost trend assumption was updated for the June 30, 2021 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 OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class.

NOTE 6 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Cont'd)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	5.10 %
Fixed Income	9.0%	(0.10)%
Real Estate	6.5%	4.00 %
Private Equity	8.5%	6.90 %
High Yield Credit	8.0%	1.70 %
Other Additional Categories	9.0%	2.20 %
Cash	1.0%	(0.30)%
Total	100.0%	

Discount rate - The discount rate used to measure the total health care OPEB liability 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. In addition to the actuarial methods and assumptions of the June 30, 2021 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%
- The pre-65 retiree health care costs for members retired on or after July 1, 2010 were assumed to be paid by either the State or the retirees themselves.
- Administrative expenses, except the administrative fee of $8 PMPM paid to KEHP by TRS, were assumed to paid in all years by the employer as they come due and are not considered in the cash flow projections.
- Cash flows occur mid-year.
- Future contributions to the Health Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1)(c).3 and 161.550(5), when the Health Trust achieves a sufficient prefunded status, as determined by the retirement system's actuary, the following Health Trust statutory contributions are to be decreased, suspended, or eliminated:
    - Employee contributions
    - School District/University Contributions
    - State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010.

NOTE 6 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Cont'd)

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

- Adjustments to the statutory contributions in future years were based on the following assumptions:
  - Liabilities and cash flows are net of expected retiree contributions and any implicit subsidies attributable to coverage while participating in KEHP.
  - Estimates for new entrants were based on the assumption that active headcounts would remain flat for all future years.

Based on these assumptions, the Health Trust's fiduciary net position was projected to be sufficient to pay benefits.

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 (6100%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
KTRS	6.10%	7.10%	8.10%
District's proportionate share of MIF net OPEB liability	$ 3,237,000	$ 2,580,000	$ 2,036,000

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:

NOTE 6 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Cont'd)

	1% Decrease	Current Health Care Trend Rate	1% Increase
KTRS			
District's proportionate share of net OPEB liability	$ 1,934,000	$ 2,580,000	$ 3,383,000

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

TRS 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 $5,000 payable for members who retire based on service or disability. TRS provides a life insurance benefit of $2,000 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 – The Commonwealth of Kentucky contributed 0.08% of salary to the Life Insurance Trust for the fiscal year ended June 30, 2023 and 0.07% for fiscal year June 30, 2022. The actuarial determined contribution rate for FY 23 was 0.08% and 0.07% for FY 22.

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

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

District's proportionate share of the net OPEB liability	$ 0
State's proportionate share of the net OPEB liability associated with the District	42,000
Total	$ 42,000

For the year ended June 30, 2023, the District recognized OPEB revenue and expense of $3,217 for support provided by the State.

NOTE 6 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Cont'd)

Actuarial assumptions – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.00 – 7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the in the June 30, 2020 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends) used in the June 30, 2021 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation. The health care cost trend assumption was updated for the June 30, 2021 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 OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U. S. Equity	40.0%	4.40 %
International Equity	23.0%	5.60%
Fixed Income	18.0%	(0.10)%
Real Estate	6.0%	4.00 %
Private Equity	5.0%	6.90 %
Other Additional Categories	6.0%	2.10 %
Cash	2.0%	(0.30)%
Total	100.0%	

NOTE 6 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Cont'd)

Single Equivalent Interest Rate - 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. In addition to the actuarial methods and assumptions of the June 30, 2021 actuarial valuation, the following actuarial methods and assumptions were used in the projection of the Life Trust's cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.
- The employer will contribute the Actuarially Determined Contribution (AC) in accordance with the Life Trust's funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applied.
- Administrative expenses were assumed to paid in all years by the employer as they come due and are not considered in the cash flow projections.
- Active employees do not explicitly contribute to the plan.
- Cash flows occur mid-year.

Based on these assumptions, the Life Trust's fiduciary net position was projected to be sufficient to pay all benefits for all current members.

OPEB plan fiduciary net position – TRS of Ky issues a publicly available financial report that can be obtained at http://www.TRS of Ky.ky.gov/05_publications/index.htm.

NOTE 7 – 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. At June 30, 2023, this amount totaled $285,301. The District follows a policy of funding up to one-half of the total amount accrued as a commitment of the General Fund balance.

NOTE 8 - 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 are covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated and include workers' compensation insurance.

NOTE 9 – CONTINGENCIES

Funding for the District's Grant Funds is provided by federal, state and local government agencies. These funds are to be used for designated purposes only. If, based upon the grantor's review, the funds are considered not to have been used for the intended purpose the grantor may request a refund of monies advanced, or to refuse to reimburse the District for its disbursements. The amount of such future refunds and un-reimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantor's satisfaction that the funds provided are being spent as intended and the grantor's intent to continue their programs. In addition, the District operates in a heavily regulated environment. The operations of the District are subject to the administrative directives, rules and regulations of federal and state regulatory agencies, including, but not limited to, the U.S. Department of Education and the Kentucky Department of Education. Such administrative directives, rules and regulations are subject to change by an act of Congress or the Kentucky Legislature or an administrative change mandated by the Kentucky Department of Education. Such changes may occur with little or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for worker's compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association.

The District pays an annual premium to each fund for coverage. Contributions to the Workers' Compensation Fund are based on premium rates established by such a fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four months after the expiration of the self-insurance term. The liability insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage, and for any reason, by giving ninety days notice. In the event the Trust terminated coverage, any amount remaining in the Fund would be returned to the member on a pro rata basis.

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

NOTE 11 - 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 12 - DEFICIT OPERATING/ FUND BALANCES

The Food Service Fund is operating as a deficit fund balance of $447,189 at June 30, 2023. The following funds had operations that resulted in a current year deficit after transfers and other financing sources (see Note 14) of revenues over expenditures resulting in the following reductions of fund balances:

District Activity Fund	$ 1,705
Seek Capital Outlay Fund	$ 186,538
FSPK Building Fund	$ 202,899
Food Service Fund	$ 193,377
General Fund	$ 965,505
Construction Fund	$ 2,357,523

NOTE 13 – INTERFUND TRANSACTIONS

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
General	Special Revenue	KETS Matching	$37,647
General	Food Service	Indirect Costs	$3
General	Construction	Construction	$638
Special Revenue	General	Indirect Costs	$225,847
Special Revenue	Construction	Construction	$47,777
Capital Outlay	Construction	Construction	$281,691
Building	Construction	Construction	$481,861
Building	Debt Service	Debt Service	$826,959

NOTE 14 - ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2023, the Commonwealth of Kentucky contributed estimated payments on behalf of the District as follows:

Kentucky Teachers Retirement System	$	2,288,032
Health & Life Insurance		1,186,232
KISTA		0
Technology		83,800
Debt Service		879,802
Recognized at the Fund Level		4,437,866
Additional pension expense recognized at the Government-Wide Level		1,030,251
Total On-Behalf	$	5,468,117

These payments were recorded in the appropriate revenue and expense accounts on the statement of revenue, expenses, and changes in fund balance as follows:

General Fund	$	3,523,316
Food Service Fund		34,748
Debt Service Fund		879,802
Total	$	4,437,866

NOTE 15– LITIGATION

The District is subject to several legal actions in various stages of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the combined financial statements as a result of the cases presently in progress.

NOTE 16– SUBSEQUENT EVENTS

In preparing these financial statements, management of the District has evaluated events and transaction for potential recognition or disclosure through October 20, 2023, the date the financial statements were available to be issued.

NOTE 17 – RISKS AND UNCERTAINTIES

Prior to the year ended June 30, 2023, the World Health Organization declared the coronavirus disease (COVID-19) outbreak to be a pandemic. COVID -19 continues to spread across the globe and is impacting worldwide economic activity. The continued spread of the disease represents a significant risk that operations will continue to be disrupted for the foreseeable future. The full extent to which COVID-19 impacts the District will depend on future developments which are highly uncertain and cannot be predicted.

NOTE 18 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District adopted the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The objective of this Statement is to better meet the information needs of financial statement users by establishing uniform accounting and financial reporting requirements for SBITAs, improving the comparability of financial statements among governments that have entered into SBITAs, and enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. For the year ended June 30, 2023 the District was not party to any SBITAs for which GASB Statement No. 96 is applicable. Implementation of this standard had no material effect on the financial statements.

MENIFEE COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL SCHEDULES

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

	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2017)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)	Reporting Fiscal Year (Measurement Date) 2015 (2014)
COUNTY EMPLOYEES RETIREMENT SYSTEM:									
District's proportion of the net pension liability	0.061101%	0.054423%	0.057163%	0.057339%	0.056269%	0.061230%	0.061114%	0.062460%	0.059290%
District's proportionate share of the net pension liability	$ 4,417,000	$ 3,469,893	$ 4,384,355	$ 4,032,677	$ 3,426,954	$ 3,583,980	$ 3,009,036	$ 2,685,437	$ 1,923,000
District's covered-employee payroll	$ 1,732,319	$ 1,331,520	$ 1,407,783	$ 1,390,354	$ 1,381,363	$ 1,455,002	$ 1,454,566	$ 1,961,629	$ 1,457,224
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	254.98%	260.60%	311.44%	290.05%	248.08%	246.32%	206.87%	136.90%	131.96%
Plan fiduciary net position as a percentage of the total pension liability	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:									
District's proportion of the net pension liability	0%	0%	0%	0%	0%	0%	0%	0%	0%
District's proportionate share of the net pension liability	-	-	-	-	-	-	-	-	-
State's proportionate share of the net pension liability associated with the District	$ 24,545,060	$ 17,217,801	$ 19,215,139	$ 16,946,953	$ 15,950,244	$ 31,883,890	$ 35,652,060	$ 29,954,231	$ 30,126,070
Total	$ 24,545,060	$ 17,217,801	$ 19,215,139	$ 16,946,953	$ 15,950,244	$ 31,883,890	$ 35,652,060	$ 29,954,231	$ 30,126,070
District's covered-employee payroll	$ 5,546,695	$ 5,370,362	$ 4,744,724	$ 4,884,093	$ 4,277,541	$ 4,241,958	$ 4,185,045	$ 4,179,746	$ 4,347,207
District's proportionate share of the net pension liability as a percentage of its covered-employee 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	56.41%	65.59%	58.27%	58.80%	59.30%	56.40%	54.60%	55.30%	53.60%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.
Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

MENIFEE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
COUNTY EMPLOYEES RETIREMENT SYSTEM:										
Contractually required contribution	$ 391,600	$ 356,403	$ 275,593	$ 295,114	$ 242,246	$ 201,942	$ 207,967	$ 173,629	$ 186,481	$ 257,491
Contributions in relation to the contractually required contribution	391,600	356,403	275,593	295,114	242,246	201,942	207,967	173,629	186,481	257,491
Contribution deficiency (excess)					-	-	-	-	-	-
District's covered-employee payroll	$ 1,719,052	$ 1,683,529	$ 1,427,944	$ 1,521,546	$ 1,493,499	$ 1,381,363	$ 1,455,002	$ 1,454,566	$ 1,961,629	$ 1,457,224
District's contributions as a percentage of its covered-employee payroll	22.78%	21.17%	19.30%	19.40%	16.22%	14.62%	14.29%	11.94%	9.51%	17.67%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:										
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	$ 6,206,884	$ 5,370,362	$ 4,744,724	$ 4,884,093	$ 4,526,990	$ 4,277,541	$ 4,241,958	$ 4,185,045	$ 4,179,746	$ 4,347,207
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

MENIFEE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
FOR THE YEAR ENDED JUNE 30, 2023

COUNTY EMPLOYEES RETIREMENT SYSTEM:

The actuarially determined contribution rates are determined on an annual basis using the actuarial valuation conducted two years prior to the year in which the contribution will be assessed.

2020 Changes of Assumptions –The amortization period for the unfunded liability was reset as of June 30, 2019, to a closed 30-year period.

2019 Changes of Assumptions – The 2019 actuarial valuation used updated mortality tables for all categories of members and beneficiaries and a system-specific mortality table for non-disabled retirees. In 2019, mortality rates for active members were based on the PUB-2010 General Mortality table, for the nonhazardous members and the PUB-2010 Public Safety Mortality table for the hazardous members, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Post-retirement mortality rates (non-disabled) used a system-specific mortality table based on mortality experience from 2013 – 2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The PUB-2010 Disabled Mortality Table is used for post-retirement mortality for disabled retirees 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. Previous valuations were based on RP-2000 Combined Mortality Tables.

2017 Changes of Assumptions – For the 2017 actuarial valuation, several key actuarial assumptions were revised. Changes in assumptions prior to 2016 provided minor adjustments to the actuarial measurements. The following table outlines the actuarial methods and assumptions that were used in 2019 and 2016 to determine contribution rates reported for all systems:

Assumption	2017 Valuation	2016 Valuation
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level of Percentage of Payroll, closed	Level of Percentage of Payroll, closed
Remaining Amortization Period	26 Years	27 Years
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Post-retirement benefit adjustments	0.00%	0.00%
Inflation	**2.30%**	**3.25%**
Salary Increase	**3.3% to 11.55%** varies by service), average, including Inflation	**4%**, average, including Inflation
Investment Rate of Return	**6.25%**, Net of Pension Plan Investment Expense, including Inflation	**7.5%**, Net of Pension Plan Investment Expense, including Inflation

MENIFEE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
FOR THE YEAR ENDED JUNE 30, 2023

COUNTY EMPLOYEES RETIREMENT SYSTEM (Cont'd):

Changes of Benefit Terms -

2014: A cash balance plan was introduced for member whose participation date begins on or after January 1, 2014

2009: A new benefit tier for members who first participate on or after September 1, 2008 was introduced which included the following changes:

1. Tiered Structure for benefit accrual rates
2. New retirement eligibility requirements
3. Different rules for the computation of final average compensation

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

2022 Changes to Benefit Terms – A new benefit tier was added for members joining the system on and after January 1, 2022. This tier increases the retirement age to either age 57 and 10 years of service or attainment of age 65 and 5 years of service. This tier includes a defined benefit foundational benefit based on service and final average salary plus a defined contribution supplemental benefit. More details about this new tier are available on the TRS website, https://trs.ky.gov/active-members/trs-1-trs-2-and-trs-3-member-information.

2021 Changes of Assumptions – The 2020 experience study was used to adjust rates of withdrawal, retirement, disability, mortality, and rates of salary increases to reflect actual experience more closely. The expectation of mortality was changed to the Pub 2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50% to 7.10% and the price inflation assumption was lowered from 3.00% to 2.50%. In addition, the calculation of SEIR results in an assumption change from 7.50% to 7.10%.

2018 Changes of Assumptions – The 2018 actuarial analysis for TRS of Ky indicated that cash flow for the system would be sufficient to pay benefits in all periods. As a result, the discount rate for the 2018 study was the same as the long-term expected yield of 7.5%. In 2017, the analysis used a blended rate of 4.49% which included the application of the municipal bond index to periods after 2038. The actuarial gains for this change will be recognized over the average remaining service lives for active members (10.6 years for the 2020 valuation) and are creating negative pension expense for the TRS pension system.

2017 Changes of Assumptions – The Single Equivalent Interest Rate was increased from 4.20% to 4.49%.

2016 Changes of Assumptions – The Single Equivalent Interest Rate was decreased from 4.88% to 4.20%. Rates of withdrawal, retirement, disability and mortality were adjusted based on an experience study conducted in 2015. The Assumed Salary Scale, Price Inflation, and Wage Inflation were also decreased.

2015 Changes of Assumptions – The Single Equivalent Interest Rate was decreased from 5.23% to 4.88%.

2014 Changes of Assumptions – The Single Equivalent Interest Rate was increased from 5.16% to 5.23%.

MENIFEE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
COUNTY EMPLOYEES RETIREMENT SYSTEM:						
District's proportion of the net OPEB liability	0.061090%	0.054410%	0.057151%	0.057324%	0.056269%	0.061230%
District's proportionate share of the net OPEB liability	$ 1,205,619	$ 1,041,652	$ 1,380,023	$ 964,184	$ 999,009	$ 1,230,932
District's covered-employee payroll	$ 1,732,319	$ 1,331,520	$ 1,407,783	$ 1,390,354	$ 1,381,363	$ 1,455,002
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	69.60%	78.23%	98.03%	69.35%	72.32%	84.60%
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:						
District's proportion of the net OPEB liability	0.103922%	0.070289%	0.072375%	0.065876%	0.062625%	0.062290%
District's proportionate share of the net OPEB liability	$ 2,580,000	$ 1,508,000	$ 1,827,000	$ 1,928,000	$ 2,173,000	$ 2,221,000
State's proportionate share of the net OPEB liability associated with the District	$ 848,000	$ 1,225,000	$ 1,463,000	$ 1,557,000	$ 1,873,000	$ 1,814,000
Total	$ 3,428,000	$ 2,733,000	$ 3,290,000	$ 3,485,000	$ 4,046,000	$ 4,035,000
District's covered-employee payroll	$ 4,615,819	$ 5,370,362	$ 4,744,724	$ 4,884,093	$ 4,277,541	$ 4,241,958
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	55.89%	28.08%	38.51%	39.48%	50.80%	52.36%
Plan fiduciary net position as a percentage of the total OPEB liability	47.75%	51.74%	39.05%	32.58%	25.50%	21.18%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.
Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

MENIFEE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017
COUNTY EMPLOYEES RETIREMENT SYSTEM:							
Contractually required contribution	$ 71,684	$ 97,308	$ 67,970	$ 72,785	$ 78,558	$ 65,548	$ 70,515
Contributions in relation to the contractually required contribution	71,684	97,308	67,970	72,785	78,558	65,548	70,515
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered-employee payroll	$ 1,719,052	$ 1,683,529	$ 1,427,944	$ 1,521,546	$ 1,493,499	$ 1,381,363	$ 1,455,002
District's contributions as a percentage of its covered-employee payroll	4.17%	5.78%	4.76%	4.78%	5.26%	4.75%	4.85%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:							
Contractually required contribution	$ 141,308	$ 137,990	$ 124,763	$ 127,761	$ 114,708	$ 111,554	$ 106,720
Contributions in relation to the contractually required contribution	141,306	137,990	124,763	127,761	114,708	111,554	106,720
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered-employee payroll	$ 4,736,137	$ 4,441,281	$ 4,176,961	$ 4,289,221	$ 3,832,402	$ 4,277,541	$ 4,241,958
District's contributions as a percentage of its covered-employee payroll	2.98%	3.11%	2.99%	2.98%	2.99%	2.61%	2.52%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.
Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

MENIFEE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – MEDICAL INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2023

COUNTY EMPLOYEES RETIREMENT SYSTEM:

Valuation Date: June 30, 2021

2022 Changes in Actuarial Assumptions: Discount rate used to calculate the total OPEB liability increased from 5.20% to 5.70% for the CERs non-hazardous insurance plan.

2021 Changes in Actuarial Assumptions: Initial rates for health cost trends for retirees under age 65 were lowered from 6.4% to 6.25% and rates for retirees ages 65 or older were increased from 2.9% to 5.5%. Municipal bond index rate was lowered from 2.45% to 1.92% (Fidelity 20-Year Municipal GO AA Index). And the single discount rate for the CERS non-hazardous insurance plan was lowered from 5.34% to 5.20%.

2017 Changes in Actuarial Assumptions: The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions which were changed from the 2016 actuarial valuation, applied to all periods included in the measurement:

Investment rate of Return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	4% average
Inflation rate	3.25%
Healthcare cost trend rates	
Under 65	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years
Ages 65 and Older	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years
Municipal Bond Index Rate	3.56%
Discount Rate	5.84%

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

Valuation Date: June 30, 2021

2022 Changes to Benefit Terms: A new benefit tier was added for members joining the system on and after January 1, 2022. This tier increases the retirement age to either age 57 and 10 years of service or attainment of age 65 and 5 years of service. This tier includes a defined benefit foundational benefit based on service and final average salary plus a defined contribution supplemental benefit. More details about this new tier are available on the TRS website, https://trs.ky.gov/active-members/trs-1-trs-2-and-trs-3-member-information.

2021 Changes to Actuarial Assumptions:

- 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, setbacks, 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 to 7.10% The price inflation assumption was lowered from 3.00% to 2.5%
- The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

2020 Changes to Actuarial Assumptions: The actuary updated the health care trend rates based on current economic data.

2019 Changes to Actuarial Assumptions: The State's biennial budget for the two years ended June 30, 2022, included the actuarially determined contribution (ADC) rate for the TRS of Ky system plus additional contributions to address the shortfall from previous years. The actuarial analysis for the June 30, 2019 measurement included an assumption that future state contributions would be based on the ADC which provides sufficient funding for all future periods. As a result, TRS used the long-term rate of return, 7.5%, as the 2019 discount rate instead of a blended rate that included the municipal bond index for certain future periods.

2017 Changes to benefit terms: With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retire prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

MENIFEE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY - LIFE INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
KENTUCKY TEACHER'S RETIREMENT SYSTEM:						
District's proportion of the net OPEB liability	0%	0%	0%	0%	0%	0%
District's proportionate share of the net OPEB liability	-	-	-	-	-	-
State's proportionate share of the net OPEB liability associated with the District	$ 42,000	$ 16,000	$ 44,000	$ 36,000	$ 32,000	$ 24,000
Total	$ 42,000	$ 16,000	$ 44,000	$ 36,000	$ 32,000	$ 24,000
District's covered-employee payroll	$ 4,615,819	$ 5,370,362	$ 4,744,724	$ 4,884,093	$ 4,277,541	$ 4,241,958
District's proportionate share of the net OPEB liability as a percentage of its covered-employee 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	73.97%	89.15%	71.57%	73.40%	75.00%	79.99%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.
Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

MENIFEE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - LIFE INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017
KENTUCKY TEACHER'S RETIREMENT SYSTEM:							
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered-employee payroll	$ 4,736,137	$ 4,441,281	$ 4,176,961	$ 4,289,221	$ 3,832,402	$ 4,277,541	$ 4,241,958
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.
Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

MENIFEE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – LIFE INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2023

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

Valuation Date: June 30, 2021

2021 Changes to assumptions:

- 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, setbacks, 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% for the Life Trust to 7.10% The price inflation assumption was lowered from 3.00% to 2.5%
- The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

2017 Changes to benefit terms:

With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retire prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

MENIFEE COUNTY SCHOOL DISTRICT

SUPPLEMENTAL SCHEDULES

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

	DISTRICT ACTIVITY FUND	SCHOOL ACTIVITY FUND	SEEK CAPITAL OUTLAY FUND	FSPK BUILDING FUND	DEBT SERVICE FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS:						
Cash and cash equivalents	$ 34,127	$ 108,975	$ -	$ -	$ -	$ 143,102
TOTAL ASSETS	$ 34,127	$ 108,975	$ -	$ -	$ -	$ 143,102
LIABILITIES:						
Accounts Payable	$ -	$ 217	$ -	$ -	$ -	$ 217
TOTAL LIABILITIES	-	217	-	-	-	217
FUND BALANCES:						
Restricted	34,127	108,758	-	-	-	142,885
TOTAL FUND BALANCES	34,127	108,758	-	-	-	142,885
TOTAL LIABILITIES AND FUND BALANCES	$ 34,127	$ 108,975	$ -	$ -	$ -	$ 143,102

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

	DISTRICT ACTIVITY FUND	SCHOOL ACTIVITY FUND	SEEK CAPITAL OUTLAY FUND	FSPK BUILDING FUND	DEBT SERVICE FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES:						
From local sources:						
Taxes:						
Property	$ -	$ -	$ -	$ 417,506	$ -	$ 417,506
Interest on investments	-	-	-	-	-	-
Other Local revenues	23,192	240,700	-	-	-	263,892
Intergovernmental - State	-	-	95,153	688,415	879,802	1,663,370
TOTAL REVENUES	23,192	240,700	95,153	1,105,921	879,802	2,344,768
EXPENDITURES:						
Current:						
Instruction	24,897	205,738	-	-	-	230,635
Student Services:					-	-
Student Support	-	-	-	-	-	-
Plant operations and maintenance	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service	-	-	-	-	1,706,760	1,706,760
TOTAL EXPENDITURES	24,897	205,738	-	-	1,706,760	1,937,395
Excess (Deficit) of Revenues over Expenditures	(1,705)	34,962	95,153	1,105,921	(826,958)	407,373
OTHER FINANCING SOURCES (USES):						
Operating transfers in	-	-	-	-	826,958	826,958
Operating transfers out	-	-	(281,691)	(1,308,820)	-	(1,590,511)
TOTAL OTHER FINANCING SOURCES (USES):	-	-	(281,691)	(1,308,820)	826,958	(763,553)
Net Change in Fund Balances	(1,705)	34,962	(186,538)	(202,899)	-	(356,180)
Fund balance - beginning of year	35,832	73,796	186,538	202,899	-	499,065
Fund balance - end of year	$ 34,127	$ 108,758	$ -	$ -	$ -	$ 142,885

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

	Cash Balances June 30, 2022	Receipts	Disbursements	Due To Student Groups June 30, 2023
Menifee Co. High School	$ 58,119	$ 204,597	$ 182,634	$ 80,085
Menifee Central	15,677	36,099	23,103	28,673
	$ 73,796	$ 240,696	$ 205,737	$ 108,758

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

ACCOUNTS:	Cash Balances June 30, 2022	Receipts	Disbursements	Due To Student Groups June 30, 2023
Academic	$ -	$ -	$ -	$ -
Athletic Concessions	1,298	-	200	1,098
Athletics	6,630	9,253	16,545	(662)
Band	505	1,751	784	1,472
Baseball	-	3,977	3,977	-
Basketball - Boys	3,264	8,686	4,789	7,161
Basketball - Girls	4,150	5,952	4,754	5,348
BETA Club	67	1,520	1,248	339
Cheerleading	9	417	344	82
Christian Athletics	11	-	-	11
Cross Country - Girls & Boys	-	95	95	-
Educators Rising	-	-	-	-
FFA	4,412	58,056	43,769	18,699
FFA Horticulture Fund	4,173	3,348	1,769	5,752
Freshman Class	-	963	-	963
Future Business Leaders	548	19,383	15,177	4,754
Health Occupation Student	1,500	2,337	2,840	997
JAG Group	-	1,700	522	1,178
Junior Class	2,945	6,867	4,662	5,150
National Honor Society	-	-	-	-
Senior Class	2,555	44,877	47,603	(171)
Soccer - Boys	58	3,598	3,656	-
Soccer - Girls	667	2,989	3,656	-
Softball	-	3,909	3,909	-
Special Education	881	2,278	2,679	480
Student Council	216	-	-	216
Student Parking Fees	1	120	-	121
Student Technology Leadership	212	-	-	212
Student Vending	484	167	-	651
Support Baseball	3,596	2,761	1,812	4,545
Support Boys Basketball	725	1,498	78	2,145
Support Boys Soccer	4,974	2,037	2,800	4,211
Support Cheerleaders	3,287	2,742	-	6,029
Support Girls Basketball	2,240	1,272	-	3,512
Support Girls Soccer	3,215	1,719	3,038	1,896
Support Softball	4,329	3,754	5,873	2,210
Support Track - Boys & Girls	-	75	75	-
Support Volleyball	1,170	2,422	2,332	1,260
Track - Boys & Girls	-	-	-	-
Volleyball	-	4,074	3,648	426
TOTALS	$ 58,119	$ 204,597	$ 182,634	$ 80,085

MENIFEE COUNTY BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2023

Federal Grantor/Program or Cluster Title	*Federal Assistance listing number*	*Name of Grant - Grant ID No.*	*Federal Expenditures($)*
Passed Through Kentucky Department of Education			
United States Department of Agriculture			
Child Nutrition Cluster-Cluster			
National School Lunch Program (NSLP)			
National School Lunch Program	10.555	7750002-22	$116,855
National School Lunch Program	10.555	7750002-23	424,775
National School Lunch Program	10.555	9980000-22	27,036
National School Lunch Program	10.555	9980000-23	14,589
School Breakfast Program	10.553	7760005-22	41,171
School Breakfast Program	10.553	7760005-23	161,837
Summer School Feeding Program	10.559	7690024-22	3,617
Summer School Feeding Program	10.559	7690024-23	457
Summer School Feeding Program	10.559	7740023-22	18,376
Summer School Feeding Program	10.559	7740023-23	4,446
National School Lunch Program (NSLP)	10.555	4002823 Commodites	47,703
Total National School Lunch Program (NSLP)			860,861
Child and Adult Care Food Program			
Child and Adult Care Food Program	10.558	7790021-22	4,579
Child and Adult Care Food Program	10.558	7790021-23	28,237
Child and Adult Care Food Program	10.558	7800016-23	239
Child and Adult Care Food Program	10.558	7800016-22	1,697
Total Child and Adult Care Food Program			34,752
State Pandemic Adm Cost Grant	10.649	9990000-22	3,135
State Administrative Expenses Child Nutrition	10.560	7700001-22	740
Total United States Department of Agriculture			899,488
United States Department of Education			
Special Education Cluster (IDEA)-Cluster			
Special Education - Grants to States (IDEA, Part B)			
Special Education - Grants to States (IDEA, Part B)	84.027	3810002-22	256,065
Special Education - Grants to States (IDEA, Part B)	84.027	3810002-21	27,509
Special Education - Grants to States (IDEA, Part B)	84.027	4910002-21 ARP IDEA B--4781	50,977
Total Special Education - Grants to States (IDEA, Part B)			334,551
Special Education - Preschool Grants (IDEA Preschool)			
Special Education - Preschool Grants (IDEA Preschool)	84.173	3800002-21	9,129
Special Education - Preschool Grants (IDEA Preschool)	84.173	4900002-21 ARP IDEA B PRESCHOOL	5,178
Total Special Education - Preschool Grants (IDEA Preschool)			14,307
Total Special Education Cluster (IDEA)-Cluster			348,858
TITLE II BYRNE DISCTRETIONARY COMM PROJECT			
TITLE II BYRNE DISCTRETIONARY COMM PROJECT	16.579	BYRNE CISCRETIONARY COMM PROJECT--686J	81,043
Total TITLE II BYRNE DISCTRETIONARY COMM PROJECT			81,043

The accompanying notes are an integral part of this schedule

MENIFEE COUNTY BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2023

Federal Grantor/Program or Cluster Title	*Federal Assistance listing number*	*Name of Grant - Grant ID No.*	*Federal Expenditures($)*
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)			
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	3100002-21	44,408
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	3100002-22	519,243
Total Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)			563,651
Career and Technical Education--Basic Grants to States (Perkins V)			
Career and Technical Education--Basic Grants to States (Perkins V)	84.048	3710002-22	13,173
Career and Technical Education--Basic Grants to States (Perkins V)	84.048	3710002-21	1,164
Total Career and Technical Education--Basic Grants to States (Perkins V)			14,337
Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects			
Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects	84.215	FULL SERVICE COMMUNITY GRANT--518JJ	22,429
Total Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects			22,429
Twenty-First Century Community Learning Centers			
Twenty-First Century Community Learning Centers	84.287	3400002-21	100,000
Twenty-First Century Community Learning Centers	84.287	3400002-20	14,382
Total Twenty-First Century Community Learning Centers			114,382
Rural Education			
Rural Education	84.358	3140002-22	26,833
Total Rural Education			26,833
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)			
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	3230002-22	60,604
Total Supporting Effective Instruction State Grant (formerly improving Teacher Quality State Grants)			60,604
Comprehensive Literacy Development			
Comprehensive Literacy Development	84.371	3220002-21	212,816
Total Comprehensive Literacy Development			212,816

The accompanying notes are an integral part of this schedule

MENIFEE COUNTY BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2023

Federal Grantor/Program or Cluster Title	*Federal Assistance listing number*	*Name of Grant - Grant ID No.*	*Federal Expenditures($)*
Student Support and Academic Enrichment Program			
Student Support and Academic Enrichment Program	84.424	3420002-22	31,596
Student Support and Academic Enrichment Program	84.424	3420002-21	17,807
Total Student Support and Academic Enrichment Program			49,413
Education Stabilization Fund (ESF)			
Education Stabilization Fund (ESF)	84.425U	4980002-21 Covid 19 ESSER	6,530
Education Stabilization Fund (ESF)	84.425D	4200002-21 Covid 19 ESSER	40,819
Education Stabilization Fund (ESF)	84.425U	4300002-21 Covid 19 ESSER III	1,248,609
Education Stabilization Fund (ESF)	84.425W	4980002-21 Covid 19 ARP -ESSER	24,801
Education Stabilization Fund (ESF)	84.425D	4200002-21 Covid 19 ESSER II	348,463
Education Stabilization Fund (ESF)	84.425D	4200003-21 ESSER II	18,282
Education Stabilization Fund (ESF)	84.425U	Covid 19 ARP ESSER - DEEPER LEARNING--563J	9,084
Total Education Stabilization Fund (ESF)			1,696,588
Passed Through Berea College			
Gaining Early Awareness and Readiness for Undergraduate Programs			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	GEAR UP - ACADEMIC SPECIALIST--379IA	8,216
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	GEAR UP - DIRECT EXPENSES--379iD	1,355
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	GEAR UP - ACADEMIC SPECIALIST--379JA	99,884
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	GEAR UP - DIRECT SERVICES--379JD	2,886
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	GEAR UP - REGIONAL COSTS - SUPPLE--379JR	2,790
Total Gaining Early Awareness and Readiness for Undergraduate Programs			115,131
Total United States Department of Education			3,306,085
Department of Health and Human Services			
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	SYSTEM OF CARE (SOC) FIVE PARTNER--537J	1,979
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	93.981	IMPROVING STUDENT HEALTH & ACA ach--482I	4,991
Total Department of Health and Human Services			6,970
Total Expenditures of Federal Awards			$4,212,543

The accompanying notes are an integral part of this schedule

MENIFEE COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

NOTE 1- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Menifee County School District under the programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance). Because the schedule presents only a selected portion of operations of the Menifee County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2) Menifee County School District did not elect to use the 10% de minimus indirect cost rate.

NOTE 3 – FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2023, the District received food commodities totaling $47,303.

NOTE 4 – SUBRECIPIENTS

The District did not pass through any federal awards to a subrecipient in the current fiscal year.

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

To the Kentucky State Committee for School District Audits
Members of the Board of Education
Menifee County School District
Frenchburg, KY 40322

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Menifee County School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Menifee County School District's basic financial statements, and have issued our report thereon dated October 20, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Menifee County School District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Menifee County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Menifee 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Menifee County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management for the District in a separate letter dated October 20, 2023.

Purpose of this Report

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

Summers, McCrary & Sparks, PSC

Lexington, KY
October 20, 2023

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

To the Kentucky State Committee for School District Audits
Members for the Board of Education
Menifee County School District
Frenchburg, KY 40322

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Menifee 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 the Menifee County School District's major federal programs for the year ended June 30, 2023. The Menifee 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.

In our opinion, the Menifee 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 each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Menifee County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the audit requirements prescribed by Kentucky State Committee for School District Audits, in the *Auditor Responsibilities, Cost Principles, and Audit Requirements* sections contained in the Kentucky Public School District's Audit Contract and Requirements will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Menifee 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*, the Uniform Guidance and the audit requirements prescribed by Kentucky State Committee for School District Audits, in the *Auditor Responsibilities, Cost Principles, and Audit Requirements* sections contained in the Kentucky Public School District's Audit Contract and Requirements, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Menifee County School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Menifee 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 the Menifee County School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Summers, McCrary & Sparks, PSC

Lexington, KY
October 20, 2023

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MENIFEE 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 auditor's report issued - unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____yes ___X___no

Significant deficiencies identified
_____yes ___X___none reported

Noncompliance material to financial statements noted? _____yes ___X___no

Federal Awards
Internal control over majority programs:

Material weakness(es) identified? _____yes ___X___no

Significant deficiencies identified
_____yes ___X___none reported

Type of auditor's report issued on compliance for the major programs - unmodified

Any audit findings disclosed that are required to be report in accordance with 2 CFR section 200.516 (a)? _____yes ___X___no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
#84.010	Title I Grants to Local Educational Agencies
#84.425D; #84.425U, #84.425W	Education Stabilization Fund (ESF)

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

Auditee qualified as low-risk auditee? ___X___yes _____no

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

Section II – Financial Statement Findings

No findings in the current year

Section III – Federal Award Findings and Questioned Costs

No findings in the current year.

MENIFEE COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

Financial Statement Findings

No findings in the prior year.

Federal Award Findings and Questioned Costs

No findings in the prior year.

SUMMERS, MCCRARY & SPARKS, P.S.C.

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Members of the Board of Education
Menifee County School District
Frenchburg, Kentucky

In planning and performing our audit of the financial statements of Menifee County School District for the year ended June 30, 2023, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated October 20, 2023 on the financial statements of the Menifee County School District

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

Respectfully,

Summers, McCrary & Sparks, PSC

Summers, McCrary & Sparks, PSC
Lexington, Kentucky
October 20, 2023

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MENIFEE COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2023

BOARD

CASH DISBURSEMENTS

Comment: During testing of cash disbursements, it was noted that two invoices were dated before the PO was completed. We recommend all POs be approved before purchases are made.

Response: We have provided additional guidance to staff to ensure this is not an issue in the future.

SCHOOL ACTIVITY FUNDS

MENIFEE COUNTY HIGH SCHOOL

Comment: During our testing of the annual report, we identified two individual accounts that ended the year with a deficit balance. We recommend the bookkeeper and principal both review the "Reporting" section of the "Redbook", which states individual school activity accounts shall not end the fiscal year with a negative (deficit) balance.

Response: We have adequate personnel to review balances to more accurately ensure balances are maintained in student activity accounts. We will ensure this is corrected for the future.

MENIFEE COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2023

STATUS OF PRIOR YEAR COMMENTS

BOARD

Nothing noted.

SCHOOL ACTIVITY FUNDS

MENIFEE COUNTY HIGH SCHOOL

Comment: During testing of cash receipts, there was several instances of ticket forms not being completed correctly. We recommend the bookkeeper, and the athletic director, review the "Ticket Sales" section of the "Redbook", as well as review the official F-SA-1 Requisition and Report of Ticket Sales form in order to properly complete the forms. There were no similar findings in the current year.

Comment: During testing of cash receipts, there were several instances of Multiple Receipt Forms not containing the proper information on the form. We recommend the bookkeeper review the "Receipts" section of the "Redbook," which states: "Teachers, sponsors, and coaches shall use the Multiple Receipt Form (Form F-SA-6) or pre-numbered receipts when collecting money. a) Students sixth grade and above must sign the Multiple Receipt Form, unless physically unable to sign." There were no similar findings in the current year.

Comment: During testing of cash receipts, it was noted that the athletic director did not complete several F-SA-17 forms properly. We recommend the bookkeeper and the athletic director review the "Fundraiser" section of the "Redbook," which states "The Sales from Concessions/Bookstore/School Store/Pencil Machine Form (Form F-SA-17) is to be used each time money is collected from these activities and turned in with the money to the school treasurer. a) The form must be completed for each event and each time the machine is serviced or money from these activities is collected. There shall be two different individuals involved: one individual to collect and count the monies from sales and a separate individual to complete the Monthly Inventory Control Worksheet (F-SA-5).". We also recommend those individuals review the F-SA-17 form in the "Redbook," to ensure proper completion in the future. There were no similar findings in the current year.