

CASEY COUNTY SCHOOL DISTRICT

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023
with
REPORT OF INDEPENDENT AUDITORS**

TABLE OF CONTENTS

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet – Governmental Funds	11
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	14
Statement of Net Position – Proprietary Funds.....	15
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	16
Statement of Cash Flows – Proprietary Funds	17
Statement of Fiduciary Net Position	19
Statement of Changes – Fiduciary Net Position	20
Notes to the Basic Financial Statements	21
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	50
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Revenue Fund.....	51

Notes to Required Supplementary Information – Budget and Actual – General Fund and Special Revenue Fund	52
Schedule of the District's Proportionate Share of the Net Pension Liability – County Employees Retirement System	53
Schedule of District Contributions – County Employees Retirement System	54
Notes to Required Supplementary Information – County Employees Retirement System – Pension Fund.....	55
Schedule of District's Proportionate Share of Net OPEB Liability – County Employees Retirement System – Medical Insurance Plan	56
Schedule of District Contributions – County Employees Retirement System- Medical Insurance Plan	57
Note to Required Supplementary Information – County Employees Retirement System- Medical Insurance Plan.....	58
Schedule of the State's Proportionate Share of the Net Pension Liability – Kentucky Teachers' Retirement System.....	59
Schedule of State Contributions – Kentucky Teacher's Retirement System	60
Notes to Required Supplementary Information – Kentucky Teacher's Retirement System	61
Schedule of the State's Proportionate Share of Net OPEB Liability – Kentucky Teachers' Retirement System Medical Insurance Plan.....	62
Schedule of State Contributions – Kentucky Teachers' Retirement System – Medical Insurance Plan	63
Notes to Required Supplementary Information – Kentucky Teachers' System – Medical Insurance Plan.....	64
Schedule of the States' Proportionate Share of Net OPEB Liability – Kentucky Teachers' Retirement System– Life Insurance Plan.....	65
Schedule of State Contributions – Kentucky Teachers' Retirement System – Life Insurance Plan	66
Note to Required Supplementary Information – Kentucky Teachers' Retirement System – Life Insurance Fund	67

Other Supplementary Information

Combining Balance Sheet – Non-major Governmental Funds	68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds.....	69
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Elementary and Middle School Activity Funds.....	70

Statement of Revenues, Expenditures, and Changes in Fund Balances – Casey County High School Activity Fund.....	71
Schedule of Expenditures of Federal Awards	73
Notes to the Schedule of Expenditures of Federal Awards	76
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	77
Report on Compliance for Each Major Federal Program and Report on Internal control Over Compliance Required by Uniform Guidance.....	79
Schedule of Findings and Questioned Costs – Major Programs.....	83
Schedule of Prior Year Audit Findings	85
Independent Auditors' Transmittal Letter for Management Letter Comments.....	87
Management Letter Comments.....	88



Cloyd & Associates, PSC

Certified Public Accountants

and

Business Advisors

INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for
School District Audits
Members of the Board of Education
Casey County Board of Education
Liberty, 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 Casey County Board of Education (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Casey County Board of Education, 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. 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 Casey County Board of Education, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Casey County Board of Education'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.



Auditors' Responsibilities for the Audit of the Financial Statement

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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Casey County Board of Education's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

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

Cloyd & Associates, PSC
London, Kentucky
December 20, 2023

CASEY COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year ended June 30, 2023

The management of Casey County School District offers readers this narrative overview and analysis of the financial activities and educational programs of the District for the fiscal year ended June 30, 2023. We encourage readers to review the information presented here in conjunction with additional information found within the body of this audit.

This Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued June 1999; GASB Statement No. 37, Basic Financial Statement - and Management Discussion and Analysis - for State and Local Governments: Omnibus, an amendment to GASB Statements No. 21 and No. 34, issued in June 2001; and in GASB Statement No. 38, Certain Financial Statement Note Disclosures, issued in 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- The ending balance of cash and cash equivalents for the district for the year ended June 30, 2023 (FY23) was \$12.2 million.
- The District's property tax is derived from residential growth and assessments. The District levied FY23 property tax rates of 48.7 cents per \$100 for real estate, 48.8 cents per \$100 for business personal property tax and 56.3 cents per \$100 for motor vehicles. The District levied a 3% utility tax rated in a prior year and it is still active.
- The District ended FY23 with an unassigned fund balance in the general fund of approximately \$7.3 million reflecting a \$979,000 increase from the prior year.
- Bonds are issued as the District constructs and/or renovates facilities consistent with long-range facilities plan that was established with community input and in keeping with the Kentucky Department of Education's stringent compliance requirements. The District's total bonded debt increased by \$1.02 million in FY23.
- At the end of FY23, the District reported a net pension liability of \$9,811,362 related to the County Employees Retirement System.
- At the end of FY23, the District reported a net post-employment benefit obligation of liability of \$2.68 million related to the County Employees Retirement System and \$4.77 million related to Kentucky Teachers Retirement.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

The government-wide financial statements outline functions of the District that are primarily 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 asset acquisitions and related debt are also supported by taxes and intergovernmental revenues.

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

Fund financial statement. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. There 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, and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The proprietary funds are our food service and day care operations. All other activities of the District are included in the governmental funds. The basic governmental fund financial statements can be found on the table of contents of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that are still outstanding. The District used 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.

CASEY COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED
Year ended June 30, 2023

Net Position for the period ending June 30, 2023

Fiscal year 2023 government-wide net position compared to 2022 is as follows:

	2023	2022
Current and other assets	\$ 14,931,072	\$ 11,086,258
Capital assets	35,196,803	34,419,098
Total assets	<u>50,127,875</u>	<u>\$ 45,505,356</u>
Deferred outflow of resources	<u>6,788,633</u>	<u>\$ 4,359,861</u>
Current liabilities	3,050,664	\$ 2,337,987
Noncurrent liabilities	31,573,462	27,740,041
Total Liabilities	<u>34,624,126</u>	<u>\$ 30,078,028</u>
Deferred inflows of resources	<u>4,928,844</u>	<u>\$ 5,628,359</u>
Net investment in capital assets,	19,429,502	\$ 19,158,254
Permanent non-spendable	79,243	5,807
Restricted net position	2,709,998	888,634
Committed net position	2,275,500	2,275,500
Assigned net position	176,660	117,048
Unrestricted net position	(7,307,365)	(8,286,413)
Total net position	<u>\$ 17,363,538</u>	<u>\$ 14,158,830</u>

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, governmental assets exceeded liabilities by approximately \$17,825,239, proprietary liabilities exceed assets by \$461,701 and total assets exceeded liabilities by \$17,363,538 at June 30, 2023.

The District had an overall increase in unrestricted net position of \$979,048.

The following table presents a fund accounting comparison and summary of revenue and expense for Government Funds only for the fiscal years 2023 and 2022:

See table on next page

CASEY COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED
Year ended June 30, 2023

	2023	2022
Total Revenue	\$ 35,353,898	\$ 30,913,053
Expenditures and other financing uses		
Instruction	19,931,391	17,949,806
Student support services	1,546,072	1,365,859
Instructional Support	1,028,511	997,965
District Administration	617,996	755,961
School Administrations	1,295,055	1,210,562
Business Operations	760,962	996,576
Plant Operation and Maintenance	3,271,835	2,848,470
Student Transportation	2,075,668	2,074,345
Facilities Acquisition and Construction	1,698,237	167,110
Community Service	351,329	292,108
Other	219,892	137,874
Debt Service:	1,998,629	1,996,312
Total Expenditures	34,795,577	30,792,948
Excess revenues (expenditures)	558,321	120,105
Other Financing Sources (uses)		
Proceeds from sale or fixed assets	144,467	-
Bond proceeds	2,660,000	
Transfers In	2,298,977	1,343,516
Transfers Out	(2,298,977)	(1,343,516)
Total Other Financing sources (uses)	2,804,467	-
Net Changes in Fund Balance	\$ 3,362,788	\$ 120,105

On-behalf payments are included in the above amounts. On-behalf, as defined by the KDE, are payments the state makes on behalf of employees to the various agencies for health and life insurance, retirement, and administration fees. The on-behalf payments are allocated to expense as mandated by the KDE and are credited to revenues; therefore, have no effect on the District's level fund balance.

BUDGETARY IMPLICATION

In Kentucky the public-school fiscal year is July 1 through June 30; other programs, such as, some federal programs operate on a different fiscal calendar, but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a working budget with a contingency that exceeded the 2% minimum. Significant variations in the actual results of operations and the final budget are primarily due to on-behalf payments that are included in the financial statements but are not budgeted by the District.

Comments on Budget Comparisons

- The District's total general fund revenues for the fiscal year ended June 30, 2023 were \$23,265,472 excluding transfers, proceeds from the sale of assets and capital lease proceeds.
- General fund budgeted revenue compared to actual revenue varied from line item to line item with the ending actual balance being \$3,884,572 more than budget or 20.04% more than the budget.
- The total cost of all general fund programs and services for the fiscal year ended June 30, 2023 was \$22,398,093.
- General fund budgeted expenditures compared to actual expenditures varied from line item to line item with the ending actual balance being \$3,153,806 less than budget or 12.34% less than budget.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives.

Questions regarding this report should be directed to the Superintendent (606) 787-6941, or to the Finance Officer (606) 787-6941 or by mail at 1922 US-127, Liberty, KY 42539.

CASEY COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 11,267,026	\$ 938,338	\$ 12,205,364
Accounts receivable:			
Other	2,516,331	22,653	2,538,984
Inventories for consumption	-	107,481	107,481
Prepaid expense	79,243	-	79,243
Capital Assets, net			
Nondepreciable	2,787,780	-	2,787,780
Depreciable	32,225,254	183,769	32,409,023
Total assets	48,875,634	1,252,241	50,127,875
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows from refunding bonds	189,533	-	189,533
Deferred outflows - OPEB KTRS	2,940,521	-	2,940,521
Deferred outflows - OPEB CERS	1,045,677	182,986	1,228,663
Deferred outflows - PENSION	2,068,008	361,908	2,429,916
	6,243,739	544,894	6,788,633
LIABILITIES			
Accounts payable	593,243	-	593,243
Accrued expenses	98,837	-	98,837
Advances from grantors	472,600	-	472,600
Current maturities of bond obligations	1,720,000	-	1,720,000
Current portion of accumulated sick leave	72,184	-	72,184
Interest payable	93,799	-	93,799
Net OPEB liability - KTRS	4,767,000	-	4,767,000
Net OPEB liability -CERS	2,279,163	398,856	2,678,019
Net PENSION liability	8,350,036	1,461,326	9,811,362
Noncurrent maturities of bond obligations, net of bond discount	14,236,834	-	14,236,834
Noncurrent portion of accumulated sick leave	80,248	-	80,248
Total liabilities	32,763,944	1,860,182	34,624,126
DEFERRED INFLOW OF RESOURCES			
Deferred inflows - OPEB KTRS	2,252,000	-	2,252,000
Deferred inflows - OPEB CERS	1,241,706	217,287	1,458,993
Deferred inflows - PENSION	1,036,484	181,367	1,217,851
	4,530,190	398,654	4,928,844
NET POSITION			
Net investment in capital assets	19,245,733	183,769	19,429,502
Permanent non-spendable	79,243	-	79,243
Restricted	2,570,463	139,535	2,709,998
Committed	2,275,500	-	2,275,500
Assigned	176,660	-	176,660
Unrestricted	(6,522,360)	(785,005)	(7,307,365)
Total net position	\$ 17,825,239	\$ (461,701)	\$ 17,363,538

CASEY COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year ended June 30, 2023

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental activities							
Instruction	\$ 20,229,019	\$ -	\$ 10,813,961	\$ -	\$ (9,415,058)	\$ -	\$ (9,415,058)
Student	1,553,576	-	830,505	-	(723,071)	-	(723,071)
Instructional support	1,028,511	-	549,818	-	(478,693)	-	(478,693)
District administration	635,760	-	339,862	-	(295,898)	-	(295,898)
School administration	1,304,107	-	697,145	-	(606,962)	-	(606,962)
Business support	760,962	-	406,792	-	(354,170)	-	(354,170)
Plant operations and maintenance	3,568,957	-	1,907,881	-	(1,661,076)	-	(1,661,076)
Student transportation	2,075,668	-	1,109,604	-	(966,064)	-	(966,064)
Non-instructional	678,454	-	362,686	-	(315,768)	-	(315,768)
Interest on long-term debt	356,792	-	-	2,178,425	1,821,633	-	1,821,633
Total governmental activities	32,191,806	-	17,018,254	2,178,425	(12,995,127)	-	(12,995,127)
Business-type activities							
Food Service	2,575,177	133,168	2,196,630	-	-	(245,379)	(245,379)
Childcare Fund	39,062	81,747	68,782	-	-	111,467	111,467
Total business-type activities	2,614,239	214,915	2,265,412	-	-	(133,912)	(133,912)
Total primary government	\$ 34,806,045	\$ 214,915	\$ 19,283,666	\$ 2,178,425	(12,995,127)	(133,912)	(13,129,039)
General revenues							
Taxes:							
Property					3,312,297	-	3,312,297
Motor vehicle					743,633	-	743,633
Utility					873,619	-	873,619
Student activities					393,970	-	393,970
Earnings on investments					538,144	37,051	575,195
State grants					10,160,850	-	10,160,850
Other local amounts					134,706	-	134,706
Amortization of discount					(5,000)	-	(5,000)
Gain/(loss) on disposal of assets					144,467	-	144,467
Total general revenues					16,296,686	37,051	16,333,737
Change in net position					3,301,559	(96,861)	3,204,698
Net position July 1, 2022					14,523,680	(364,840)	14,158,840
Net position as of June 30, 2023					\$ 17,825,239	\$ (461,701)	\$ 17,363,538

The accompanying notes are an integral part of these financial statements.

CASEY COUNTY SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS June 30, 2023

	General Fund	Special Revenue Fund	Contruction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 8,469,488	\$ -	\$ 2,345,627	\$ 451,911	\$ 11,267,026
Accounts receivable:					
Other	238,377	2,276,804	-	1,150	2,516,331
Prepaid expense	79,243	-	-	-	79,243
Interfund receivable	1,639,766	-	-	-	1,639,766
Total assets	<u>\$ 10,426,874</u>	<u>\$ 2,276,804</u>	<u>\$ 2,345,627</u>	<u>\$ 453,061</u>	<u>\$ 15,502,366</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Interfund payable	\$ -	\$ 1,639,766	\$ -	\$ -	\$ 1,639,766
Accounts payable	128,395	1,130	463,300	418	593,243
Accrued expenses	98,837	-	-	-	98,837
Advances from grantors	-	472,600	-	-	472,600
Total liabilities	<u>227,232</u>	<u>2,113,496</u>	<u>463,300</u>	<u>418</u>	<u>2,804,446</u>
Fund balances					
Non-spendable	79,243	-	-	-	79,243
Restricted	72,185	163,308	1,882,327	452,643	2,570,463
Committed	2,275,500	-	-	-	2,275,500
Assigned	176,660	-	-	-	176,660
Unassigned	7,596,054	-	-	-	7,596,054
Total fund balances	<u>10,199,642</u>	<u>163,308</u>	<u>1,882,327</u>	<u>452,643</u>	<u>12,697,920</u>
Total liabilities and fund balances	<u>\$ 10,426,874</u>	<u>\$ 2,276,804</u>	<u>\$ 2,345,627</u>	<u>\$ 453,061</u>	<u>\$ 15,502,366</u>

CASEY COUNTY SCHOOL DISTRICT

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION**

June 30, 2023

Total fund balances - governmental funds	\$ 12,697,920
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	35,013,034
Deferred outflows of resources are not recorded in the government fund financials because they do not affect current resources but are recorded in the statement of net position.	6,243,739
Bonds payable are not reported in the governmental fund balance sheet because they are not due and payable in the current period, but they are presented in the statement of net position.	(15,956,834)
The accumulated sick leave is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(152,432)
Net OPEB obligation is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(7,046,163)
Net pension obligation is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(8,350,036)
Deferred inflows of resources are not recorded in the government fund financials because they do not affect current resources but are recorded in the statement of net position.	(4,530,190)
Interest payable is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	<u>(93,799)</u>
Total net position - governmental activities	<u>\$ 17,825,239</u>

CASEY COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year ended June 30, 2023

	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
From local sources					
Taxes					
Property	\$ 2,912,130	\$ -	\$ -	400,167	\$ 3,312,297
Motor vehicle	743,633	-	-	-	743,633
Utility	873,619	-	-	-	873,619
Food service student activity	-	-	-	49,635	49,635
Student activities	-	-	-	344,335	344,335
Earnings on investments	479,535	6,858	40,965	10,786	538,144
Other local	44,112	73,301	-	17,293	134,706
Intergovernmental - State					
SEEK	11,234,155	-	-	-	11,234,155
Other	6,804,490	1,177,933	-	2,178,425	10,160,848
Intergovernmental - Federal	173,798	7,788,728	-	-	7,962,526
Total revenues	23,265,472	9,046,820	40,965	3,000,641	35,353,898
Expenditures					
Current:					
Instruction	12,293,823	7,294,706	-	342,862	19,931,391
Student	1,455,776	90,296	-	-	1,546,072
Instructional support	633,369	389,236	-	5,906	1,028,511
District administration	617,996	-	-	-	617,996
School administration	1,295,055	-	-	-	1,295,055
Business support	757,307	3,655	-	-	760,962
Plant operations and maintenance	3,250,217	21,618	-	-	3,271,835
Student transportation	2,070,856	1,300	-	3,512	2,075,668
Non-instructional	-	179,120	-	40,772	219,892
Community services	23,694	327,635	-	-	351,329
Site improvement	-	-	1,698,237	-	1,698,237
Debt service	-	-	-	1,998,629	1,998,629
Total expenditures	22,398,093	8,307,566	1,698,237	2,391,681	34,795,577
Excess (deficit) of revenues over (under) expenditures	867,379	739,254	(1,657,272)	608,960	558,321
Other financing sources (uses)					
Gain on sale of assets	144,467	-	-	-	144,467
Bond proceeds	-	-	2,660,000	-	2,660,000
Transfers in	725,742	65,498	767,885	739,852	2,298,977
Transfers out	(60,000)	(767,886)	-	(1,471,091)	(2,298,977)
Total other financing sources (uses)	810,209	(702,388)	3,427,885	(731,239)	2,804,467
Net change in fund balance	1,677,588	36,866	1,770,613	(122,279)	3,362,788
Fund balance as of June 30, 2022	8,522,054	126,442	111,714	574,922	9,335,132
Fund balance as of June 30, 2023	\$ 10,199,642	\$ 163,308	\$ 1,882,327	\$ 452,643	\$ 12,697,920

CASEY COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year ended June 30, 2023

Net change in total fund balances - governmental funds	\$ 3,362,788
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported as expenditures in the governmental fund financial statements because they use current financial resources, but they are treated as assets in the statement of net position and depreciated over their estimated economic lives. The difference is the amount by which depreciation exceeds capital outlay for the year.	805,190
Amortization of deferred outflows or resources is not recognized in the governmental fund financial statements, but is a component of interest in the Statement of Activities.	(63,145)
Bond and capital lease payments are recognized as expenditures of current financial resources in the governmental fund financial statements, but are reductions of liabilities in the Statement of Net Position.	(1,010,000)
Decrease in bond discount is recognized on the Statement of Activities but is not recognized on the fund financial statements.	(5,000)
Calculated pension and OPEB expense is not recognized on the governmental fund financial statements, but is recognized as an expense on the Statement of Activities. while pension contributions are deferred on the Statement of Net Position	221,210
Accumulated sick leave is recognized by the amount earned in the statement of activities, but the governmental fund financial statements only recognize the obligations anticipated to be retired from existing financial resources.	(1,321)
Interest payments are recognized as expenditures of financial resources in the governmental fund financial statements, but are expensed as incurred in the Statement of Activities.	<u>(8,163)</u>
Change in net position - governmental activities	<u>\$ 3,301,559</u>

CASEY COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
June 30, 2023

	Food Service Fund	Childcare Fund	Nonmajor Enterprise Fund-Community Education	Total Enterprise Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 621,132	\$ 304,646	\$ 12,560	\$ 938,338
Accounts Receivable	22,653	-	-	22,653
Inventories for consumption	107,481	-	-	107,481
Total current assets	751,266	304,646	12,560	1,068,472
Noncurrent assets				
Capital assets, net of accumulated depreciation	183,769	-	-	183,769
Total noncurrent assets	183,769	-	-	183,769
Total assets	935,035	304,646	12,560	1,252,241
Deferred outflow of resources				
Deferred outflows OPEB	164,027	18,922	37	182,986
Deferred outflows pension	324,394	37,421	93	361,908
Total deferred outflows	488,421	56,343	130	544,894
LIABILITIES				
Current liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total current liabilities	-	-	-	-
Noncurrent liabilities				
Net OPEB liability	357,516	41,241	99	398,856
Net pension liability	1,309,817	151,095	414	1,461,326
Total noncurrent liabilities	1,667,333	192,336	513	1,860,182
Total liabilities	1,667,333	192,336	513	1,860,182
Deferred inflow of resources				
Deferred inflows - OPEB	194,776	22,468	43	217,287
Deferred inflows - Pension	162,583	18,755	29	181,367
Total deferred inflows	357,359	41,223	72	398,654
NET POSITION				
Net investment in capital assets	183,769	-	-	183,769
Restricted for:				
Other	-	127,430	12,105	139,535
Unrestricted	(785,005)	-	-	(785,005)
Total net position	\$ (601,236)	\$ 127,430	\$ 12,105	\$ (461,701)

The accompanying notes are an integral part of these financial statements.

CASEY COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
 PROPRIETARY FUNDS
 Year ended June 30, 2023

	Food Service Fund	Childcare Fund	Nonmajor Enterprise Fund-Community Education	Total Enterprise Funds
Operating revenues				
Lunchroom sales	\$ 40,762	\$ -	\$ -	\$ 40,762
Other	92,406	-	-	92,406
Revenues from local sources	-	81,747	-	81,747
Total operating revenues	<u>133,168</u>	<u>81,747</u>	<u>-</u>	<u>214,915</u>
Operating expenses				
Salaries and wages	554,605	13,752	-	568,357
Employee benefits	344,006	6,968	-	350,974
Materials and supplies	1,649,071	18,342	-	1,667,413
Depreciation	<u>27,495</u>	<u>-</u>	<u>-</u>	<u>27,495</u>
Total operating expenses	<u>2,575,177</u>	<u>39,062</u>	<u>-</u>	<u>2,614,239</u>
Operating income/(loss)	<u>(2,442,009)</u>	<u>42,685</u>	<u>-</u>	<u>(2,399,324)</u>
Nonoperating revenues				
Federal grants	1,891,955	19,634	-	1,911,589
State grants	170,337	49,148	-	219,485
Donated commodities	134,338	-	-	134,338
Interest income	<u>37,051</u>	<u>-</u>	<u>-</u>	<u>37,051</u>
Total nonoperating revenues/(expenses)	<u>2,233,681</u>	<u>68,782</u>	<u>-</u>	<u>2,302,463</u>
Change in net position	(208,328)	111,467	-	(96,861)
Net position as of June 30, 2022	<u>(392,908)</u>	<u>15,963</u>	<u>12,105</u>	<u>(364,840)</u>
Net position as of June 30, 2023	<u>\$ (601,236)</u>	<u>\$ 127,430</u>	<u>\$ 12,105</u>	<u>\$ (461,701)</u>

The accompanying notes are an integral part of these financial statements.

CASEY COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
Year ended June 30, 2023

	Food Service Fund	Childcare Fund	Nonmajor Enterprise Fund-Community Education	Total
Cash flows from operating activities				
Cash received from:				
Lunchroom sales	\$ 40,762	\$ -	\$ -	\$ 40,762
Other activities	251,486	-	-	251,486
Revenues from local sources	-	87,104	-	87,104
Cash paid to/for:				
Employees	(908,416)	(21,852)	-	(930,268)
Supplies	(1,599,211)	(18,785)	-	(1,617,996)
Net cash used in operating activities	<u>(2,215,379)</u>	<u>46,467</u>	<u>-</u>	<u>(2,168,912)</u>
Cash flows from non-capital financing activities				
Grants received	2,062,292	68,782	-	2,131,074
Net cash used in non-capital financing activities	<u>2,062,292</u>	<u>68,782</u>	<u>-</u>	<u>2,131,074</u>
Cash flows from capital and related financing activities				
Purchase of capital assets	-	-	-	-
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Interest income	37,051	-	-	37,051
Net cash provided from investing activities	<u>37,051</u>	<u>-</u>	<u>-</u>	<u>37,051</u>
Net increase in cash and cash equivalents	(116,036)	115,249	-	(787)
Cash and cash equivalents as of June 30, 2022	<u>737,168</u>	<u>189,397</u>	<u>12,560</u>	<u>939,125</u>
Cash and cash equivalents as of June 30, 2023	<u>\$ 621,132</u>	<u>\$ 304,646</u>	<u>\$ 12,560</u>	<u>\$ 938,338</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income/ (loss)	\$ (2,442,009)	\$ 42,685	\$ -	\$ (2,399,324)
Adjustments to reconcile change in net position to net cash used in operating activities:				
(Increase) decrease in accounts receivable	159,080	5,357	-	164,437
Increase (decrease) in accounts payable	(905)	(443)	-	(1,348)
Increase in inventory	(83,573)	-	-	(83,573)
Net change in pension and OPEB expense	(9,805)	(1,132)	-	(10,937)
Donated commodities	134,338	-	-	134,338
Depreciation	27,495	-	-	27,495
Net cash used in operating activities	<u>\$ (2,215,379)</u>	<u>\$ 46,467</u>	<u>\$ -</u>	<u>\$ (2,168,912)</u>
Schedule of non-cash transactions:				
Depreciation	\$ 27,495	\$ -	\$ -	\$ 27,495
Donated commodities	134,338	-	-	134,338
Total non-cash transactions	<u>\$ 161,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,833</u>

FIDUCIARY FUNDS NET POSITION

CASEY COUNTY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2023

	<u>Custodial Fund- Scholarship</u>
ASSETS	
Cash and cash equivalents	\$ <u>2,914</u>
Total assets	\$ <u><u>2,914</u></u>
NET POSITION	
Restricted for Scholarships	\$ <u>2,914</u>
Total net position	\$ <u><u>2,914</u></u>

CASEY COUNTY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
For the Year Ended June 30, 2023

	Custodial Fund- Scholarship
Additions	
Net interest and invest gains	\$ 513
Total additions	513
Deductions	
Scholarships paid	900
Total deductions	900
Change in net position	(387)
Net position June 30, 2022	3,301
Net position June 30, 2023	<u>\$ 2,914</u>

NOTE 1 – REPORTING ENTITY

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

The District, for financial purposes, includes all of the funds and activities relevant to the operation of the Casey County Board of Education. The basic 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. Such funds or groups have been considered as prospective component units under GASB Statement Number 39, *Determining Whether Certain Organizations Are Component Units*, and have been determined to have insignificant assets, liabilities, equity, revenue and expenditures to be considered component units. In addition, the Board has the ability to exert little control over the fiscal activities of the funds or groups.

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

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

Casey County School District Finance Corporation - In 1989, the Casey County Board of Education resolved to authorize the establishment of the Casey County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board comprise the Corporation's Board of Directors.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The District has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 to its proprietary funds, unless those pronouncements conflict or contradict GASB pronouncements.

The following is a summary of the significant accounting policies:

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental, which normally are supported by tax revenues, and those that are considered business-type activities, which rely significantly on fees and charges for support.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. 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 government-wide statements and the statements for governmental funds.

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

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

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities; and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in total fund balances. 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.

Accounting principles generally accepted in the United States of America require that the General Fund be reported as a major fund. All other governmental and proprietary funds whose assets, liabilities, revenues, or expenditures comprise at least 10% of the total for the relevant fund category and at least 5% of the corresponding total for all governmental and proprietary funds combined must also be reported as major funds.

The District has the following funds:

I. Government Fund Types

The General Fund is the main operating fund of the District. It accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.

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

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

I. Government Fund Types - continued

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds). The Capital Projects Funds account for revenue and expenditures from three sources:

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.
4. The Student Activity Fund is used to account for activities of student groups.
5. The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and for the payment of interest on general obligation notes payable, as required by Kentucky law.

II. Proprietary Fund Types (Enterprise Fund)

1. The Food Service Fund is used to account for school food service activities, including the National School Lunch Program and the National School Breakfast Program, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. The Food Service Fund is a major fund.
2. The Childcare Fund is used to account for childcare activities and is a major fund of the District.
3. The Community Education Fund is used to account for miscellaneous classes and activities.

III. Fiduciary Funds

1. The Agency Fund – Scholarship is used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments for which the District is an agent.

Basis of Accounting

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

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

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

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

Unearned Revenue/Advances from Grantors- Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. The District reports unearned revenue on its statement of net position and governmental funds balance sheet. In both the government-wide and governmental fund statements, grants that are intended to finance future periods are reported as unearned revenue. In subsequent periods, the liability for unearned revenue is removed from the statement of net position and governmental funds balance sheet and revenue is recognized.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave, which are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue.

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

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2023, to finance the General Fund operations were \$.487 per \$100 valuation for real property, \$.488 per \$100 valuation for business personal property and \$. 563 per \$100 valuation for motor vehicles.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

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

Prepaid Assets

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

Capital Assets

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

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
School buses	10 years
Other vehicles	5 years
Audio-visual equipment	15 years
Food service equipment	12 years
Furniture and fixtures	20 years
Rolling stock	15 years
Other general equipment	10 years

Right-of-Use Assets

The District has recorded right of use lease assets as a result of implementing GASB 87, *Leases*, which established standards for leases that were previously classified as operating leases. The right of use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right of use assets are amortized on a straight-line basis over the life of the related lease.

Interfund Receivables and Payables

The fund financial statements present interfund receivables and payables resulting from short-term interfund loans that are classified as "interfund receivables/payables." These amounts are eliminated in the government-wide 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.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

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 vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

The entire compensated absence liability includes the remaining 70% plus any accrued sick leave for people not eligible and is reported on the government-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as an assigned portion of fund balance. The balance of the liability is not recorded.

For governmental fund financial statements the current portion, if any, 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.

Bonds and Related Premiums, Discounts, and Issuance Costs

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

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance are recognized in the current period. The face amount of the debt is reported as other financing sources. Discounts related to debt issuance are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

- Revenues are recorded on the modified accrual basis of accounting (budgetary) as opposed to when susceptible to accrual (GAAP).
- Expenditures are recorded on the modified accrual basis of accounting (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved by the Board, 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. Budgetary receipts represent original estimates modified for adjustments, if any, during the fiscal year. Budgetary disbursements represent original appropriations adjusted for budget transfers and additional appropriations, if any, approved during the fiscal year.

Each budget is prepared and controlled 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.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Receivables

The District recognizes revenues as receivables when they are measurable, and receipt is probable. Concentration of credit risk with respect to the receivables from federal and state governments is limited due to the historical stability of those institutions. Federal and state grants to be used or expended as specified by the grantor are recognized as revenue and recorded as receivables as qualifying expenditures are made.

Inventories

On government-wide and governmental fund financial statements inventories of supplies and materials are stated at cost and are expensed when used.

The school Food Service Fund inventory consists of food, supplies and U.S. Government commodities.

The Food Service Fund inventory is stated at cost and uses the specific identification method; the general fund inventory is stated at cost and uses the first-in, first-out method.

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance Reserves

Fund balances are separated into five categories, as required by GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as follows:

Nonspendable fund balance is permanently nonspendable by decree of donor. Examples would be an endowment or that which may not be used for another purpose such as amounts used to prepay future expenses or already purchased inventory on hand.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment.

Assigned fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

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

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 appropriated in the next year. Encumbrances are considered a managerial assignment of fund balance at June 30, 2023, in the governmental funds balance sheet.

Net Position

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

Operating and Non-Operating Revenues and Expenses

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

Contributions of Capital

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

Interfund Activity

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

Estimates

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

Deferred Inflows and Deferred Outflows of Resources

Deferred inflows and deferred outflows are recorded on the government-wide and proprietary financial statements. The deferred outflows of resources presented were primarily created by differences in pension expectations, the prior refunding of revenue bonds, and deferral of pension contributions. Deferred inflows were primarily created by actuarial determinations of net pension liability changes.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Pension and Other Postemployment Benefits

For purposes of measuring the net liabilities, the deferred outflows of resources and deferred inflows of resources, and expense related to pensions and other postemployment benefits (OPEB), information about the fiduciary net position of the pension / OPEB plans, and additions to / deductions from the pension / OPEB plans' fiduciary net position have been determined on the same basis as they are reported by the pension / OPEB plans. For this purpose, revenues are recognized when earned. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The primary government's proportionate share of pension amounts was further allocated to proprietary funds based on the salaries paid by each proprietary fund. Plan investments are reported at fair value.

Other Postemployment Benefits (OPEB)

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

3. CUSTODIAL CREDIT RISK - DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2023, none of the District's bank balance was exposed to custodial credit risk because of coverage by Federal Depository insurance and by collateral agreements and collateral held by the pledging banks' trust departments in the District's name.

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

	<u>Bank Balance</u>	<u>Book Balance</u>
Casey County Bank	\$ 13,247,375	\$ 12,208,278
	<u>\$ 10,213,291</u>	<u>\$ 12,208,278</u>

Breakdown per financial statements is as follows:

Governmental Funds	\$ 11,267,026
Proprietary Funds	938,338
Fiduciary funds*	<u>2,914</u>
	<u>\$ 12,208,278</u>

*Fiduciary funds are not presented on the governmental or government wide statements.

3. CUSTODIAL CREDIT RISK – DEPOSITS – CONTINUED

Cash is commingled in various bank accounts and short-term certificates of deposit. Due to the nature of the accounts and limitations imposed by bond issue requirements, construction projects, and Federal financial assistance programs, each cash account within the following funds is considered to be restricted:

Special Revenue Funds
SEEK Capital Outlay Fund
Facility Support Program (FSPK) Fund
School Construction Fund
School Food Service Fund
District Activity Fund
Student Activity Fund

4. INVESTMENT REPORTING UNDER GASB 72

Funds of the District are public funds and, therefore, their investment is limited by statute to certain obligations of the United States or similar government agencies, cash instruments, and certain pooled investment funds as provided by KRS 66.480. At June 30, 2023, the District holds only demand deposits and certificates of deposit considered to be cash equivalents. Consequently, the District does not have investment related credit risk or interest risk.

Investments reported on the financial statements are nonparticipating interest-earning investment contracts purchased from a bank in the form of a Certificate of Deposit. Therefore, under GASB Statement No 72, Fair Value Measurement & Application these types of investments are exempt from fair value measurements.

5. CAPITAL ASSETS

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

	June 30, 2022			June 30, 2023
	Balance	Additions	Retirements	Balance
Governmental Activities				
Land	\$ 914,397	\$ -	\$ -	\$ 914,397
Land improvements	1,741,005	-	-	1,741,005
Buildings and improvements	49,920,129	-	-	49,920,129
Technology equipment	147,662	-	5,221	142,441
Vehicles	3,880,930	483,090	-	4,364,020
General Equipment	887,958	137,129	18,662	1,006,425
Construction work in progress	175,146	1,698,237	-	1,873,383
Total historical cost	57,667,227	2,318,456	23,883	59,961,800
Less accumulated depreciation	23,459,383	1,511,279	21,896	24,948,766
Governmental capital assets, net	<u>\$ 34,207,844</u>	<u>\$ 807,177</u>	<u>\$ 1,987</u>	<u>\$ 35,013,034</u>
Business-type Activities				
General equipment	\$ 913,740	\$ -	\$ 34,734	\$ 879,006
Total historical cost	913,740	-	34,734	879,006
Less accumulated depreciation	702,486	27,495	34,744	695,237
Business-type capital assets, net	<u>\$ 211,254</u>	<u>\$ (27,495)</u>	<u>\$ (10)</u>	<u>\$ 183,769</u>

CASEY COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED
Year ended June 30, 2023

5. CAPITAL ASSETS

Depreciation expense for business-type activities was entirely incurred in the operation of the School Food Services. Depreciation for governmental activities was charged to governmental functions as follows:

Instruction	\$	1,072,604
Student Support		7,504
District Administrative Support		17,764
School Administrative Support		9,052
Plant operation and maintenance		297,122
Student transportation		107,233
	\$	<u>1,511,279</u>

6. CAPITAL LEASE PAYABLE

There were no non-cancellable leases for the fiscal year 2023. The only lease that the Board maintains is a postage machine, which they are only obligated to maintain for the period they pay in advance for, in this case, annually.

7. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Governmental Activities					
Bonds Payable:					
Revenue Bonds	\$ 14,975,000	\$ 2,660,000	\$ 1,650,000	\$ 15,985,000	\$ 1,720,000
Less: Discount	(33,166)	-	5,000	(28,166)	-
Total Bonds Payable	<u>\$ 14,941,834</u>	<u>\$ 2,660,000</u>	<u>\$ 1,655,000</u>	<u>\$ 15,956,834</u>	<u>\$ 1,720,000</u>
Other Liabilities:					
Compensated absences	<u>\$ 151,112</u>	<u>\$ 1,321</u>	<u>\$ -</u>	<u>\$ 152,433</u>	<u>\$ -</u>

The debt service fund is primarily responsible for paying the bond obligations through funds from the General, Capital Outlay and FSPK funds. The General fund is primarily responsible for pay compensated absences.

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

Issue Date	Proceeds	Rate
2010 Ref	1,110,000	0.50% - 2.55%
2012	2,010,000	1.00% - 2.25%
2012 Ref 7	1,265,000	.00% - 2.25%
2014	3,370,000	3.45%
2015 Ref	6,205,000	2.00% - 2.35%
2016	6,065,000	1.10% - 3.00%
2020	3,450,000	2.00% - 2.60%
2023	2,660,000	3.10% - 4.120%

7. LONG-TERM LIABILITIES - CONTINUED

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

The District has participation agreements" with the Kentucky School Facility Construction Commission (Commission). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The participation agreements generally provide for the Commission to assist the District in meeting bond obligations and are renewable, at the Commission's option, bi-annually. In 2008 the District also entered into an agreement with the Urgent Needs Trust Fund. The Urgent Needs Trust Fund was established by the 2003 Kentucky General Assembly for the purpose of assisting school districts that have urgent and critical construction needs. The Urgent Needs Trust Fund is administered by the School Facility Construction Commission. Should the Kentucky General Assembly choose to not fund the Commission in the future, the District would be responsible for meeting the full requirements of the bond issues.

The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

The bonds 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:

<u>Year Ending</u> <u>June 30,</u>	<u>Total</u> <u>Principal</u>	<u>Total</u> <u>Interest</u>	<u>SFCC</u> <u>Participation</u>	<u>District's</u> <u>Portion</u>
2024	1,720,000	413,322	1,262,618	870,704
2025	1,340,000	380,226	909,509	810,717
2026	1,375,000	349,896	909,509	815,387
2027	1,210,000	319,524	714,174	815,350
2028	755,000	295,924	238,895	812,029
2029-2033	4,085,000	1,173,204	1,196,469	4,061,735
2034-2038	3,605,000	620,574	440,115	3,785,459
2039-2041	1,895,000	199,360	15,983	2,078,377
	<u>\$ 15,985,000</u>	<u>\$ 3,752,030</u>	<u>\$ 5,687,272</u>	<u>\$ 14,049,758</u>

8. RETIREMENT PLANS

The District's employees are provided with two pension plans, based on each position's college degree requirement as described below. The two pension plans are County Employees Retirement System (CERS) and the Kentucky Teachers Retirement System (KTRS).

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

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

8. RETIREMENT PLANS – CONTINUED

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

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

Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement.

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

	<u>Required contribution</u>
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

Funding Policy - Funding for the plan is provided through payroll withholdings and matching District contributions. The District contributes 26.79% of the employee's total compensation subject to contribution. The pension contribution rate was 23.40% and OPEBs contribution rate was 3.39%.

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

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

Benefits provided—TRS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees become vested when they complete five (5) years of credited service. For retirement purposes, employees are grouped into four tiers, based on hire date:

8. RETIREMENT PLANS – CONTINUED

TRS 1	Participation Date	Before July 1, 2002
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 5 years service and 55 years old with a reduction in retirement of 5% for each year under age 60 or under 27 years of service, whichever is less (up to 25%)
	Retirement factors	2.5% per year of service up to 30, 3.0% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries until a member reaches At least 27 years service and age 55, when the highest 3 annual Salaries are used
TRS 2	Participation Date	July 1, 2002 – June 30, 2008
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 5 years service and 55 years old with a reduction in retirement of 5% for each year under age 60 or under 27 years of service, whichever is less (up to 25%)
	Retirement factors	2.0 - 2.5% per year of service up to 30, 3.0% per year of service for each year over 30
TRS 3	Participation Date	July 1, 2008 – December 31, 2022
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 10 years service and 55 years old with a reduction in retirement of 6% for each year under age 60 or under 27 years of service, whichever is less (up to 30%)
	Retirement factors	1.7 - 2.5% per year of service up to 30, 3.0% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries until a member reaches At least 27 years service and age 55, when the highest 3 annual Salaries are used
TRS 4	Participation Date	On or after January 1, 2022 – December 31, 2022
	Unreduced retirement	Age 57 with 30 years service or at least 10 years service and 60 years old or at least 5 years service and 65 years old
	Reduced retirement	At least 10 years service and 57 years old with a reduction in retirement of 6% for each year under age 60 or under 27 years of service, whichever is less (up to 18%)
	Retirement factors	1.7 - 2.5% per year of service up to 30, 2.2 – 2.4% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries

KTRS also provides disability benefits for vested employees at a rate of sixty (60) percent of their final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing employees and \$5,000 for retired or disabled employees.

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees in TRS 1, TRS 2, and TRS 3 are required to contribute 12.855% of their salaries to the System. Non-university employees in TRS 4 are required to contribute 14.750% of their salaries to the system.

8. RETIREMENT PLANS – CONTINUED

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district and regional cooperative employees in TRS 1 and TRS 2, 14.105% of salaries for local school district and regional cooperative employees in TRS 3, and 10.750% of salaries for local school district and regional cooperative employees in TRS 4. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 16.105% of salaries for employees in TRS 1 and TRS 2, 17.105% of salaries for employees in TRS 3, and 10.750% of salaries for employees in TRS 4. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

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

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

District's proportionate share of the CERS net pension liability	\$	9,811,362
Commonwealth's proportionate share of the KTRS net pension liability associated with the District		<u>44,987,163</u>
	\$	<u>54,798,525</u>

The net pension liability for each plan was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the District's proportion was 0.135722%.

For the year ended June 30, 2022, the District recognized pension expense of (\$188,277) related to CERS and \$4,194,312 related to KTRS. The District also recognized revenue of \$4,194,312 for KTRS support provided by the Commonwealth. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

See table on next page

8. RETIREMENT PLANS – CONTINUED

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,490	\$ 87,374
Changes of assumptions	-	-
Net difference between projected and actual earning on plan investments	1,335,032	1,083,505
Changes in proportion and differences between contributions and proportionate share of contributions	33,487	46,972
District contribution subsequent to the measurement date	<u>1,050,907</u>	<u>-</u>
Total	<u>\$ 2,429,916</u>	<u>\$ 1,217,851</u>

The \$1,050,907 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2023	\$ (46,622)
2024	11,510
2025	(82,449)
2026	278,719
2027	-
	<u>\$ 161,158</u>

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:

	<u>CERS</u>	<u>KTRS</u>
Inflation	2.50%	2.75%
Projected salary increases	3.30%-10.30%	3.00-7.50%
Investment rate of return, net of investment expense & inflation	6.25%	7.10%
Municipal bond index rate		3.37%
Single equivalent interest rate		7.10%

For KTRS, the long-term expected rate of return on pension plan investments was determined using a 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.

8. RETIREMENT PLANS – CONTINUED

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

For KTRS, the discount rate used to measure the total pension liability 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 statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan employees until the 2040 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2039 and a municipal bond index rate of 3.37% was applied to all periods of projected benefit payments after 2039. The Single Equivalent Interest Rate (SEIR) that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability.

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

	<u>1% increase</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 12,262,985	\$ 9,811,362	\$ 7,783,666
KTRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -

Pension plan fiduciary net position—Detailed information about the CERS and the KTRS pension plans fiduciary net position, projected benefits, and projected funding status is available in separately issued financial reports at <http://kyret.ky.gov/> and <https://gov.state.ky.us>, respectively.

9. OTHER POST-EMPLOYMENT BENEFITS PLAN

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

Plan description – Teaching-certified employees of the Kentucky School District are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (TRS) – a cost-sharing multiple-employer defined benefit OPEB plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. TRS was created by the 1983 General Assembly and is governed by the Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

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

Medical Insurance Plan

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

To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance.

Funding Policy – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three and three quarters percent (3.75%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and three percent (3.00%) from the employer.

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

At June 30, 2023, the District reported a liability of \$4,767,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 0.192002%.

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

District's proportionate share of the KTRS net OPEB liability	\$	4,767,000
Commonwealth's proportionate share of the KTRS net OPEB liability associated with the District		<u>1,566,000</u>
	\$	<u>6,333,000</u>

9. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED

For the year ended June 30, 2023, the District recognized OPEB expense of \$158,731 and revenue of \$158,731 for support provided by the state. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows on resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,004,000
Changes of assumptions	968,000	-
Net difference between projected and actual earning on plan investments	253,000	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,387,000	248,000
District contribution subsequent to the measurement date	332,521	-
Total	<u>\$ 2,940,521</u>	<u>\$ 2,252,000</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30,	
2024	\$ (67,000)
2025	(87,000)
2026	(87,000)
2027	257,000
2028	238,000
Thereafter	102,000
	<u>\$ 356,000</u>

Actuarial assumptions - The total OPEB liabilities 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 OPEB plan investment expense, including inflation
Projected salary increases	3.00-7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates	
Under 65	7.00% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2032
Ages 65 and Older	5.125% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2025
Medicare Part B	6.97% for FY 2022 with an ultimate rate of 4.50% by FYE 2034
Municipal Bond Index Rate	3.37%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

9. OTHER POST-EMPLOYMENT BENEFITS PLAN- CONTINUED

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

Discount rate -The discount rates used to measure the total OPEB liability 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 statutorily required rates. Based on those assumptions, the OPEB plans' 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	6.10%	7.10%	8.10%
KTRS			
District's proportionate share			
of net OPEB liability	\$ 5,980,000	\$ 4,767,000	\$ 3,762,000

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
KTRS			
District's proportionate share			
of net OPEB liability	\$ 3,573,000	\$ 4,767,000	\$ 6,251,000

OPEB plans fiduciary net position - Detailed information about the OPEB plans' fiduciary net position is available in the separately issued TRS financial report.

Life Insurance Plan

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

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

9. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

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

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

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

District's proportionate share of the KTRS net OPEB Life Insurance Plan liability	\$	-
Commonwealth's proportionate share of the KTRS net OPEB Life Insurance liability associated with the District	\$	<u>78,000</u>
Total	\$	<u><u>78,000</u></u>

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00-7.50%, including inflation
Inflation Rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal bond index rate	3.37%
Discount Rate	7.10%
Single equivalent interest rate	7.10%, net of OPEB plan investment expense, including inflation

The remaining actuarial assumptions (e.g., initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation.

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

9. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

Discount rate -The discount rates used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the statutorily required rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	1% decrease	discount rate	1% increase
KTRS	<u>6.10%</u>	<u>7.10%</u>	<u>8.10%</u>
State's proportionate share			
of net OPEB liability - Life Insurance	\$ 118,906	\$ 78,000	\$ 44,462

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

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

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

Benefits Provided- CERS provides hospital and medical insurance for eligible members receiving benefits from the pension plan. Employees are vested in the plan after five years' service. For plan purposes, employees are grouped into two groups, based on hire date. Members who reach a minimum vesting period of 10 years, and began participating on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. For members participating prior to July 1, 2003, are paid up to a maximum of \$13.18 per month for every year of earned service. The percentage of the maximum monthly benefit paid is based on years of service as follows:

Years of Service	Paid by Insurance Fund (%)
20+ years	100.00%
15-19 years	75.00%
10-14 years	50.00%
4-9 years	25.00%
Less than 4 years	0.00%

9. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

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

Tier 1	Participation date	Before September 1, 2008
	Contribution Percentage	0.00%
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Contribution Percentage	1%
Tier 3	Participation date	After December 31, 2013
	Contribution Percentage	1%

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

At June 30, 2023, the District reported a liability of \$2,678,019 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022 the District's proportion was 0.135698%.

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

District's Proportionate Share of CERS Net Pension Net OPEB Liability	\$ 2,678,019
Commonwealth's Proportionate Share of the CERS Net OPEB Liability Associated With The District	-
Total	<u>\$ 2,678,019</u>

For the year ended June 30, 2023, the District recognized OPEB expense of \$114,828. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the CERS OPEB from the following sources:

See table on next page

9. OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 269,565	\$ 614,132
Changes of assumptions	423,547	349,001
Net difference between projected and actual earnings on pension plan investments	498,675	389,981
Changes in proportion and differences between District contributions and proportionate share of contributions	-	105,879
District Contributions subsequent to the measurement date	36,876	-
Total	<u>\$ 1,228,663</u>	<u>\$ 1,458,993</u>

Of the total amount reported as deferred outflows of resources related to the OPEB, \$36,876 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MIP OPEB will be recognized in the District's MIP OPEB expense as follows:

Year ended June 30,	
2023	\$ (64,949)
2024	(43,215)
2025	(170,965)
2026	11,923
	<u>\$ (267,206)</u>

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

Discount rate -The discount rates used to measure the total OPEB liability for life insurance was 5.70%. 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 statutorily required rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

9. OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

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

	1% decrease	Current	1% increase
	<u>4.70%</u>	<u>discount rate</u>	<u>6.70%</u>
CERS			
District's proportionate share of net OPEB liability	\$ 3,580,084	\$ 2,678,019	\$1,932,311

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates- The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% decrease	Current	1% increase
	<u>trend rate</u>	<u>trend rate</u>	<u>trend rate</u>
CERS			
District's proportionate share of net OPEB liability	\$ 1,991,047	\$ 2,678,019	\$3,502,941

OPEB Plan Fiduciary Net Position- Detailed information about the OPEB plan's fiduciary net position is available in the separately issued TRS financial report.

10. DEFERRED COMPENSATION

The District offers its employees participation in a deferred compensation program administered by the Kentucky Public Employees' Deferred Compensation Authority. This program offers a plan authorized by Section 457(b) of the Internal Revenue Code and a plan authorized by Section 401(k) of the Internal Revenue Code. Both plans are available to all employees and permit them to defer up to 25% of their compensation (subject to limits) until future years. The District makes no contributions to these plans.

11. OPERATING LEASES

The District leases maintenance equipment when needed and office copiers on an annual basis under operating leases. For the year ended June 30, 2023, the District had no non-cancelable leases or financing leases.

12. CONTINGENCIES

Grants - 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 on the grantor's review the funds are considered not to have been used for the intended purpose, the grantor may request a refund of funds advanced, or refuse to reimburse the District for its disbursements, and the collectability of any related receivables as of June 30, 2023 may be impaired. 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.

CASEY COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED
Year ended June 30, 2023

13. LITIGATION

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

14. RISK MANAGEMENT

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. Settled claims resulting from these risks have created a potential liability as discussed in the *Litigation* disclosure above.

Contributions for Workers' Compensation coverage are based on premium rates established in conjunction with the insurance carrier, subject to claims experience modifications and discounts.

15. DEFICIT FUND BALANCES

The District had no funds with a deficit balance at June 30, 2023.

16. COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the school district at risk for a substantial loss (contingency). There were no instances of noncompliance noted.

17. TRANSFER OF FUNDS

The following transfers were made during the year:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount Out</u>
Operating	General Fund	Special Revenue	Technology	\$ 60,000
Operating	Special Revenue	Construction	Construction	767,886
Operating	Student Activity	Special Revenue	Student Activities	5,498
Operating	Student Activity	Student Activity	Student Activities	14,549
Operating	Capital Outlay	General Fund	Capital Funds Request	47,641
Operating	Capital Outlay	Debt Service	Debt Service	180,783
Operating	Building	General Fund	Capital Funds Request	678,100
Operating	Building	Debt Service	Debt Service	544,520
				<u>\$ 2,298,977</u>

18. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2023, the general fund had a \$1,639,766 interfund receivable due from the special revenue fund and the asset and liability are recorded in the respective funds.

19. ON-BEHALF PAYMENTS

The District receives on-behalf payments for fringe benefits from the Commonwealth of Kentucky. These amounts are included in the fund financial statements.

CASEY COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED
Year ended June 30, 2023

19. ON-BEHALF PAYMENTS - CONTINUED

For the year ended June 30, 2023, total payments of \$8,190,042 were made for life insurance, health insurance, KTRS matching and administrative fees, technology and debt service by the Commonwealth of Kentucky on behalf of the District.

These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of revenues, expenses and changes in fund balances. The benefit allocation per category was as follows:

Retirement System of Kentucky	\$	4,194,312
Health Insurance		2,962,575
Other Less Federal		(341,284)
Technology		101,113
Debt Service		1,273,326
	\$	<u>8,190,042</u>

20. FUND BALANCE DESIGNATIONS

The following had non- spendable fund balances as follows:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	\$ 79,243	Prepaid

The following funds had committed fund balances as follows:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	\$ 106,500	Sick Leave Retirement Benefit
Construction	\$ 820,000	Furture Construction
Other	\$ 1,349,000	Miscellaneous

The following funds had assigned fund balances as follows:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	\$ 48,897	SBDM Carry Forward
General	\$ 127,763	Purchase Obligations

20. FUND BALANCE DESIGNATIONS (Continued)

The following funds had restricted fund balances as follows:

Fund	Amount	Purpose
General	\$ 72,185	Sick Leave
Special Revenue	\$ 163,308	KETS Grants
Day Care	\$ 127,430	Other Pensions
Community Education	\$ 12,105	Other Pensions
Student Activity	\$ 248,313	Student Activities
Capital Outlay	\$ 2,186	Capital Activities
Construction Fund	\$ 1,882,327	Construction
Program fund	\$ 202,144	Facilities

21. COVID-19 PANDEMIC

In March 2021, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. In May 2023, the World Health Organization announced the end of the emergency phase of COVID-19. The World Health Organization continues to coordinate the global response to Covid-19. This pandemic is still ongoing as of the date of the audit report.

COVID-19 continues to spread across the globe and is impacting worldwide economic activity and financial markets. The continued spread of the disease represents a significant risk that operations could continue to be disrupted in the near future. The District currently has measures in place to move to nontraditional instruction, if needed. The extent to which COVID-19 may impact the District will depend on future developments and governmental regulations, which are highly uncertain and cannot be predicted.

22. SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through December 20, 2023, which was the date the report was available for release. No events have occurred subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CASEY COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
Year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
From local sources				
Taxes:				
Property	\$ 2,720,000	\$ 2,720,000	\$ 2,912,130	\$ 192,130
Motor vehicle	625,000	625,000	743,633	118,633
Utility	775,000	775,000	873,619	98,619
Other	1,000	1,000	-	(1,000)
Earnings on investments	150,000	150,000	479,535	329,535
Other local	5,000	5,000	44,112	39,112
Intergovernmental - State	15,054,900	15,054,900	18,038,645	2,983,745
Intergovernmental - Federal	50,000	50,000	173,798	123,798
Total revenues	19,380,900	19,380,900	23,265,472	3,884,572
Expenditures				
Current:				
Instruction	11,441,686	11,441,686	12,293,823	(852,137)
Student	1,284,781	1,284,781	1,455,776	(170,995)
Instructional support	545,738	545,738	633,369	(87,631)
District administration	746,105	746,105	617,996	128,109
School administration	1,119,538	1,119,538	1,295,055	(175,517)
Business operations	1,100,467	1,100,467	757,307	343,160
Plant operations and maintenance	3,735,105	3,735,105	3,250,217	484,888
Student transportation	2,616,199	2,616,199	2,070,856	545,343
Community service	43,500	43,500	23,694	19,806
Other	60,000	60,000	-	60,000
Contingency	2,858,780	2,858,780	-	2,858,780
Total expenditures	25,551,899	25,551,899	22,398,093	3,153,806
Excess (deficit) of revenues over (under) expenditures	(6,170,999)	(6,170,999)	867,379	7,038,378
Other financing sources (uses)				
Gain on sale of assets			144,467	144,467
Transfers in			725,742	725,742
Transfers out	-	-	(60,000)	(60,000)
Total other financing sources (uses)	-	-	810,209	810,209
Net change in fund balance	(6,170,999)	(6,170,999)	1,677,588	7,848,587
Fund balance as of June 30, 2022	6,170,999	6,170,999	8,522,054	2,351,055
Fund balance as of June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,199,642</u>	<u>\$ 10,199,642</u>

CASEY COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
Year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
From local sources:				
Other local	\$ 72,083	\$ 72,083	\$ 73,301	\$ 1,218
Earnings on investments	-	-	6,858	6,858
Intergovernmental - State	1,080,897	1,080,897	1,177,933	97,036
Intergovernmental - Federal	13,750,937	13,750,937	7,788,728	(5,962,209)
Total revenues	14,903,917	14,903,917	9,046,820	(5,857,097)
Expenditures				
Current:				
Instruction	6,805,164	6,805,164	7,294,706	(489,542)
Student support services	84,375	84,375	90,296	(5,921)
Instructional support	400,054	400,054	389,236	10,818
Business Support Services	2,655	2,655	3,655	(1,000)
Plant operations & maintenance	-	-	21,618	(21,618)
Student transportation	-	-	1,300	(1,300)
Non instructional	(29,676)	(29,676)	179,120	(208,796)
Community service	340,379	340,379	327,635	12,744
Total expenditures	7,602,951	7,602,951	8,307,566	(704,615)
Deficit of revenues under expenditures	7,300,966	7,300,966	739,254	(6,561,712)
Other financing sources				
Operating transfers in	55,211	55,211	65,498	10,287
Operating transfers out	(7,286,018)	(7,286,018)	(767,886)	6,518,132
Total other financing sources	(7,230,807)	(7,230,807)	(702,388)	6,528,419
Net change in fund balance	70,159	70,159	36,866	(33,293)
Fund balance as of June 30, 2022	126,442	126,442	126,442	-
Fund balance as of June 30, 2023	\$ 196,601	\$ 196,601	\$ 163,308	\$ (33,293)

CASEY COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGET AND ACTUAL - GENERAL FUND AND SPECIAL REVENUE FUND

Year ended June 30, 2023

The District's budgetary process accounts for transactions on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America. In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy, and from estimates of other Local, State, and Federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay, and other necessary expenses. The budget must be approved by the Board. The District must formally and publicly examine estimated revenues and expenses for the subsequent fiscal year by January 31 of each calendar year. Additionally, the District must submit a certified budget to the Kentucky Department of Education by March 15 of each calendar year, which includes the amount for certified and classified staff, based on the District's staffing policy, and the amount for the instructional supplies, materials, travel and equipment. Additionally, the District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each calendar year. The budget must contain a 2% reserve but not greater than 10%. Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of each calendar year. The Board has the ability to amend the working budget.

CASEY COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM

June 30, 2023

	District's proportion of net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered-employee payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.14%	\$ 9,811,362	\$ 4,060,411	241.63%	52.42%
2022	0.14%	\$ 8,635,581	\$ 3,800,325	227.23%	57.33%
2021	0.14%	\$ 10,557,028	\$ 3,513,325	300.49%	47.81%
2020	0.14%	\$ 9,791,476	\$ 3,420,790	286.23%	50.45%
2019	0.14%	\$ 8,469,546	\$ 3,493,709	242.42%	53.54%
2018	0.15%	\$ 8,983,129	\$ 3,628,647	247.56%	53.30%
2017	0.14%	\$ 6,976,424	\$ 3,153,994	221.19%	55.50%
2016	0.13%	\$ 5,641,236	\$ 3,082,581	183.00%	59.97%
2015	0.14%	\$ 4,418,000	\$ 3,269,012	135.15%	66.80%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

CASEY COUNTY SCHOOL DISTRICT

**SCHEDULE OF DISTRICT CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM**

Year ended June 30, 2023

	<u>Contractually required contribution</u>	<u>Contributions in relation to contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2023	\$ 950,136	\$ 950,136	\$ -	\$ 4,060,411	23.40%
2022	\$ 804,529	\$ 804,529	\$ -	\$ 3,800,325	21.17%
2021	\$ 670,692	\$ 670,692	\$ -	\$ 3,475,607	19.30%
2020	\$ 678,072	\$ 678,072	\$ -	\$ 3,513,325	19.30%
2019	\$ 567,991	\$ 567,991	\$ -	\$ 3,501,794	16.22%
2018	\$ 505,889	\$ 505,889	\$ -	\$ 3,493,709	14.48%
2017	\$ 506,196	\$ 506,196	\$ -	\$ 3,628,647	13.95%
2016	\$ 391,736	\$ 391,736	\$ -	\$ 3,153,994	12.42%
2015	\$ 393,029	\$ 393,029	\$ -	\$ 3,082,581	12.75%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

CASEY COUNTY SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES RETIREMENT SYSTEM - PENSION FUND
Year ended June 30, 2023**

Changes of Benefit Terms

None.

Changes of Assumptions

None.

CASEY COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
County Employees Retirement System
June 30, 2023

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2023	0.14%	\$ 2,678,019	\$ 4,060,411	65.95%	60.95%
2022	0.14%	\$ 2,592,414	\$ 3,800,325	68.22%	62.91%
2021	0.14%	\$ 3,322,670	\$ 3,475,607	95.60%	51.67%
2020	0.14%	\$ 2,341,029	\$ 3,420,790	68.44%	60.44%
2019	0.14%	\$ 2,469,000	\$ 3,501,794	70.51%	57.62%
2018	0.15%	\$ 3,085,293	\$ 3,628,647	85.03%	52.40%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

CASEY COUNTY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN

County Employees Retirement System

Year Ended June 30, 2023

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered- employee payroll
2023	\$ 137,648	\$ 137,648	\$ -	\$ 4,060,411	3.39%
2022	\$ 219,659	\$ 219,659	\$ -	\$ 3,800,325	5.78%
2021	\$ 165,439	\$ 165,439	\$ -	\$ 3,475,607	4.76%
2020	\$ 167,234	\$ 167,234	\$ -	\$ 3,513,326	4.76%
2019	\$ 184,194	\$ 184,194	\$ -	\$ 3,501,794	5.26%
2018	\$ 164,204	\$ 164,204	\$ -	\$ 3,493,709	4.70%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

CASEY COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN
Year ended June 30, 2023

Changes of Benefit Terms

None.

Changes of Assumptions

Single discount rates used to calculate the total OPEB liability increased from 5.20% to 5.70%.

CASEY COUNTY SCHOOL DISTRICT

SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEM

June 30, 2023

	State's proportion of net pension liability (asset)	State's proportionate share of the net pension liability (asset)	Plan fiduciary net position as a percentage of the total pension liability
2023	100%	\$ 44,987,163	56.41%
2022	100%	\$ 39,541,567	65.59%
2021	100%	\$ 37,478,711	58.27%
2020	100%	\$ 38,537,518	58.80%
2019	100%	\$ 39,523,507	59.30%
2018	100%	\$ 73,260,579	39.83%
2017	100%	\$ 80,288,379	35.22%
2016	100%	\$ 62,483,320	42.49%
2015	100%	\$ 62,326,179	45.59%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

CASEY COUNTY SCHOOL DISTRICT

**SCHEDULE OF STATE CONTRIBUTIONS
KENTUCKY TEACHERS' RETIREMENT SYSTEM**

Year ended June 30, 2023

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)
2023	\$ 4,104,675	\$ 4,104,675	\$ -
2022	\$ 2,780,939	\$ 2,780,939	\$ -
2021	\$ -	\$ -	\$ -
2020	\$ -	\$ -	\$ -
2019	\$ -	\$ -	\$ -
2018	\$ -	\$ -	\$ -
2017	\$ -	\$ -	\$ -
2016	\$ -	\$ -	\$ -
2015	\$ -	\$ -	\$ -

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

CASEY COUNTY SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
KENTUCKY TEACHERS RETIREMENT SYSTEM
Year ended June 30, 2023**

Changes of Benefit Terms

None.

Changes of Assumptions

Municipal Bond Index Rate changed from 2.13% to 2.19%.

CASEY COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
Kentucky Teachers' Retirement System
June 30, 2023

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	State's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2023	0.27%	\$ 4,767,000	\$ 1,566,000	\$ 10,826,655	44.03%	47.75%
2022	0.25%	\$ 3,069,000	\$ 2,493,000	\$ 10,764,266	28.51%	51.74%
2021	0.25%	\$ 3,601,000	\$ 2,885,000	\$ 9,860,300	36.52%	39.05%
2020	0.27%	\$ 4,439,000	\$ 3,585,000	\$ 10,580,700	41.95%	32.60%
2019	0.29%	\$ 5,428,403	\$ 4,678,000	\$ 9,947,967	54.57%	32.60%
2018	0.26%	\$ 5,142,677	\$ 4,201,000	\$ 9,684,851	53.10%	25.50%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

CASEY COUNTY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN

Kentucky Teachers' Retirement System

Year Ended June 30, 2023

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2023	\$ 324,800	\$ 324,800	\$ -	\$ 10,826,655	3.00%
2022	\$ 321,137	\$ 321,137	\$ -	\$ 10,764,266	3.00%
2021	\$ 307,000	\$ 307,000	\$ -	\$ 10,247,213	3.00%
2020	\$ 295,000	\$ 295,000	\$ -	\$ 9,860,300	3.00%
2019	\$ 317,421	\$ 317,421	\$ -	\$ 10,580,700	3.00%
2018	\$ 298,439	\$ 298,439	\$ -	\$ 9,947,967	3.00%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

CASEY COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Kentucky Teachers' Retirement System - Medical Insurance Plan

Year ended June 30, 2023

Changes of Benefit Terms

None.

Changes of Assumptions

Municipal Bond Index Rate changed from 2.13% to 3.37%.

CASEY COUNTY SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY - LIFE INSURANCE PLAN
Kentucky Teachers' Retirement System
June 30, 2023

	State's proportion of net OPEB liability (asset)	State's proportionate share of the net OPEB liability (asset)	Plan fiduciary net position as a percentage of the total OBEP liability
2023	100%	\$ 78,000	73.97%
2022	100%	\$ 124,000	89.15%
2021	100%	\$ 87,000	71.57%
2020	100%	\$ 83,000	73.40%
2019	100%	\$ 80,000	75.00%
2018	100%	\$ 56,000	79.99%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

CASEY COUNTY SCHOOL DISTRICT

SCHEDULE OF STATE CONTRIBUTIONS - LIFE INSURANCE PLAN

Kentucky Teachers' Retirement System

Year Ended June 30, 2023

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)
2023	\$ 5,944	\$ 5,944	\$ -
2022	\$ 5,078	\$ 5,078	\$ -
2021	\$ -	\$ -	\$ -
2020	\$ -	\$ -	\$ -
2019	\$ -	\$ -	\$ -
2018	\$ -	\$ -	\$ -

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

CASEY COUNTY SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
KENTUCKY TEACHERS' RETIREMENT SYSTEM - LIFE INSURANCE PLAN
Year ended June 30, 2023**

Changes of Benefit Terms

None.

Changes of Assumptions

Municipal Bond Index Rate changed from 2.13% to 3.37%.

CASEY COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2023

	Student Activity Fund	Capital Outlay Fund	Facility Support Program (FSPK) Fund	Debt Service Fund	Total Non-major Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 247,581	\$ 2,186	\$ 202,144	\$ -	\$ 451,911
Accounts receivable	<u>1,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,150</u>
Total assets	<u>\$ 248,731</u>	<u>\$ 2,186</u>	<u>\$ 202,144</u>	<u>\$ -</u>	<u>\$ 453,061</u>
LIABILITIES AND FUND BALANCES					
Accounts payable	<u>418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>418</u>
Fund Balances:					
Restricted	<u>\$ 248,313</u>	<u>\$ 2,186</u>	<u>\$ 202,144</u>	<u>\$ -</u>	<u>\$ 452,643</u>
Total liabilities and fund balances	<u>\$ 248,731</u>	<u>\$ 2,186</u>	<u>\$ 202,144</u>	<u>\$ -</u>	<u>\$ 453,061</u>

CASEY COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2023

	Student Activity Fund	Capital Outlay Fund	Facility Support FSPK Fund	Debt Service Fund	Total Non-major Governmental Funds
Revenues					
Property taxes	\$ -	\$ -	\$ 400,167	\$ -	\$ 400,167
Earnings on investments	10,786	-	-	-	10,786
Food service	49,635	-	-	-	49,635
Student activities	344,335	-	-	-	344,335
Other local	17,293	-	-	-	17,293
Intergovernmental - State	-	214,682	690,417	1,273,326	2,178,425
Total revenues	422,049	214,682	1,090,584	1,273,326	3,000,641
Expenditures					
Instruction	342,862	-	-	-	342,862
Instructional support	5,906	-	-	-	5,906
Other	-	-	-	-	-
Student transportation	3,512	-	-	-	3,512
Site improvement	-	-	-	-	-
Non-Instruction	40,772	-	-	-	40,772
Debt service	-	-	-	1,998,629	1,998,629
Total expenditures	393,052	-	-	1,998,629	2,391,681
Other financing sources (uses)					
Transfers in	14,549	-	-	725,303	739,852
Transfers out	(20,047)	(228,424)	(1,222,620)	-	(1,471,091)
Total other financing sources (uses)	(5,498)	(228,424)	(1,222,620)	725,303	(731,239)
Net change in fund balance	23,499	(13,742)	(132,036)	-	(122,279)
Fund balance as of June 30, 2022	224,814	15,928	334,180	-	574,922
Fund balance as of June 30, 2023	\$ 248,313	\$ 2,186	\$ 202,144	\$ -	\$ 452,643

CASEY COUNTY SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - ELEMENTARY AND MIDDLE SCHOOL ACTIVITY FUNDS
Year Ended June 30, 2023

<u>School/ Activity Fund</u>	<u>Cash and Equivalents June 30, 2022</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Cash Equivalents June 30, 2023</u>	<u>Accounts Receivable June 30, 2023</u>	<u>Accounts Payable June 30, 2023</u>	<u>Balances June 30, 2023</u>
Jones Park Elementary	\$ 18,849	\$ 16,565	\$ 19,059	\$ 16,355	\$ 1,150	\$ 418	\$ 17,087
Liberty Elementary	16,725	15,792	19,734	12,783	-	-	12,783
Walnut Hill Elementary	4,455	20,814	19,528	5,741	-	-	5,741
Casey County Middle School	42,094	184,480	164,607	61,967			61,967
Casey County Middle School Gaming	<u>1,865</u>	<u>-</u>	<u>-</u>	<u>1,865</u>	<u>-</u>	<u>-</u>	<u>1,865</u>
Totals	<u>\$ 83,988</u>	<u>\$ 237,651</u>	<u>\$ 222,928</u>	<u>\$ 98,711</u>	<u>\$ 1,150</u>	<u>\$ 418</u>	<u>\$ 99,443</u>

See accompanying independent auditor's report.

CASEY COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
CASEY COUNTY HIGH SCHOOL ACTIVITY FUND
Year ended June 30, 2023

	Balances			Transfers	Cash and	Accounts	Accounts	Balances
	June 30, 2022	Receipts	Disbursements	in/(out)	cash equivalents	Receivable	Payable	June 30, 2023
	June 30, 2022				June 30, 2023	June 30, 2023	June 30, 2023	June 30, 2023
C Fund	\$ 5,697	\$ 12,501	\$ 6,707	\$ -	\$ 11,491	-	-	\$ 11,491
CA Fund (Staff)	2,819	13,524	10,428	-	5,915	-	-	5,915
C Fund/Donations	368	-	-	-	368	-	-	368
CCHS Vending	3,641	3,722	3,788	-	3,575	-	-	3,575
Art Donations	1,922	1,583	589	-	2,916	-	-	2,916
ATH/Donations	468	300	-	-	768	-	-	768
Beta Donations	-	2,800	1,305	90	1,585	-	-	1,585
FFA Donation	1,795	517	-	100	2,412	-	-	2,412
JR Class Donations	15	-	-	-	15	-	-	15
Girls Golf/Donations	2,507	-	457	-	2,050	-	-	2,050
Girls Soccer/Donations	222	-	-	-	222	-	-	222
Cross County Donations	792	1,550	560	-	1,782	-	-	1,782
Tennis Donations Girls	9	-	-	-	9	-	-	9
Track Donations	168	1,450	250	-	1,368	-	-	1,368
Boys Golf Donations	140	-	175	93	58	-	-	58
Boys Tennis Donations	4	-	-	-	4	-	-	4
Boys Soccer Donations	812	500	481	-	831	-	-	831
ROTC Donations	114	-	-	-	114	-	-	114
JAG Donations	2	-	-	-	2	-	-	2
Football Donations	150	-	-	-	150	-	-	150
Bereavement Fund Donations	131	-	35	-	96	-	-	96
Athletics General	27,219	18,751	21,889	2,185	26,266	-	-	26,266
Ath-Vending	1,210	1,097	1,344	-	963	-	-	963
Lady Rebel Basketball	642	3,934	3,060	-	1,516	-	-	1,516
Rebel Basketball	512	6,846	6,220	-	1,138	-	-	1,138
Football	8,762	16,899	15,258	(2,185)	8,218	-	-	8,218
Start-Up/Cash Advance	-	4,400	4,400	-	-	-	-	-
Art Club	2,327	850	981	(167)	2,029	-	-	2,029
Beta Club	345	2,945	2,410	(90)	790	-	-	790
Cosmetology	-	-	-	-	-	-	-	-
FFA	4,922	34,713	35,936	(200)	3,499	-	-	3,499
FCA	294	-	-	-	294	-	-	294
Industrial Arts	-	1,305	376	-	929	-	-	929
Home Economics	-	-	-	-	-	-	-	-
Junior Class/Prom	7,641	12,018	10,627	-	9,032	-	-	9,032
Pep Club	944	-	156	3	791	-	-	791
Science Club	4	-	-	-	4	-	-	4
Student Leadership	390	574	505	-	459	-	-	459
Spanish Club	100	-	-	-	100	-	-	100
Student Council	408	1,475	1,268	-	615	-	-	615
Yearbook	34,849	17,860	15,863	100	36,946	-	-	36,946
Transportation Fees	-	1,440	-	(1,440)	-	-	-	-
Library	-	67	-	(67)	-	-	-	-
Technology	-	1,010	-	(1,010)	-	-	-	-
JAG	272	-	-	-	272	-	-	272
Senior T Shirts	134	-	-	-	134	-	-	134
Y Club	7,063	2,973	4,215	-	5,821	-	-	5,821
FEA	724	-	-	-	724	-	-	724
Media TV	188	-	-	-	188	-	-	188
Rebel Printing	399	45	-	-	444	-	-	444
FR-ROTC	6,838	6,852	12,401	(256)	1,033	-	-	1,033
Outdoor Club	324	-	-	-	324	-	-	324
Casey Co Deca	17	257	272	-	2	-	-	2
Boys Soccer Donations	2,602	4,093	3,647	(897)	2,151	-	-	2,151
Cross Country	1,900	6,890	7,823	-	967	-	-	967
Dance Boosters	134	455	-	-	589	-	-	589
Golf Boosters/Boys	93	300	-	(243)	150	-	-	150
Golf Boosters/Girls	1,177	-	-	150	1,327	-	-	1,327
Girls Soccer Boosters	1,539	4,534	3,274	897	3,696	-	-	3,696
Track Boosters	2,956	3,411	4,974	-	1,393	-	-	1,393
Girls Tennis Boosters	481	3,256	3,402	-	335	-	-	335
Cheer	1,640	-	1,637	(3)	-	-	-	-
C-Fund DA	-	100	3,040	2,940	-	-	-	-
Total accounts	\$ 140,826	\$ 197,797	\$ 189,753	\$ -	\$ 148,870	\$ -	\$ -	\$ 148,870

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CASEY COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
Expenditures			
<u>U.S. Department of Education</u>			
Passed through the Kentucky Department of Education:			
Title I Grants to Local Educational Agencies	84.010		
Fiscal Year 23		3100002-23	\$ 1,503,893
Fiscal Year 22		3100002-22	326,424
			<u>1,830,317</u>
Migrant Education State Program	84.011		
Fiscal Year 23		3111002-23	9,809
Fiscal Year 22		3111002-23	96,920
			<u>106,729</u>
<i>Special Education Cluster</i>			
Special Education Grants to States	84.027A		
Fiscal Year 23		3810002-23	374,445
Fiscal Year 22		3810002-22	389,108
Special Education Preschool Grants	84.173A		
Fiscal Year 23		3800002-23	39,763
Fiscal Year 22		3800002-22	26,671
<i>Total Special Education Cluster</i>			<u>829,987</u>
Career and Technical Education - Basic Grants to States			
Fiscal Year 23	84.048	3710002-23	29,004
Fiscal Year 22	84.048	3710002-22	1,641
			<u>30,645</u>
Rural and Low-Income School Program	84.358B		
Fiscal Year 23		3140002-23	8,592
			<u>8,592</u>
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A		
Fiscal Year 23		3160002-23	208,300
Fiscal Year 22		3160002-22	30,145
			<u>238,445</u>
Supporting Effective Instruction State Grants	84.367A		
Fiscal Year 23		3230002-23	65,717
Fiscal Year 22		3230002-22	112,674
			<u>178,391</u>
Striving Readers Literacy	84.371		
Fiscal Year 23		SRL-23	124,959
Fiscal Year 22		SRL-22	124,126
			<u>249,085</u>

CASEY COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. Department of Education - Continued</u>			
Passed through the Kentucky Department of Education:			
21st Century Grant	84.287		
Fiscal Year 23		3400002-23	101,951
			<u>101,951</u>
Student Support and Academic Enrichment Program	84.424		
Fiscal Year 23		3420002-23	81,041
Fiscal Year 22		3420002-22	16,093
			<u>97,134</u>
Community Work Transitions Program	84.126		
Fiscal Year 23		CWTP-21	51,778
			<u>51,778</u>
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D		
Fiscal Year 23		4200002-23	1,900,881
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth	84.425W		
Fiscal Year 23		4300002-23	11,101
COVID-19 Governor's Emergency Education Relief Fund	84.425C		
Fiscal Year 23		4300000-23	46,285
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425U		
Fiscal Year 23		4300002-23	1,399,066
Total Education Stabilization Fund			<u>3,357,333</u>
Total U.S. Department of Education			<u>\$ 7,080,387</u>
<u>U.S. Department of Health and Human Services</u>			
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.984		
Fiscal Year 23		ISH-23	\$ 800
Fiscal Year 22		ISH-22	1,950
			<u>2,750</u>
Drug Abuse and Addiction Research Programs	93.279		
Fiscal Year 23		DFG-23	134,030
Fiscal Year 22		DFG-22	1,357
			<u>135,387</u>
STOP Act Grant	93.243		
Fiscal Year 23		SAG-23	49,905
Fiscal Year 22		SAG-22	9,216
			<u>59,121</u>
Passed Through Kentucky Cabinet for Families and Children			
COVID-19 Child Care Development Grant	93.575		
Fiscal Year 23		KCFC-23	511,087
			<u>511,087</u>
Total U.S. Department of Health and Human Services			<u>\$ 708,345</u>

CASEY COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Pass-Through		
	<u>Listing Number</u>	<u>Grantors' Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster-			
Passed Through State Department of Education			
National School Lunch Program	10.555	7750002-23	1,343,336
School Breakfast Program	10.553	7760005-23	505,159
National Lunch Program Program - Commodities	10.555	057502-023	134,338
<i>Total Child Nutrition Cluster</i>			<u>1,982,833</u>
Passed Through State Department of Education			
State Administrative Expenses for Child Nutrition	10.560		
Fiscal Year 23		7700001-23	2,038
Pandemic EBT	10.649		
Fiscal Year 23		9990000-23	3,135
Child and Adult Care Food Program	10.558		
Fiscal Year 23		7790021-21	38,283
			<u>43,456</u>
Total U.S. Department of Agriculture			<u>2,026,289</u>
Total Expenditures of Federal Awards			<u><u>\$ 9,815,021</u></u>

CASEY COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2023

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Casey County School District and is presented on the accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because this 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.

2. IN-KIND COMMODITIES

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. The District no longer maintains a separate commodities inventory due to changes in program regulations. Commodities are included under the Child Nutrition Cluster. The valued amount of commodities received for June 30, 2023 is \$107,481.

3. CLUSTER PROGRAMS

The following CFDA numbers are considered cluster programs:

Special Education Cluster	
Special Education Grants to States	84.027
Special Education – Preschool Grants	84.173
Child Nutrition Cluster	
National School Lunch Program	10.555
National School Breakfast Program	10.553
Special Milk Program for Children	10.556
Summer Food Services for Children	10.559

4. INDIRECT COST RATE

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

5. SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.



Cloyd & Associates, PSC

Certified Public Accountants

and

Business Advisors

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

Kentucky State Committee for
School District Audits
Members of the Board of Education
Casey County Board of Education
Liberty, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Casey County Board of Education (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Casey County Board of Education's basic financial statements, and have issued our report thereon dated December 20, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Casey County Board of Education'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 Casey County Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of Casey County Board of Education's internal control.

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

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



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Casey County Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of our test disclosed no instances of material noncompliance with specific state statutes or regulations identified in the *Independent Auditor's Contract-State Audit Requirements*.

We noted other matters involving the internal control over financial reporting that we have reported to the management of Casey County Board of Education in a separate letter dated December 20, 2023.

Purpose of this Report

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

Cloyd & Associates, PSC
London, Kentucky
December 20, 2023



Cloyd & Associates, PSC

Certified Public Accountants

and

Business Advisors

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

Kentucky State Committee for
School District Audits
Members of the Board of Education
Casey County Board of Education
Liberty, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Casey County Board of Education's (District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Casey County Board of Education's major federal programs for the year ended June 30, 2023. The Casey County Board of Education'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, Casey County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Casey County Board of Education, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related 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 Casey County Board of Education's federal programs.

1700 Forest Drive, Corbin, KY 40701
Ph. 606.528.8776 Fax: 606.523.5457

2410 Greatstone Point, Lexington, KY 40504
Ph. 859.223.3318 Fax: 859.223.5875

1301 West 5th Street, London, KY 40741
Ph. 606.864.8110 Fax: 606.657.5889



www.cloydcpa.com

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Cloyd & Associates, PSC
London, Kentucky
December 20, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CASEY COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued		Unmodified	
Internal control over financial reporting:			
Material weakness identified	_____	Yes	<u>✓</u> No
Significant deficiencies identified that are not considered to be material weaknesses	_____	Yes	<u>✓</u> None reported
Noncompliance material to financial statement noted.	_____	Yes	<u>✓</u> No

Federal Awards

Internal control over major programs:			
Material weaknesses identified	_____	Yes	<u>✓</u> No
Significant deficiencies identified that are not considered to be material weaknesses	_____	Yes	<u>✓</u> None reported
Type of auditors' report issued on compliance for major programs		Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	Yes	<u>✓</u> No

Identification of major programs:
Name of Federal Program or Cluster

CFDA Number

Special Education Cluster
84.027
84.173

84.010

84.425D

Special Education Grants to States
Special Education – Preschool Grants

Title I – Grants to Local Educational Agencies

COVID-19 Elementary and Secondary School
Emergency Relief Fund

Dollar threshold used to distinguish between Type A and Type B program	\$750,000	
Auditee qualified as low risk	<u>✓</u> Yes	_____ No

(Continued)

CASEY COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
Year Ended June 30, 2023

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None

CASEY COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2023

Status of Prior Year Findings

There were no prior year audit findings.

MANAGEMENT LETTER COMMENTS



Cloyd & Associates, PSC

Certified Public Accountants

and

Business Advisors

Members of the Board of Education

Casey County School District

Liberty, Kentucky

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

During our audit, if we noted any matters we feel need reporting that are opportunities for strengthening internal controls and operating efficiency, they will be included on the following pages. This letter does not affect our report thereon dated December 20, 2023, on the basic financial statements of Casey County School District.

Respectfully,

Cloyd & Associates, PSC

London, Kentucky

December 20, 2023

Prior Year Comments – School Activity Funds

None

Current Year Comments

Liberty Elementary School

1. Several instances of invoices not being properly cancelled, or signed, by the proper employee after payment of those invoices. Invoices that are paid need to have proper cancellation and signatures on the actual invoice to ensure that invoices are not paid twice and to allow others to be certain an item was paid.

Management Response: Bookkeeper will make sure that the invoice is signed by the person receiving the goods or services. Every invoice will be signed, stamped, and dated.

Walnut Hill Elementary School

1. Several instances of deposit slips not being signed by proper staff members. All deposit slips need to be reviewed and signed to ensure all deposit information is consistent to the amount deposited.

Management Response: After each deposit, the bookkeeper will review the deposit slip that is returned once a deposit is made to ensure that the amount deposited matches up and sign each slip verifying numbers are all correct.

2. Several instances of invoices not being properly cancelled or signed by the proper employee after payment of those invoices. Invoices that are paid need to have proper cancellation and signatures signature on the actual invoice to ensure that invoices are not paid twice and to allow others to be certain an item was paid.

Management Response: Bookkeeper will make sure that the invoice is signed by the person receiving the goods or services. Every invoice will be signed, stamped, and dated.