BRACKEN COUNTY BOARD OF EDUCATION

FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION
And
INDEPENDENT AUDITOR'S REPORTS

Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

State Committee For School District Audits
Members of the Board of Education
Bracken County Board of Education
Brooksville, Kentucky

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board as of June 30, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Emphasis of Matter

As described in Note R to the financial statements, the Board adopted new accounting guidance, *GASB Statement No. 96, Subscription Based Information Technology Arrangement (SBITA).* The objective of this statement is to better meet the information needs of financial statement users.. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated November 1, 2023 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
November 1, 2023

BRACKEN COUNTY BOARD OF EDUCATION
BROOKSVILLE, KENTUCKY

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023

As management of the Bracken 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 beginning cash balance for the District was $4,645,704.
The ending cash balance for the District was $5,917,280.

The General Fund had $11,971,751 in revenue, which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes. Excluding inter-fund transfer, there were $12,084,325 in General Fund expenditures. This includes on-behalf payments.

The District participated in the Community Eligibility Provision (CEP) program.
CEP allows the District to serve breakfast and lunch at no cost to all enrolled students.

The District had some major construction projects during the year.
It continued its work on the School Based Health Clinic.
It also continued its work on the Softball field lights.
The District had a major plumbing project at Taylor Elementary.

The Board analyzied salary scales from surrounding districts and a raise of at least 5% was given to all staff. Each scale was analyzed to make them more competitive with local districts.

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) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

The district-wide financial statements can be found on pages 13 and 14 of this report.

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

The basic governmental fund financial statements can be found on pages 15-21 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 district-wide and fund financial statements. The notes to the financial statements can be found on pages 22-59 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by $10.5 million as of June 30, 2023.

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

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

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

2023 District-wide net position compared to 2022 are as follows:

Net Position (in thousands)

	Governmental		**Business-type**		**Total**	
	2022	**2023**	**2022**	**2023**	**2022**	**2023**
Assets	$20,267	$21,439	$283	$274	$20,550	$21,713
Deferred Outflows of Resources	$1,705	$2,870	$142	$248	$1,847	$3,118
Liabilities	$10,832	$11,759	$511	$924	$11,343	$12,683
Deferrred Inflows of Resources	$2,368	$2,059	$131	$189	$2,499	$2,248
Investment in capital assets (net of debt)	$9,646	$10,430	$255	$252	$9,901	$10,682
Restricted	2,010	2,071	(472)	(843)	1,538	1,228
Unrestricted	(2,884)	(2,010)	0	0	(2,884)	(2,010)
Total Net Position	$8,772	$10,491	($217)	($591)	$8,555	$9,900

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 year, but are reflected in the district overall budget. By law the budget must have a minimum 2 percent contingency. The district adopted a budget with $1,062,614 in contingency, which is 9.6 percent.

Comments on Budget Comparisons

The original budget was amended to reflect changes in the site based allocations and anticipated revenues. The changes made were based on more accurate data being available after the first couple of months of the fiscal year.

Changes in Net Position (in thousands)

Revenues	**Governmental** 2022	2023	**Business-type** 2022	2023	**Total** 2022	2023
Local Revenue Sources	$4,251	$3,827	$19	$31	$4,270	$3,858
State Revenue Sources	9,771	10,976	267	333	10,038	11,309
Federal Revenue Sources	1,986	2,257	795	964	2,781	3,221
Investments	14	10	0	0	14	10
Total Revenues	16,022	17,070	1,081	1,328	17,103	18,398
Expenses						
Instruction	10,187	8,897	0	0	10,187	8,897
Student Support Services	821	877	0	0	821	877
Instructional Support	479	477	0	0	479	477
District Administration	503	629	0	0	503	629
School Administration	679	743	0	0	679	743
Business Support	199	218	0	0	199	218
Plant Operations	1,613	1,810	0	0	1,613	1,810
Student Transportation	1,332	1,447	0	0	1,332	1,447
Community Support	18	14	0	0	18	14
Food Service	135	159	994	1,665	1,129	1,824
Debt Service	121	119	0	0	121	119
Total Expenses	16,087	15,390	994	1,665	17,081	17,055
Transfers	33	38	(33)	(38)	0	0
Sale of Assets	(1)		0		(1)	0
Change in Net Position	(33)	1,718	54	(375)	21	1,343
Beginning Net Position	8,806	8,773	(271)	(217)	8,535	8,556
Ending Net Position	$8,773	$10,491	($217)	($592)	$8,556	$9,899

The government's overall financial position and results of operations increase as a result of the year's operations as reflected in the increase in net position for the year.

INFRASTRUCTURE

The District has not reported any infrastructure in the current financial statements.

Analysis of balances and transactions of individual funds (in thousands)

Fund	Beginning	Revenues	Expenses	Transfer	Ending
General Fund	$3,793	$11,975	$12,084	$591	$4,275
Special Revenue	$636	$2,937	$2,824	($123)	$626
District Activity	$188	$415	$428	$0	$175
School Activity	$32	$67	$66	$0	$33
Capital Outlay	$0	$117	$0	($117)	$0
Building	$446	$1,189	$0	($1,185)	$450
Construction	$642	$291	$935	$717	$715
Debt Service	$0	$80	$235	$155	$0

Capital Assets and Long-Term Debt Activity (in thousands)

	Beginning	Additions	Deductions	Ending
Governmental				
Capital Assets	$25,356	$1,356	$106	$26,606
Accumulated Depreciation	$10,960	$749	$106	$11,603
Business-Type				
Capital Assets	$895	$14	$15	$894
Accumulated Depreciation	$638	$18	$15	$641
Bonds Payable	$4,750	$0	$110	$4,640
Sick Leave Payable	$133	$10	$2	$141

CURRENT ISSUES

The District is concerned about future budget demands. There continue to be unfunded mandates from the state.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Board's finances and to reflect the Board's accountability for the monies it receives. Questions about this report or additional financial information should be directed to the Superintendent, Jeff Aulick, or to the Finance Officer, Brittany Mullikin, or by mail at 1048 Bladeston Drive, Brooksville, KY 41004.

BRACKEN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
DISTRICT WIDE
As of June 30, 2023

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and equivalents - Note C	$5,314,838	$0	$5,314,838
Investments	630,836		630,836
Accounts receivable	491,059		491,059
Inventory		22,095	22,095
Capital assets			
Land and construction in progress	1,339,481		1,339,481
Other capital assets, net of depreciation	13,662,660	251,587	13,914,247
Total capital assets	15,002,141	251,587	15,253,728
TOTAL ASSETS	$21,438,874	$273,682	$21,712,556
DEFERRED OUTFLOWS OF RESOURCES			
Pension	722,721	151,569	874,290
OPEB	2,146,956	96,318	2,243,274
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$2,869,677	$247,887	$3,117,564
LIABILITIES			
Accounts payable	$37,855	$0	$37,855
Bank Overdraft		28,394	28,394
Unearned revenue	124,013		124,013
Interest payable	46,884		46,884
Long-term Liabilities			
Due within 1 year	115,000		115,000
Due in more than 1 year	4,666,437		4,666,437
Pension liability	3,075,936	703,320	3,779,256
OPEB Liability	3,692,583	191,973	3,884,556
TOTAL LIABILITIES	$11,758,708	$923,687	$12,682,395
DEFERRED INFLOWS OF RESOURCES			
Pension	390,136	89,205	479,341
OPEB	1,668,658	100,071	1,768,729
TOTAL DEFERRED INFLOWS OF RESOURCES	$2,058,794	$189,276	$2,248,070
NET POSITION			
Net investment in capital assets	$10,430,257	$251,587	$10,681,844
Restricted			
Accrued sick leave	70,718		70,718
Food Service		(6,299)	(6,299)
SFCC	449,845		449,845
Other	834,778	(836,682)	(1,904)
Future Construction Projects	714,828		714,828
Debt Service	367		367
Unrestricted	(2,009,744)		(2,009,744)
TOTAL NET POSITION	$10,491,049	($591,394)	$9,899,655

See accompanying notes

BRACKEN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
DISTRICT WIDE
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: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental Activities							
Instruction	$8,896,823	$0	$1,750,555		($7,146,268)	$	($7,146,268)
Support services:							
Student	877,161		176,724		(700,437)		(700,437)
Instruction staff	477,016		118,106		(358,910)		(358,910)
District administrative	628,737		154,681		(474,056)		(474,056)
School administrative	743,503				(743,503)		(743,503)
Business	218,544		2,263		(216,281)		(216,281)
Plant operation and maintenance	1,810,156		293,018		(1,517,138)		(1,517,138)
Student transportation	1,446,658		272,444		(1,174,214)		(1,174,214)
Food service	13,774		9,617		(4,157)		(4,157)
Community service activities	159,160		159,160		0		0
Interest on long-term debt	118,800	0	0	26,882	(91,918)		(91,918)
Total governmental activities	15,390,332	0	2,936,568	26,882	(12,426,882)		(12,426,882)
Business-type Activities							
Food service	1,665,186	31,376	1,296,667			(337,143)	(337,143)
Total business-type activities	1,665,186	31,376	1,296,667			(337,143)	(337,143)
Total school district	$17,055,518	$31,376	$4,233,235	$26,882	($12,426,882)	($337,143)	($12,764,025)

	Governmental Activities	Business-type Activities	Total
General Revenues			
Property taxes	$2,093,490		$2,093,490
Motor Vehicle taxes	458,230		458,230
Utility taxes	406,358		406,358
Other local revenues	815,456		815,456
State aid-formula grants	10,291,900		10,291,900
Federal income	32,945		32,945
Investment earnings	9,535	36	9,571
Transfers	37,545	(37,545)	0
Total general & special	14,145,459	(37,509)	14,107,950
Change in net positions	1,718,577	(374,652)	1,343,925
Net position - beginning	8,772,472	(216,742)	8,555,730
Net position - ending	$10,491,049	(591,394)	$9,899,655

See accompanying notes

BRACKEN COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2023

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$4,203,431	($262,214)	$714,828	$658,793	$5,314,838
Investments		630,836			630,836
Other receivables	109,471	381,588			491,059
TOTAL ASSETS	$4,312,902	$750,210	$714,828	$658,793	$6,436,733
LIABILITIES					
Accounts payable	$37,855	$	$	$	$37,855
Unearned revenue		124,013			124,013
TOTAL LIABILITIES	37,855	124,013			161,868
Fund Balances					
Restricted					
Sick Leave Payable	70,718				70,718
SFCC				449,845	449,845
Other		626,197		208,581	834,778
Future Construction Projects BG-1			714,828		714,828
Debt Service				367	367
Unassigned	4,204,329				4,204,329
Total fund balances	4,275,047	626,197	714,828	658,793	6,274,865
TOTAL LIABILITIES, AND FUND BALANCE	$4,312,902	$750,210	$714,828	$658,793	$6,436,733

See accompanying notes

BRACKEN COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
As of June 30, 2023

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

Total Fund Balance - Governmental Funds		$6,274,865
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position		15,002,141
Deferred outflow of resources		2,869,677
Deferred inflow of resources		(2,058,794)
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position		
	Bonds Payable	(4,640,000)
	Pension Liability	(3,075,936)
	OPEB Liability	(3,692,583)
	Accrued Interest on Bonds	(46,884)
	Accumulated Sick Leave	(141,437)
Total Net Position - Governmental Activities		$10,491,049

See accompanying notes

BRACKEN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2023

Revenues	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
From local sources					
Property taxes	$1,541,906	$		$551,584	$2,093,490
Motor vehicle taxes	458,230				458,230
Utility taxes	406,358				406,358
Earnings on investments	6,900		1,467	1,168	9,535
Other local revenues	40,035	55,159	290,000	481,701	866,895
Intergovernmental - State	9,485,377	656,959		833,405	10,975,741
Intergovernmental - Federal	32,945	2,224,450			2,257,395
Total revenues	11,971,751	2,936,568	291,467	1,867,858	17,067,644
Expenditures					
Instruction	7,026,287	1,637,515		493,791	9,157,593
Support services					
Student	677,570	176,724			854,294
Instruction staff	355,251	118,106			473,357
District administration	470,668	154,681			625,349
School administration	690,772				690,772
Business	213,105	2,263			215,368
Plant operation and maintenance	1,296,745	293,018			1,589,763
Student transportation	1,349,770	272,444			1,622,214
Food service	4,157	9,617			13,774
Community service activities		159,160			159,160
Facilities			935,201		935,201
Debt service				234,930	234,930
Total expenditures	12,084,325	2,823,528	935,201	728,721	16,571,775
Excess(deficit)of revenues over expenditures	(112,574)	113,040	(643,734)	1,139,137	495,869
Other Financing Sources (Uses)					
Sale of assets	3,720				3,720
Operating transfers in	615,259	24,562	716,478	155,481	1,511,780
Operating transfers out	(24,562)	(147,613)		(1,302,060)	(1,474,235)
Total other financing sources (uses)	594,417	(123,051)	716,478	(1,146,579)	41,265
Change in Fund Balance on Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	481,843	(10,011)	72,744	(7,442)	537,134
Fund balance, July 1, 2022	3,793,204	636,208	642,084	666,235	5,737,731
Fund balance, June 30, 2023	$4,275,047	$626,197	$714,828	$658,793	$6,274,865

See accompanying notes

BRACKEN COUNTY SCHOOL DISTRICT
RECONCILATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2023

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

Total net change in fund balances - governmental funds			$537,134
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.			
	Depreciation Expense	(749,493)	
	Capital Outlays	1,355,860	606,367
Deferred outflows			1,164,709
Deferred inflows			308,808
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			
	Repayment of Bond Principal		110,000
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.			
	Change in Accrued Interest		6,130
	Change in Pension Liability		(85,992)
	Change in OPEB Liability		(920,015)
	Change in Sick Leave		(8,564)
Total Change in Net Position - Governmental Activities			$1,718,577

See accompanying notes

BRACKEN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2023

	Business-Type Activities Enterprise Funds Food Service Fund
ASSETS	
Cash and Equivalents	$0
Inventory	22,095
Capital Assets, net of depreciation	251,587
TOTAL ASSETS	$273,682
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from Pension	$151,569
Deferred outflows from OPEB	96,318
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$247,887
LIABILITIES	
Bank Overdraft	$28,394
Net Pension Liability	703,320
Net OPEB Liability	191,973
TOTAL LIABILITIES	$923,687
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from Pension	$89,205
Deferred inflows from OPEB	100,071
TOTAL DEFERRED INFLOWS OF RESOURCES	$189,276
NET POSITION	
Net Investment in Capital Assets	251,587
Restricted - Other Pension	(640,956)
Restricted - Other OPEB	(195,726)
Restricted - Inventory	22,095
Restricted Net Position	(28,394)
TOTAL NET POSITION	($591,394)

See accompanying notes

BRACKEN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For The Year Ended June 30, 2023

	Business-Type Activities Enterprise Funds Food Service Fund
OPERATING REVENUES	
Lunchroom sales	$31,376
Total Operating Revenues	31,376
OPERATING EXPENSES	
Salaries and wages	1,029,619
Contract services	13,469
Materials and supplies	599,006
Other expenses	5,053
Depreciation	18,039
Total Operating Expenses	1,665,186
Operating income (loss)	(1,633,810)
NON-OPERATING REVENUES (EXPENSES)	
Federal grants	912,065
Commodities received	52,046
State grants	6,229
State on-behalf payments	326,327
Interest income	36
Indirect cost transfer to general fund	(37,545)
Non-operating revenues (expenses)	1,259,158
Net income (loss) before Capital Contributions	(374,652)
Increase (decrease) in Net Position	(374,652)
Net Position, July 1, 2022	(216,742)
Net Position, June 30, 2023	($591,394)

See accompanying notes

BRACKEN COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended June 30, 2023

		Business-Type Activities Enterprise Funds Food Service Fund
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from customers		$31,376
Cash paid to employees, including benefits		(366,609)
Cash paid to suppliers		(567,990)
Net cash provided by operating activities		(903,223)
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from government funding		918,293
Indirect cost transfer to general fund		(37,545)
Net cash provided from capital and related financing activities		880,748
CASH FLOW FROM CAPITAL FINANCING ACTIVITIES		
Purchase of Fixed Assets		(13,971)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest Income		36
Net cash provided from investing activities		36
Net increase (decrease) in cash		(36,410)
Cash and equivalents, July 1, 2022		8,016
Bank Overdraft		28,394
Cash and equivalents, June 30, 2023		$0
Reconcilation of Operating income (loss) to Net Cash Provided by Opeating Activities		
Operating income (loss)		($1,633,810)
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation		18,039
On-behalf payments		326,327
Commodities used		52,046
Change in pension expense		336,683
(Increase) Decrease in inventory		(2,305)
Increase (Decrease) in accounts payable		(203)
Net cash provided by operating activities and increase in cash and equivalents		($903,223)
Schedule of Non-Cash Financing Activities		
Donated commodities	$52,046	
On Behalf payments	$326,327	

See accompanying notes

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

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

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

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

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

Basis of Presentation

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

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

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

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

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

The District has the following funds:

I. Governmental Fund Types

(A) The General Fund (Fund 1) is the primary operating fund of the District. It accounts for and reports all financial resources not accounted for and reported in another fund. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.

(B) The Special Revenue Fund (Fund 2) accounts for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.
District Activity Fund (Fund 21) accounts for the district activity funds.
School Activity Funds (Fund 25) accounts for the school activity funds.

C. Capital Project Funds are used to account for and report financial resource that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund (Fund 310) receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the district's facility plan.
2. The Facility Support Program of Kentucky (FSPK) Fund (Fund 320) 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 not a major fund.
3. The Construction Fund (Fund 360) includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction and/or renovations. This is a major fund.

II. Debt Service Fund

The Debt Service Fund (Fund 400) is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds are used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years are reported in debt service funds. This is not a major fund.

III. Proprietary Funds (Enterprise Fund)

1. The School Food Service Fund (Fund 51) is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). This is a major fund for the District.

IV. Fiduciary Fund Type (Private Purpose Trust Funds)

1. The Private Purpose Trust Funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments. The District does not currently have any Private Purpose Trust Funds.

V. Permanent Funds

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry.

Basis of Accounting

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

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

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

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

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.

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2022, to finance operations were $.446 per $100 valuation for real property, $.446 per $100 valuation for business personal property and $.525 per $100 valuation for motor vehicles.

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

Fund Balance Classification Policies and Procedures

The Board intends that accounting practices follow state and federal laws and regulations and generally accepted accounting policies.

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 will be classified as Nonspendable Fund Balance.

Restricted Fund Balance
Fund Balance will be reported as restricted when constraints placed on the use of resources are either; (a) externally imposed by creditors, grantors, contributors, or laws or regulations or other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
The Board will use restricted amounts before unrestricted amounts when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

Committed Fund Balance
Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education will be reported as committed fund balance.

Assigned Fund Balance
Amounts that have been assigned for a specific purpose by formal resolution of the Board of Education will be reported as assigned fund balance for a specific purpose.

Unassigned Fund Balance
Unassigned Fund Balance is the residual classification for the general fund.

When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used, the funds will first be spent from committed, then assigned, and then finally unassigned.

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

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Governmental Activities Estimated Lives
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	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 accumulated sick leave.

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

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

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

Budgetary Process

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

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

Cash and Cash Equivalents

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

Inventories

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

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

The food service fund uses the specific identification method and the general fund uses the first-in, first-out method.

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2023, are recorded as prepaid items using the consumption method. Prepaid assets are only recorded if material to the financial statements.

Pensions

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

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

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Net Position

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

Operating Revenues and Expenses

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

Contributions of Capital

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

Subsequent Events

The District has evaluated and considered the need to recognize or disclose subsequent events through November 1, 2023, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2023, have not been evaluated by the District.

Interfund Activity

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

Uses of Estimates

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

Encumbrances

Encumbrances are not liabilities and therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

NOTE B – PROPERTY TAX CALENDAR

Property taxes for fiscal year 2023 were levied on the assessed valuation of property located in the School District as of January 1, 2022 lien date. The due date and collection periods for all taxes exclusive of vehicle taxes are as follows:

Description	per KRS 134.020
Due date for payment of taxes	Upon receipt
Face value amount payment date	December 31
Delinquent date, 5% penalty	January 1- 31
Delinquent date, 10% penalty	February 1

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

NOTE C – CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the District's total cash and cash equivalents was $5,917,280. Of the total cash balance, $250,000 was covered by Federal Depository insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

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

	Bank Balance	Book Balance
General Checking Account		
General Fund	$	$ 4,203,431
Fund 2		368,622
Fund 21		175,137
Fund 25		33,444
Fund 310		0
Fund 320		449,845
Fund 360		714,828
Fund 51		(28,394)
Total General Checking Account	6,272,242	5,916,913
Debt Service Funds	367	367
TOTALS	$ 6,272,609	$5.917.280
Breakdown per financial statements:		
Governmental Funds		$ 5,945,674
Proprietary Funds		(28,394)
TOTALS		$ 5,917,280

DEPOSITS AND INVESTMENTS

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

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

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

Custodial credit risk – deposits. For deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned. The District maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2023, the District's deposits are entirely insured and/or collateralized with securities held by the financial institutions on the District's behalf and the FDIC insurance.

NOTE D – CAPITAL ASSETS

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

Governmental Assets	July 1, 2022	Purchases	Retirements	June 30, 2023
Land	396,000			396,000
Land Improvements	1,690,275			1,690,275
Building & Build Improvement	20,490,864		2,595	20,488,269
Technology Equipment	346,996	42,526	30,878	358,644
Vehicles	1,766,440	297,326	63,486	2,000,279
General Equipment	556,712	181,402	9,406	728,709
Construction in Progress	108,875	834,606	0	943,481
Total	25,356,162	1,355,860	106,365	26,605,657
Accum Deprn-Land Improvements	508,532	39,097		547,629
Accum Deprn-Building & Improve	8,853,333	462,269	2,595	9,313,007
Accum Deprn-Technology	170,268	67,544	30,878	206,934
Accum Deprn-Vehicles	1,145,324	136,553	63,486	1,218,390
Accum Deprn-General Equipment	282,931	44,030	9,406	317,556
	10,960,388	749,493	106,365	11,603,516
Investments Govt Assets	14,395,774	606,367	0	15,002,141
Food Service Assets				
Land				
Land Improvements				
Building & Build Improvement	668,227			668,227
Technology Equipment	649			649
General Equipment	225,664	13,971	15,237	224,398
Total	894,540	13,971	15,237	893,274
Accum Deprn-Land Improvements				
Accum Deprn-Building & Improve	443,304	13,364		456,668
Accum Deprn-Technology	195	130		325
Accum Deprn-General Equipment	195,387	4,544	15,237	184,694
	638,886	18,038	15,237	641,687
Investment Business Assets	255,654	(4,067)	0	251,587

NOTE D – CAPITAL ASSETS (continued)

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

Instruction	$ 321,509
Support Services	
Student	22,867
Instructional Staff	3,659
District Administration	3,388
School Administration	52,731
Business	3,176
Plant operations & maintenance	220,393
Student transportation	121,770
Total Depreciation expense, governmental activities	$ 749,493

NOTE E – BONDED DEBT AND LEASE OBLIGATIONS

The amount shown in the accompanying financial statements as lease obligations represents the District's future obligations to make lease payments relating to the bonds issued aggregating the original amount of each issue, the issue date, and interest rates are summarized below:

Issue Date	Proceeds	Rates
2010	$ 1,970,000	2.00% - 4.00%
2017	470,000	2.00% - 3.75%
2019	4,295,000	2.25% - 2.85%

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

There are a number of limitations and restrictions contained in the various bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions as of June 30, 2023.

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

NOTE E – BONDED DEBT AND LEASE OBLIGATIONS (continued)

The following is a summary of the District's long-term debt transactions for the year ended.

	Beginning Balance	Additions	Payments	Ending Balance	Current	Long term
Bonds	$4,750,000		$110,000	$4,640,000	$115,000	$4,525,000
Sick Leave	$132,873	$10,611	$2,047	$141,437	$0	$141,437
Total	$4,882,873	$10,611	$112,047	$4,781,437	$115,000	$4,666,437

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

	Bracken County Schools		SFCC Participation		
	Principal	Interest	Principal	Interest	Total
2023-24	61,761	97,016	53,239	24,375	236,391
2024-25	55,335	95,599	54,665	23,785	229,384
2025-26	203,856	94,345	56,144	22,138	376,483
2026-27	208,275	89,681	56,725	20,416	375,097
2027-28	211,633	84,920	63,367	18,607	378,527
2028-29	215,884	80,107	64,116	16,640	376,747
2029-30	224,086	75,205	65,914	14,616	379,821
2030-31	227,529	69,511	42,471	12,486	351,997
2031-32	237,092	63,823	42,908	11,298	355,121
2032-33	241,645	57,895	43,355	10,007	352,902
2033-34	246,186	51,854	43,814	8,611	350,465
2034-35	260,716	45,700	49,284	7,109	362,809
2035-36	265,209	38,856	49,791	5,478	359,334
2036-37	269,690	31,894	50,310	3,834	355,728
2037-38	279,157	24,815	45,843	2,270	352,085
2038-39	298,583	17,138	21,417	1,227	338,365
2039-40	307,984	8,777	22,016	627	339,404
	3,814,621	1,027,136	825,379	203,524	5,870,660

NOTE E – BONDED DEBT AND LEASE OBLIGATIONS (continued)

The District has the following lines of credit:

Credit Card	$ 12,000
Lowes	$ 11,600
Wex Bank	$ 2,000
Dollar General	$ 1,500

NOTE F – COMMITMENTS UNDER NONCAPITALIZED LEASES

Commitments under operating lease agreements for equipment provide the minimum future rental payments as of June 30, 2023, as follows:
Year ending June 30,

2024	$ 23,081
2025	0
2026	0
2027	0
2028	0
Later years	0
Total	$ 23,081

NOTE G – CONTINGENCIES

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

NOTE H – INSURANCE AND RELATED ACTIVITIES

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

NOTE I – 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. At June 30, 2023, this amount totaled $141,437 of which $70,718 is restricted in the current year fund balance of the General Fund.

NOTE J – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2023, consisted of the following:

Receivable Fund	Payable Fund	Amount
NONE		

NOTE K – RISK MANAGEMENT

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

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

NOTE L – DEFICIT OPERATING/FUND BALANCES

Funds with a current year deficit of revenues over expenditures

Special Revenue	(10,011)
District Activity	(13,212)

NOTE M – 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. The District notifies the Department of Employee Insurance (DEI) when an employee is no longer employed. DEI sends the employee the COBRA requirements.

NOTE N – TRANSFER OF FUNDS

The following transfers were made during the year.

Type	From	To	Purpose	Amount
Operating	51	1	Indirect Cost	37,545
COFT	310	1	COFT	116,959
BFFT	320	1	BFFT	460,755
Construction	2	360	Construction	147,613
Construction	320	360	Construction	568,864
Operating	1	2	KETS Match	24,562
Debt Service	320	400	Bond Payments	155,482

NOTE O – ON-BEHALF PAYMENTS

The financial statements include payments made by the Commonwealth of Kentucky for insurance, flexible spending, vocational and retirement benefits. The following amounts are included in each of the functions.

Health Insurance	$ 1,361,927
Life Insurance	2,139
Administrative Fees	17,088
HRA/Dental/Vision	101,413
Federal Reimbursement	(44,899)
TRS	2,521,768
Technology On Behalf Payments	84,639
Debt Service On Behalf Payments	79,730
Total On-Behalf Payments	$ 4,123,805

Fund 1	$ 3,717,748
Fund 400	79,730
Fund 51	326,327
Total On-Behalf Payments by Fund	$ 4,123,805

NOTE P – RETIREMENT PLANS

	Government	Food Service	Total
Deferred Outflows			
Subsequent KPPA Pension Contributions	292,400	53,175	345,575
KPPA Pension	430,321	98,394	528,715
Subsequent KPPA OPEB Contributions	42,360	7,703	50,063
KPPA OPEB	387,554	88,615	476,169
Subsequent TRS OPEB Contributions	157,042	0	157,042
TRS OPEB MIF	1,560,000	0	1,560,000
TRS OPEB LIF	0	0	0
	2,869,677	247,887	3,117,564
Deferred Inflows			
KPPA Pension	390,136	89,205	479,341
KPPA OPEB	437,658	100,071	537,729
TRS OPEB MIF	1,231,000	0	1,231,000
TRS OPEB LIF	0	0	0
	2,058,794	189,276	2,248,070
Pension Liability			
KPPA	3,075,936	703,320	3,779,256
OPEB Liability			
KPPA	839,583	191,973	1,031,556
TRS MIF	2,853,000	0	2,853,000
TRS LIF	0	0	0
	3,692,583	191,973	3,884,556
Pension Expense			
KPPA	266,285	60,887	327,172
OPEB Expense			
KPPA	131,577	30,085	161,662
TRS MIF	72,000	0	72,000
TRS LIF	0	0	0
	203,577	30,085	233,662
Pension Contributions			
KPPA	268,028	61,285	329,313
OPEB Contributions			
KPPA	49,064	11,219	60,283
TRS MIF	152,508	0	152,508
TRS LIF	0	0	0
	201,572	11,219	212,791

NOTE P – RETIREMENT PLANS – continued

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

Plan Description – Teaching-certified employees of the District are provided pensions through the Teachers' Retirement System of the State of Kentucky (TRS) – a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public education agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at http://trs.ky.gov/financial-reports-information.

Benefits Provided – For members who have established an account in a retirement system administered by the Commonwealth prior to July 1, 2008, members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:
1. Attain age fifty-five (55) and complete five (5) years of Kentucky service, or
2. Complete 27 years of Kentucky service.

Benefits Provided – For members who have established an account in a retirement system by the Commonwealth on or after July 1, 2008: (1) Attain age sixty (60) and complete five (5) years of Kentucky service, or (2) Complete 27 years of Kentucky service, or (3) Attain age fifty-five (55) and complete ten (10) years of Kentucky service.

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

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

NOTE P – RETIREMENT PLANS – continued

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

"Final average salary" means the average of the five highest annual salaries which the member has received for service in a covered position and on which the member has made contributions or on which the public board, institution or agency has picked up he members contributions. For a member hired before January 1, 2022, who retires after attaining age 55 with 27 years of service, "final average salary" means the average of the three highest annual salaries.

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

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

Medical Insurance Plan

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

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

NOTE P – RETIREMENT PLANS – continued

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

Life Insurance Plan Benefits:

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

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

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

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

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

State's proportionate share of the net pension liability associated with the District	$ 27,050,408

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the State's proportion for the District was 0.3501 percent.

NOTE P – RETIREMENT PLANS – continued

For the year ended June 30, 2022, the State recognized pension expense for the District of $986,630 and revenue of $2,468,108 for support provided by the State on the Fund financial statements.

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

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

Mortality rates were based on the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

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

NOTE P – RETIREMENT PLANS – continued

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

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

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

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

NOTE P – RETIREMENT PLANS – continued

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
System's net pension liability	$34,522,936	$27,050,408	$20,822,609

June 30, 2021 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of June 30, 2022 using standard roll forward techniques. The roll-forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit payments, and refunds for the plan year and then applies the expected investment rate of return for the year. In addition, it has been determined an expected TPL as of June 30, 2022, based on the TPL roll-forward in the June 30, 2021 GASB 67 report. The difference between this amount and the roll-forward of the actual TPL before the assumption changes is reflected as an experience gain or loss for the year.

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

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

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

OPEB

The Actuarially Determined Contribution rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the indicated Valuation Date. The following actuarial methods and assumptions were used to determine contribution rates reported in the schedule for the year ending June 30, 2022 for the Life Trust:

Valuation Date	June 30, 2019
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Amortization period (Closed)	25 years
Asset valuation method	5-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage Inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount Rate	7.50%

NOTE P – RETIREMENT PLANS – continued

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

The Total OPEB Liability (TOL) as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, using assumptions based on the experience investigation for the five-year period ending June 30, 2021. The following actuarial assumptions are applied to all periods included in the measurement:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.00% - 7.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including Inflation	
Health Trust	7.10%
Life Trust	7.10%
Municipal Bond Index Rate	3.37%
Year FNP is projected to be depleted	
Health Trust	n/a
Life Trust	n/a
Single Equivalent Interest Rate, net of OPEB Plan investment expense, including price Inflation	
Health Trust	7.10%
Life Trust	7.10%
Health Trust Health Care Cost Trends	
Under Age 65	7.00% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2032
Ages 65 and Older	5.125% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 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 Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and active members.

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

NOTE P – RETIREMENT PLANS – continued

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

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

	Health Care Cost Trend Rate Sensitivity		
	1% Decrease	Current	1% Increase
Health Net OPEB Liability	$2,139,000	$2,853,000	$3,742,000

	Health Care NOL Rate Sensitivity		
	6.1%	7.1%	8.1%
Health Net OPEB Liability	$3,580,000	$2,853,000	$2,252,000

Health Trust **Discount rate (SEIR)**: The discount rate used to measure the TOL at June 30, 2022 was 8.00% for the Health Trust and 7.50% for the Life Trust.

Projected cash flows:
Health Trust discount rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 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

NOTE P – RETIREMENT PLANS – continued

As administrative expenses, other than the administrative fee of $8.00 PMPM paid to KEHP by TRS, were assumed to be paid in all years by the employer as they come due, they were not considered.

Cash flows occur mid-year.

Future contribution to the Health Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1)(c)3 and 161.550(5), when the Health Trust achieves a sufficient prefunded status, as determined by the retirement system's actuary, the following Health Trust statutory contributions are to be decreased, suspended, or eliminated:

Employee contributions

School District/University Contributions

State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010

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

In developing the adjustments to the statutory contributions in future years, the following was assumed:

Liabilities and cash flows are net of expected retiree contributions and any implicit subsidies attributable to coverage while participating in KEHP.

For the purposes of developing estimates for new entrants, active headcounts were assumed to remain flat for all future years.

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

Life Trust Discount rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2021. In addition to the actuarial methods and assumptions of the June 30, 2021 actuarial valuation, the following actuarial methods and assumptions were used in the projection of the Life Trust's cash flows:

Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%

The employer will contribute the Actuarially Determined Contribution (ADC) in accordance with the Life Trust's funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.

As administrative expenses were assumed to be paid in all years by the employer as they come due, they were not considered.

Active employees do not contribute to the plan.

Cash flows occur mid-year.

NOTE P – RETIREMENT PLANS – continued

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

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

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

Health Insurance Trust

Asset Class	Target Allocation	Long-Term Expected Real Rates of Return
Global Equity	58.00%	5.10%
Fixed Income	9.00%	-0.10%
Real Estate	6.50%	4.00%
Private Equity	8.50%	6.90%
Additional Category: High Yield	8.00%	1.70%
Other Additional Categories	9.00%	2.20%
Cash	1.00%	-0.30%
Total	100.00%	

Life Insurance Trust

Asset Class	Target Allocation	Long-Term Expected Real Rates of Return
U.S. Equity	40.00%	4.40%
International Equity	23.00%	5.60%
Fixed Income	18.00%	-0.10%
Real Estate	6.00%	4.00%
Private Equity	5.00%	6.90%
Additional Categories	6.00%	2.10%
Cash	2.00%	-0.30%
Total	100.00%	

NOTE P – RETIREMENT PLANS – continued

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

District	State	Total
$2,853,000	$984,000	$3,837,000

District's Proportion of the Collective NOL

	Current Year	Prior Year
Health	0.114938%	0.087382%
Life	0.000000%	0.000000%

There is no Life Insurance Trust OPEB Liability.

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

Please see Section V of the report on the website for the development of the collective OPEB expense. The District's proportionate share of the net OPEB expense is $(168,000).

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

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

Health Insurance Trust	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	$0	$1,199,000
Change of Assumptions	579,000	0
Net Difference between Projected and Actual Investment Earnings	152,000	0
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	829,000	32,000
SUBTOTAL	$1,560,000	$1,231,000
Subsequent Contributions	157,042	0
TOTAL	$1,717,042	$1,231,000

NOTE P – RETIREMENT PLANS – continued

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

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

Deferred Amounts to be Recognized in Fiscal Years Following the Reporting Date

	Deferred Outflows/ (Inflows) of Resources Heath Insurance Trust	Deferred Outflows/ (Inflows) of Resources Life Insurance Trust
Year 1	($31,000)	$0
Year 2	(11,000)	0
Year 3	7,000	0
Year 4	175,000	0
Year 5	137,000	0
Thereafter	52,000	0
TOTAL	$329,000	0

There are no non-employer contributions recognized for the support provided by non-employer contributing entities in TRS.

KENTUCKY PUBLIC PENSIONS AUTHORITY
County Employees Retirement System (CERS)

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

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

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

NOTE P – RETIREMENT PLANS – continued

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2021 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2022. At June 30, 2022, the District's proportion was 0.131401%.

For the year ended June 30, 2023, the District recognized pension expense of $327,172. At June 30, 2023, the District reported deferred outflows of resources for District contributions subsequent to the measurement date of $345,575, deferred outflows of resources from change of assumptions and expectations of $528,715, and deferred inflows of resources related to pensions from the net difference between projected and actual earnings on pension plan investments in the amount of $479,341.

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
Liability Experience	$4,041	$33,656
Assumption Changes	0	0
Investment Experience	514,244	417,357
Change in Proportionate & Differences between Employer Contrib & Proportionate Share of Plan Contributions	10,430	28,328
Subtotal	528,715	479,341
Subsequent Contribution	345,575	0
TOTAL	$874,290	$479,341

NOTE P – RETIREMENT PLANS – continued

District contributions subsequent to the measurement date of $345,575 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CERS will be recognized in pension expense as follows:

Year	Deferred Outflows (Inflows)
2023	$ (12,714)
2024	(13,515)
2025	(31,759)
2026	107,362
2027	0
	$ 49,374

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

The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2022. The financial reporting actuarial valuation as of June 30, 2022, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Amortization Period	30 year closed period at June 30, 2019 *Gains/Losses incurring after 2019 will be amortized over separate closed 20-year amortization bases*
Payroll Growth Rate	2.00%
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%,
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Phase-In provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

NOTE P – RETIREMENT PLANS – continued

The total pension liability, net pension liability, and sensitivity information as of June 30, 2022 were based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2022, using generally accepted actuarial principles.

There have been no actuarial assumption or method changes since June 30, 2021. Additionally, there have been no plan provision changes that would materially impact the total pension liability since June 30, 2021.

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

Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total pension liability as of June 30, 2022 is determined using these updated benefit provisions. There were no other material plan provision changes.

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

Discount Rate: The projection of cash flows used to determine the discount rate of 6.25% for the CERS Non-hazardous assumed that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as amended by House Bill 362 (passed in 2018) over the remaining 29 years (closed) amortization period of the unfunded actuarial accrued liability.

The projection of cash flows used to determine the discount rate of 6.25% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 8 (passed in 2021, over the remaining 29 years (closed) amortization period of the unfunded actuarial accrued liability.

NOTE P – RETIREMENT PLANS – continued

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

Basis of Accounting

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

Use of Estimates in Preparation of Schedules

The preparation of the schedules in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect certain amounts and disclosures. KPPA accrues employer contributions using estimates based on historical data. Actual results could differ from those estimates.

The long-term expected return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables below. The current long term inflation assumption is 2.30% per annum for both the non-hazardous and hazardous system.

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

NOTE P – RETIREMENT PLANS – continued

Deferred Inflows and Outflows of Resources
The Deferred Inflows and Outflows of Resources, and Pension Expense included in the Schedule of Pension Amounts by Employer include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule of Pension Amounts by Employer does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2022, is based on the June 30, 2021, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current discount rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	$ 4,723,601	$ 3,779,256	$ 2,998,204

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

Payables to the pension plan: At June 30, 2023 the District had payables to CERS in the amount of $0 for June's covered payroll with contributions required to be paid in July.

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

The net OPEB liability is the total OPEB liability, less the amount of the plan's fiduciary net position. The total OPEB liability, net OPEB liability, and sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2021. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2022, using generally accepted actuarial principles.

NOTE P – RETIREMENT PLANS – continued

Discount Rate:
Single discount rate of 5.70% 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. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer's subsidy was not included in the calculation of the plans actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KRS' trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the ACFR.

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

The District's proportionate share of the Net OPEB Liability as of June 30, 2022 is $1,031,556. The District's proportionate share is 0.052279%. The District's proportionate share of the OPEB expense is $161,662. The total Deferred Outflows of Resources is $476,169 and the total Deferred Inflows of Resources is $537,729.

	Discount Rate Sensitivity		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	4.70%	5.70%	6.70%
Net OPEB Liability	1,379,025	1,031,556	744,314

	Healthcare Cost Trend Rate Sensitivity		
	1%	Current	1%
	Decrease	Discount Rate	Increase
Net OPEB Liability	766,939	1,031,556	1,349,311

NOTE P – RETIREMENT PLANS – continued

The following actuarial methods and assumptions were used in performing the actuarial valuation as of June 30, 2022.

Inflation	2.30%
Payroll Growth Rate	2.00%
Salary Increases	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.20% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Post-65	Initial trend starting at 9.00% in 2024, and gradually decreasing to an ultimate trend rate or 4.05% over a period of 13 years.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, projected with the ultimate rates form the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rate from MP-2014 mortality improvement scale using a base year of 2019
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003, by $5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA.

NOTE P – RETIREMENT PLANS – continued

The total OPEB liability as of June 30, 2022, is determined using these updated benefit provisions. There were no other material plan provision changes.

Deferred Inflows and Outflows of Resources

The Deferred Inflows and Outflows of Resources, and OPEB Expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes in assumptions and differences between projected and actual earnings on plan investments. The Schedule of OPEB Amounts does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net OPEB liability as of June 30, 2022, is based on the June 30, 2021, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are amortized over a closed five-year period.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	$103,835	$236,560
Assumption Changes	163,148	134,433
Investment Experience	192,086	150,218
Change in Proportionate & Differences between Employer Contrib & Proportionate Share of Plan Contributions	17,100	16,518
Subtotal	476,169	537,729
Subsequent Contribution	50,063	0
TOTAL	$526,232	$537,729

The $50,063 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30,2024.

NOTE P – RETIREMENT PLANS – continued

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

Deferred Amounts to be recognized in Fiscal Years Ending

	Deferred Outflows/ (Inflows) of Resources MIF
2023	$ 3,272
2024	(1,605)
2025	(64,853)
2026	1,626
2027	0
thereafter	0
Total	$(61,560)

NOTE Q – INVESTMENTS

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

The District has the following recurring fair value measurements as of June 30, 2023:
Mutual Funds and Securities of $630,836 are valued using quoted market prices (Level 1 inputs)

NOTE R – GASB 96

During the year, the District adopted *GASB 96, Subscription Based Information Technology Arrangement (SBITA).* The objective of this statement is to better meet the information needs of financial statement users. The District has two subscriptions that are multiple year subscriptions. However, the amounts are not material to the financial statement, individually or in the aggregate. Therefore, no amount has been recorded.

SUPPLEMENTARY INFORMATION

BRACKEN COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
For The Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	1,868,100	1,968,100	2,406,494	438,394
Other Local Sources	41,200	24,700	46,935	22,235
State Sources	8,686,840	8,548,923	9,485,377	936,454
Federal Sources	20,000	20,000	32,945	12,945
TOTAL REVENUES	10,616,140	10,561,723	11,971,751	1,410,028
EXPENDITURES				
Instruction	7,318,468	7,294,551	7,026,287	268,264
Support Services				
Student	712,874	716,874	677,570	39,304
Instructional Staff	267,500	351,285	355,251	(3,966)
District Administration	765,308	785,182	470,668	314,514
School Administration	667,683	667,683	690,772	(23,089)
Business	191,632	191,632	213,105	(21,473)
Plant Operation and Maintenance	1,310,679	1,361,529	1,296,745	64,784
Student Transportation	1,414,265	1,448,265	1,349,770	98,495
Food Service	71,567	71,567	4,157	67,410
Community Services	500	500	0	500
Contingency	1,285,623	1,062,614	0	1,062,614
TOTAL EXPENDITURES	14,006,099	13,951,682	12,084,325	1,867,357
Excess (Deficit) of Revenues Over Expenditures	(3,389,959)	(3,389,959)	(112,574)	3,277,385
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	500	500	3,720	3,220
Operating Transfers In	700,959	700,959	615,259	(85,700)
Operating Transfers Out	(24,000)	(24,000)	(24,562)	(562)
TOTAL OTHER FINANCING SOURCES (USES)	677,459	677,459	594,417	(83,042)
Excesss (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(2,712,500)	(2,712,500)	481,843	3,194,343
Fund Balance, July 1, 2022	2,712,500	2,712,500	3,793,204	1,080,704
Fund Balance, June 30, 2023	$0	$0	$4,275,047	$4,275,047

BRACKEN COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR SPECIAL REVENUE
For The Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State Sources	$512,879	$688,887	$656,959	(31,928)
Federal Sources	618,954	941,639	2,224,450	1,282,811
Local Sources	0	0	55,159	55,159
TOTAL REVENUES	1,131,833	1,630,526	2,936,568	1,306,042
EXPENDITURES				
Instruction	824,173	1,297,767	1,637,515	(339,748)
Support Services				
Student	62,304	62,321	176,724	(114,403)
Instructional Staff	121,037	108,084	118,106	(10,022)
District Administration	3,209	3,227	154,681	(151,454)
Business	0	0	2,263	(2,263)
Plant Operations & Maintenance	0	0	293,018	(293,018)
Student Transportation	0	38,017	272,444	(234,427)
Food Service	0	0	9,617	(9,617)
Community Service Operations	145,110	145,110	159,160	(14,050)
TOTAL EXPENDITURES	1,155,833	1,654,526	2,823,528	(1,169,002)
Excess (Deficit) of Revenues Over Expenditures	(24,000)	(24,000)	113,040	137,040
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	24,000	24,000	24,562	562
Operating Transfers Out	0	0	(147,613)	(147,613)
TOTAL OTHER FINANCING SOURCES (USES)	24,000	24,000	(123,051)	(147,051)
Excesss (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	0	0	(10,011)	(10,011)
Restricted Fund Balance, July 1, 2022	0	0	636,208	636,208
Restricted Fund Balance, June 30, 2023	$0	$0	$626,197	$626,197

BRACKEN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For The Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)									
TRS	$0	$0	$0	$0	$0	$0	$0	$0	$0
KPPA	$3,779,256	$3,382,672	$4,058,307	$3,654,440	$3,073,229	$2,873,564	$2,441,247	$2,166,798	$1,639,000
Total	$3,779,256	$3,382,672	$4,058,307	$3,654,440	$3,073,229	$2,873,564	$2,441,247	$2,166,798	$1,639,000
District's proportionate share of the net pension liability (asset)									
TRS	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
KPPA	0.052279%	0.053055%	0.052900%	0.052000%	0.050461%	0.049093%	0.04958%	0.05040%	0.050516%
State's proportionate share of the net pension liability (asset) associated with the District									
TRS	$27,050,408	$21,392,149	$22,767,282	$21,817,319	$20,446,546	$43,176,978	$47,058,867	$39,084,109	$31,870,293
District's covered employee payroll									
TRS	$5,137,668	$5,162,052	$5,601,641	$5,390,282	$5,251,529	$5,262,888	$5,195,176	$4,961,567	$4,830,615
KPPA	$1,444,736	$1,362,873	$1,358,924	$1,312,140	$1,260,047	$1,224,640	$1,210,486	$1,194,211	$1,158,659
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll									
TRS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
KPPA	261.59%	248.20%	298.64%	278.51%	243.90%	234.65%	201.67%	181.44%	141.46%
Plan fiduciary net position as a percentage of the total pension liability									
TRS	56.41%	65.59%	58.27%	58.76%	59.28%	39.83%	35.22%	42.49%	45.59%
KPPA	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

BRACKEN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS
For The Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions										
TRS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
KPPA	$329,313	$261,545	$261,581	$212,594	$181,096	$166,744	$140,866	$150,466	$218,920	$212,543
Total	$329,313	$261,545	$261,581	$212,594	$181,096	$166,744	$140,866	$150,466	$218,920	$212,543
Contributions in relation to the contractually required contribution										
TRS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
KPPA	$329,313	$261,545	$261,581	$212,594	$181,096	$166,744	$140,866	$150,466	$218,920	$212,543
Total	$329,313	$261,545	$261,581	$212,594	$181,096	$166,744	$140,866	$150,466	$218,920	$212,543
Contribution deficiency (excess)										
TRS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
KPPA	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
District's covered employee payroll										
TRS	$5,137,668	$5,162,052	$5,601,641	$5,390,282	$5,251,529	$5,262,888	$5,195,176	$4,961,567	$4,830,615	$4,816,575
KPPA	$1,444,736	$1,362,873	$1,358,924	$1,312,140	$1,260,047	$1,224,640	$1,210,486	$1,194,211	$1,158,659	$1,331,782
Total	$6,582,404	$6,524,925	$6,960,565	$6,702,422	$6,511,576	$6,487,528	$6,405,662	$6,155,778	$5,989,274	$6,148,357
Contributions as a percentage of covered employee payroll										
TRS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
KPPA	22.79%	19.19%	19.25%	16.20%	14.37%	13.62%	11.64%	12.60%	18.89%	15.96%

BRACKEN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
For The Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability (asset)						
KPPA	$1,031,556	$1,015,463	$1,277,302	$873,742	$895,890	$986,937
TRS - Medical Insurance	$2,853,000	$1,875,000	$2,168,000	$2,490,000	$2,799,000	$3,012,000
TRS - Life Insurance	$0	$0	$0	$0	$0	$0
Total	$3,884,556	$2,890,463	$3,445,302	$3,363,742	$3,694,890	$3,998,937
District's proportionate share of the net OPEB liability (asset)						
KPPA	0.052270%	0.053042%	0.052900%	0.052000%	0.050459%	0.049093%
TRS - Medical Insurance	0.114938%	0.087382%	0.085903%	0.085077%	0.080662%	0.084466%
TRS - Life Insurance	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
Total						
State's proportionate share of the net OPEB liability (asset) associated with the District						
TRS - Medical Insurance	$937,000	$1,523,000	$1,737,000	$2,011,000	$2,412,000	$2,460,000
TRS - Life Insurance	$47,000	$20,000	$53,000	$47,000	$41,000	$33,000
Total	$984,000	$1,543,000	$1,790,000	$2,058,000	$2,453,000	$2,493,000
District's covered employee payroll						
TRS	$5,137,668	$5,162,052	$5,601,641	$5,390,282	$5,251,529	$5,262,888
KPPA	$1,444,736	$1,362,873	$1,358,924	$1,312,140	$1,260,047	$1,224,640
Total	$6,582,404	$6,524,925	$6,960,565	$6,702,422	$6,511,576	$6,487,528
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll						
KPPA	71.40%	74.51%	93.99%	66.59%	71.10%	80.59%
TRS - Medical Insurance	55.53%	36.32%	38.70%	46.19%	53.30%	57.23%
TRS - Life Insurance	0	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability						
KPPA	60.95%	89.15%	51.67%	60.44%	57.62%	52.40%
TRS - Medical Insurance	47.75%	51.74%	39.05%	32.58%	25.54%	21.18%
TRS - Life Insurance	73.97%	89.15%	71.57%	73.40%	74.97%	79.99%

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

BRACKEN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
For The Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
Contractually required contributions						
KPPA	$60,283	$64,505	$64,514	$68,492	$69,473	$62,731
TRS - Medical Insurance	$152,508	$155,103	$151,710	$148,143	$143,685	$144,713
TRS - Life Insurance	$0	$0	$0	$0	$0	$0
Total	$212,791	$219,608	$216,224	$216,635	$213,158	$207,444
Contributions in relation to the contractually required contribution						
KPPA	$60,283	$64,505	$64,514	$68,492	$69,473	$62,731
TRS - Medical Insurance	$152,508	$155,103	$151,710	$148,143	$143,685	$144,713
TRS - Life Insurance	$0	$0	$0	$0	$0	$0
Total	$212,791	$219,608	$216,224	$216,635	$213,158	$207,444
Contribution deficiency (excess)						
KPPA	$0	$0	$0	$0	$0	$0
TRS - Medical Insurance	$0	$0	$0	$0	$0	$0
TRS - Life Insurance	$0	$0	$0	$0	$0	$0
Total	$0	$0	$0	$0	$0	$0
District's covered employee payroll						
TRS	$5,137,668	$5,162,052	$5,601,641	$5,390,282	$5,251,529	$5,262,888
KPPA	$1,444,736	$1,362,873	$1,358,924	$1,312,140	$1,260,047	$1,224,640
Total	$6,582,404	$6,524,925	$6,960,565	$6,702,422	$6,511,576	$6,487,528
Contributions as a percentage of covered employee payroll						
TRS	3.00%	3.00%	2.71%	2.75%	2.75%	2.75%
KPPA	4.17%	4.73%	4.75%	5.22%	5.50%	5.10%

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

GENERAL INFORMATION

Contributions

Contractually required employer contributions reported on the Schedule of Pension Contributions exclude the portion of contributions paid to KPPA but allocated to the insurance fund of the KPPA. The insurance contributions are reported on the Schedule of OPEB Contributions.

Contractually required employer contributions reported on the Schedule of Pension Contributions exclude the portion of contributions paid to TRS but allocated to the insurance fund of the TRS. The insurance contributions are reported on the Schedule of OPEB Contributions.

Payroll

The District's covered payroll reported on the Proportionate Share of the Net Pension Liability – KPPA and the Proportionate Share of the Net OPEB Liability – KPPA Schedules is one year prior to the District's fiscal year payroll as reported on the Schedule of Contributions for KPPA Pension and KPPA OPEB.

The District's covered payroll reported on the Proportionate Share of the Net Pension Liability – TRS and the Proportionate Share of the Net OPEB Liability – TRS Schedules are one year prior to the District's fiscal year payroll as reported on the Schedule of Contributions for TRS Pension and TRS OPEB.

CHANGES OF ASSUMPTIONS

June 30, 2023 – KPPA Pension and OPEB Nonhazardous

Pension – There have been no changes in actuarial assumptions or methods since June 30, 2021.

OPEB – The discount rates used to calculate the total OPEB liability increased since the prior year. There were no other material assumption changes.

June 30, 2022 – TRS Pension and OPEB

Health Trust and Life Trust
A new benefit tier was added for members joining the System on and after January 1, 2022. A description of the benefit provisions applicable to these members can be found in Schedule B of the State report.

June 30, 2021 – KPPA Pension Nonhazardous

There have been no actuarial assumption or method changes since June 30, 2020.

Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability.

June 30, 2021 – KPPA OPEB Nonhazardous

The single discount rates used to calculate the total OPEB liability within the plan decreased from 5.34% to 5.05%.

The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2020 valuation process and updated to better reflect the plans' anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increased in healthcare costs.

June 30, 2021 – TRS Pension

There have been no actuarial assumption or method changes since June 30, 2020.

June 30, 2021 – TRS OPEB

The following changes to assumptions were made during the year:

Health Trust and Life Trust

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the PUB2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives.

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

The price inflation assumption was lowered from 3.00% to 2.50%.

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

June 30, 2020 – KPPA Pension and KPPA OPEB Nonhazardous

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020 for OPEB:

The initial healthcare trend rate for per-65 was changed from 7% to 6.4%. The initial healthcare trend rate for post-65 was changed from 5% to 2.90%, which increased to 6.30% in 2023.

June 30, 2020 – TRS Pension and TRS OPEB

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for TRS-OPEB-Medical Insurance Plan:

The assumed investment rate of return increased from 7.5% to 8.0%.

The following changes in assumptions are made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for TRS OPEB-Life Insurance Plan:

The assumed projected salary increases decreased from a range of 3.50% - 7.45% to 3.50% - 7.20%.
The assumed municipal bond index rate was decreased from 3.5% to 2.2%.

June 30, 2019 – KPPA Pension and KPPA OPEB Nonhazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for both KPPA pension and KPPA OPEB:
The assumed rate of salary increases was increased from 3.05% to 3.30% to 10.3% on average.

June 30, 2019 -TRS Pension and TRS OPEB
The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for TRS pension:

The assumed municipal bond index rate was decreased from 3.89% to 3.50%.

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for TRS OPEB-Medical Insurance Plan:

The assumed projected salary decreased from 4.0%-8.1%, including wage inflation, to 3.5%-7.2%, including wage inflation.
The assumed wage inflation dropped from 4.0% to 3.5%.
The assumed municipal bond index rate was decreased from 3.89% to 3.50%.

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for TRS OPEB-Life Insurance Plan:

The assumed net investment rate of return decreased from 8.0% to 7.5%.
The assumed municipal bond index was decreased from 3.89% to 3.50%.

June 30, 2018 -KPPA Pension and KPPA OPEB Nonhazardous
There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2018 for either KPPA pension or KPPA OPEB.

June 30, 2018 -TRS Pension and TRS OPEB
The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2018, for TRS pension and TRS OPEB:

For TRS Pension the assumed discount rate was increased from 4.49% to 7.50%.
For TRS OPEB-Medical Insurance Plan health care trend rates were updated.

With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP – participating members who retired 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.

June 30, 2017 -KPPA Pension Nonhazardous
The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2017:

The assumed rate of return was decreased from 7.50% to 6.25%.
The assumed rate of inflation was reduced from 3.25% to 2.30%.
Payroll growth assumption was reduced from 4% to 2%.

June 30, 2017 -TRS Pension
The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2017:

In the 2016 valuation, rates of withdrawal, retirement,disability, mortality and rates of salary increase were adjusted to more closely reflect actual experience. In the 2016 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables projected to 2015 with projection scale BB, set forward two project years for males and one year for females rather than the RP-2000 Mortality Tables projected to 2020 with scale AA.

June 30, 2016 -KPPA Pension and KPPA OPEB Nonhazardous
There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2016 for either KPPA pension or KPPA OPEB.

June 30, 2017 -TRS Pension
The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2016, for TRS pension:

The assumed municipal bond index rate decreased from 3.82% to 3.01%, resulting in a change in the Single Equivalent Interest Rate from 4.88% to 4.20%.

June 30, 2016 – TRS Pension
In the 2016 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2016 valuation, the Assumed Salary Scale, Price Inflation, and Wage Inflation were adjusted to reflect a decrease. In addition, the calculation of the Single Equivalent Interest Rate (SEIR resulted in an assumption change from 4.88% to 4.20%.

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

The assumed rate of return was decreased from 7.75% to 7.50%.
The assumed rate of inflation was reduced from 3.50% to 3.25%.
The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
Payroll growth assumption was reduced from 4.5% to 4.0%.

Mortality rates were based on the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
For healthy retired members and beneficiaries, the mortality table used in the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females).
For Disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.
The assumed rates of retirement, withdrawal, and disability were updated to reflect experience more accurately.

June 30, 2015 -TRS Pension
In 2015, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%.

June 30, 2014 -KPPA Pension Nonhazardous and TRS Pension
There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2014.

June 30, 2014 – TRS Pension
In 2017, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%.

June 30, 2013 -KPPA Pension Nonhazardous
The assumed rate of return was 7.75%.
The assumed rate of inflation was 3.50%.
The assumed rate of wage inflation was 1.00%.
Payroll growth assumption was 4.5%.
Mortality rates were based on the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006. The 1994 Group Annuity Mortality Table was used for all other members.

BRACKEN COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of June 30, 2023

	District Activity Fund	School Activity Fund	SEEK Capital Outlay Fund	Building Fund	Debt Service Fund	Total
ASSETS AND RESOURCES						
Cash and equivalents	$175,137	$33,444	$0	$449,845	$367	$658,793
TOTAL ASSETS AND RESOURCES	$175,137	$33,444	$0	$449,845	$367	$658,793
FUND BALANCES						
Restricted - SFCC	$0	$0	$0	$449,845	$0	$449,845
Restricted - Debt Service					367	367
Restricted - Other	175,137	33,444				208,581
TOTAL FUND BALANCES	175,137	33,444	0	449,845	367	658,793
TOTAL LIABILITIES AND FUND BALANCES	$175,137	$33,444	$0	$449,845	$367	$658,793

BRACKEN COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2023

	District Activity Fund	School Activity Fund	SEEK Capital Outlay Fund	Building Fund	Debt Service Fund	Total
REVENUES						
From local sources						
Property taxes	$0	$0	$0	$551,584	$0	$551,584
Interest	400			768		1,168
Other local revenues	414,623	67,078				481,701
Intergovernmental-State			116,959	636,716	79,730	833,405
TOTAL REVENUES	415,023	67,078	116,959	1,189,068	79,730	1,867,858
EXPENDITURES						
Instruction	428,235	65,556				493,791
Debt service and miscellaneous					234,930	234,930
TOTAL EXPENDITURES	428,235	65,556			234,930	728,721
Excess (deficit) revenues over expenditures	(13,212)	1,522	116,959	1,189,068	(155,200)	1,139,137
OTHER FINANCING SOURCES (USES)						
Operting transfers in					155,481	155,481
Operating transfers out			(116,959)	(1,185,101)		(1,302,060)
TOTAL OTHER FINANCING SOURCES (USES)	0	0	(116,959)	(1,185,101)	155,481	(1,146,579)
Excess (deficit) revenues and other financing sources over expenditures and other financing uses	(13,212)	1,522	0	3,967	281	(7,442)
Restricted Fund Balance, July 1, 2022	188,349	31,922	0	445,878	86	666,235
Restricted Fund Balance, June 30, 2023	$175,137	$33,444	$0	$449,845	$367	$658,793

BRACKEN COUNTY SCHOOL DISTRICT
SCHOOL ACTIVITY FUNDS
For The Year Ended June 30, 2023

	Cash Balances July 1, 2022	Receipts	Disbursement	Cash Balances June 30, 2023
Bracken County High School	$25,885	$61,498	$59,468	$27,915
Bracken County Middle School	$5,638	$4,069	$4,718	$4,989
Taylor Elementary School	$399	$1,511	$1,370	$540
TOTAL ACTIVITY FUNDS	$31,922	$67,078	$65,556	$33,444

BRACKEN COUNTY SCHOOL DISTRICT
SCHOOL ACTIVITY FUNDS
BRACKEN COUNTY HIGH SCHOOL
For The Year Ended June 30, 2023

	Cash Balances July 1, 2022	Receipts	Disbursements	Cash Balances June 30, 2023
Band Dept	52	8,678	4,337	4,393
Beta Club	48	405	438	15
Choral Music	822			822
Class of 2023	601	5,981	6,582	0
Class of 2024	485	6,881	4,953	2,413
Class of 2025	800	2,218	461	2,557
Class of 2026	0	894	534	360
Drama Club	7,358	2,768	2,226	7,900
English	327			327
F.B.L.A.	3,810	10,878	13,811	877
F.C.A.	1,007			1,007
F.C.C.L.A.	0	963	486	477
F.F.A.	4,927	21,092	23,595	2,424
Home Economics	2,213	740	1,610	1,343
Pep Club	766		435	331
Science Club	2,669	0	0	2,669
TOTAL	$25,885	$61,498	$59,468	$27,915

BRACKEN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2023

Federal Grantor/Passed-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass Through Grantor's Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through Kentucky Department of Education			
Child Nutrition Cluster			
Commodities	10.555	direct	52,046
Summer Food Service Program for Children	10.555	7750002	605,741
Summer Food Service Program for Children	10.555	7760005	253,249
Summer Food Service Program for Children	10.555	9980000	48,373
Total Child Nutrition Cluster			959,409
State Administrative Expenses for Child Nutrition	10.560	7700001	1,567
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs - Grant	10.649	9990000	3,135
TOTAL U.S. DEPARTMENT OF AGRICULTURE			964,111
U.S. Department of Education			
Passed through Kentucky Department of Education			
Improving America's School Act of 1994			
Title I, Part A			
Title I Grants to Local Educational Agencies	84.010	3100002	289,221
Special Education Cluster (IDEA)			
Special Education-Grants to States (IDEA, Part B)	84.027	3810002	300,022
Special Education-Preschool Grants (COVID)	84.173X	4900002	64,143
Special Education-Preschool Grants (IDEA, Preschool)	84.173	3800002	25,440
		subtotal	389,605
Title VI, Rural Education	84.358	3140002	14,876
Vocational Education	84.048	3710002	10,775
Supporting Effective Instruction State Grant	84.367A	3230002	48,537

The accompanying notes are an integral part of this schedule

BRACKEN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2023

Federal Grantor/Passed-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass Through Grantor's Number	Federal Expenditures
U.S. Department of Education			
Passed through Kentucky Department of Education			
21st Century	84.287	3400002	320,870
Title IV Student Support & Academic Enrishment	84.424	3420002	25,520
COVID 19			
Governor's Emergency Education Relief (GEER) Fund	84.425C	GEER	54,627
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	4200002	13,759
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	4200003	26,082
American Rescure Plan - Elementary and Secondary School Remergency Relief (ARP ESSER)	84.425U	4300003	1,454
American Rescure Plan - Elementary and Secondary School Remergency Relief (ARP ESSER)	84.425U	4300002	975,336
		subtotal	1,071,258
Pass through Cooperative			
American Rescue Plant Act of 2021 (ARPA)			
Educational Cooperative Arp ESSER Deeper Learning	84.425U	not provided	9,649
		Subtotal	1,080,907
Pass Through Education and Workforce Development Cabinet			
Office of Vocational Rehabilitation			
Adult Education, Community Based Work Transition	84.002	371E	17,446
Pass Through NKCES			
Title I Part D AIM (Arts in Mind)	84.351A	315J	12,479
TOTAL U.S. DEPARTMENT OF EDUCATION			2,210,236
Department of Justice			
Passed through NKCES			
STOP School Violence Training	16.839	494G	13,814
Department of Health and Human Services			
Passed through Kentucky Department of Education			
Promoting Adolescent Health Through School-Based Surveilliance	93.079	2100001	400
TOTAL EXPENDITURES OF FEDERAL AWARDS			$3,188,561

The accompanying notes are an integral part of this schedule

BRACKEN COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2023

Note 1 – Basis of Presentation

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

Note 2 – Summary of Significant Accounting Policies

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

The District did not use the 10 percent de minimis indirect cost rate.

Note 3 – Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities disbursed, totaling $52,046.

DENISE M. KEENE
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GEORGETOWN, KENTUCKY 40324
859-421-5062

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

State Committee For School District Audits
Members of the Board of Education
Bracken County School District
Brooksville, Kentucky

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, Audits of States and Local Governments, and Non-profit Organizations, and the audit requirement prescribed by the Kentucky Committee for School District Audits, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bracken County Board of Education as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 1, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

I noted certain matters that I reported to management of the District in a separate letter dated November 1, 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.

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
November 1, 2023

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

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

State Committee For School District Audits
Members of the Board of Education
Bracken County School District
Brooksville, Kentucky

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

We have audited Bracken County School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance, we

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

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

Report on Internal Control Over Compliance

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

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

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

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

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
November 1, 2023

BRACKEN 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

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting	
Material weakness(es) identified?	__ yes X no
Significant deficiency(s) identified that are not considered to be material weakness(es)?	_yes X none reported
Noncompliance material to financial statements noted?	__ yes X no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	__ yes X no
Significant deficiency(s) identified that are not Considered to be material weakness(es)?	__ yes _X_ none reported

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

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

Identification of major programs

Federal Assistance Listing Number	Name of Federal Program or Cluster
84.425C, 84.425D, 84.425U	Education Stabilization Fund
10.555	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? X yes __ no

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None reported

BRACKEN COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For The Year Ended June 30, 2023

PRIOR YEAR – FINANCIAL STATEMENT FINDINGS

None were reported last year

PRIOR YEAR – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None were reported last year

MANAGEMENT LETTER

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

Bracken County Board of Education
Brooksville, Kentucky

We have audited the financial statements of the Bracken County School District for the year ended June 30, 2023 and have issued our report thereon dated November 1, 2023. As part of our audit, we made a study and evaluation of the District's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the District's financial statements. Our study and evaluation was more limited than would be necessary for expressing an opinion on the system of internal accounting control taken as a whole.

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

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

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

All items from last year's management letter points were corrected during the current fiscal year as outlined in the District's response.

Denise M. Keene, CPA
November 1, 2023

CURRENT YEAR MANAGEMENT POINTS

2023-001
There were three (3) Purchase Orders to the Superintendent approved by an administrative staff. All payments to the Superintendent, other than payroll, should be approved by the Board.

Management's Response:
This was an oversite on my part. I will be sure to get all purchases and payments signed by our board in the future.

Bracken Middle School
2023-002
It was difficult to distinguish between District Activity Deposits and School Activity Deposits. I recommend deposits for Fund 21 and Fund 25 be on separate deposit slips. The Deposit summaries should have the date of the deposit on the summary so it can be easily traced to the bank statement. Finally, the date of the receipt in MUNIS should be the date of the deposit, not the date entered into MUNIS.

Management's Response:
To make the deposit slip look smoother when matching up the deposits to the bank statements, I will change the look of the deposit paper I use for funds 21 and 25. They will have a total for fund 21, total for fund 25, and then a grand total.

Taylor Elementary School
2023-003
It was difficult to distinguish between District Activity Deposits and School Activity Deposits. I recommend deposits for Fund 21 and Fund 25 be on separate deposit slips. The Deposit summaries should have the date of the deposit on the summary so it can be easily traced to the bank statement. Finally, the date of the receipt in MUNIS should be the date of the deposit, not the date entered into MUNIS.

Management's Response:

To make the deposit slip look smoother when matching up the deposits to the bank statements, I will change the look of the deposit paper I use for funds 21 and 25. They will have a total for fund 21, total for fund 25, and then a grand total.