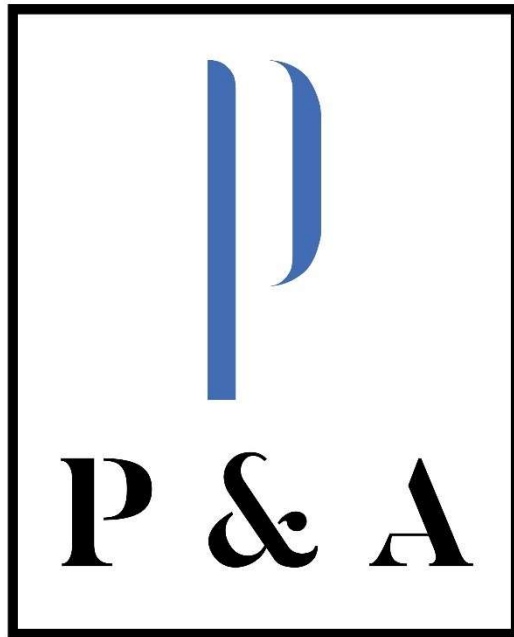


**CLARK COUNTY BOARD OF EDUCATION  
AUDITED FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2023**



**PATRICK & ASSOCIATES, LLC**

124 Candlewood Drive  
Winchester, KY 40391

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive  
Winchester, KY 40391

## Independent Auditor's Report

Kentucky State Committee for School District Audits  
Board of Education of the Clark County School District  
Winchester, KY

### Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clark County School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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, including Appendix II Instructions for Submissions of the Audit Report*. 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 Clark County School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Change in Accounting Principle

As described in Note 1, the Clark County School District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription – Based Information Technology Arrangements*, for the year ended June 30, 2023, which represents a change in accounting principle. Our opinions are not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and OPEB information 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**

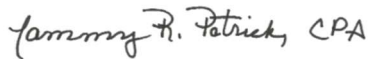
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clark County School District's basic financial statements. The combining and individual nonmajor fund financial statements, school activity fund statements, and schedule of expenditures 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.

### **Supplementary Information (Continued)**

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, school activity fund statements, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2023, on our consideration of the Clark County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clark County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clark County School District's internal control over financial reporting and compliance.



Patrick & Associates, LLC  
Winchester, Kentucky

November 14, 2023

## Management Discussion and Analysis

As management of the Clark County Board of Education (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023.

### FINANCIAL HIGHLIGHTS:

- The total General Fund Balance for FY 2023 is \$12,850,932 as compared to \$11,173,613 for FY 2022, which is greater than the 2% of total budget as required by state law.
- In the government-wide statements, the assets and deferred inflows of the District exceeded its total liabilities and deferred inflows on June 30, 2023 by \$60,939,262. Of this amount, \$57,257,702 represents the District's investment in capital assets net of related debt, \$24,240,338 is restricted for capital projects and business type activities, \$1,015,516 is restricted for business-type activities, and the unrestricted net deficit of \$21, 574,294.
- The District's ending net position increased by \$5,908,237, primarily as a result of additional funding and accounting for pension and other post-employment benefits.
- The general fund received \$59,423,786 in revenues, which primarily consisted of funding from the State's Support Education Excellence in Kentucky (SEEK) program and revenues from taxes, which include property, motor vehicle and utilities taxes.
- The District levied tax rates of 65.9 cents for real estate, 65.9 cents tangible, and 53.5 cents motor vehicle per \$100 in assessed value and 3% for utility tax.

Over the course of the past several years, there has been a shift in educational priorities across the nation. Loss of instruction, gaps in exposure to content, and interference in standards mastery are looming results of the recent pandemic. Because of this, it is imperative that there is a focus on quality instruction in Clark County Public Schools. By delivering intentional tier one instruction, we will be able to target all students and provide opportunities for growth.

Academically, our vision is centered on growth and providing High Quality Tier I Instruction. Our vision focuses on achieving this growth through 5 Foundations for High Quality Tier I Instruction: Continuous Development, Congruence, Student Engagement, Differentiation and Monitoring. Through professional development sessions prior to school starting and then through PLCs once the school year has begun, the Academic Vision has been communicated with every CCPS certified staff to ensure we are all on the same page with regards to where our district currently is, where we are going and how we are going to get there. Our vision outlines how we will continue to improve, develop higher levels of performance and reflect the areas identified in our GAP groups. The five foundations and pillars that exist within each are outlined below:

**Continuous Development:** Continuous development is ongoing and encompasses lifelong learning. It emphasizes the importance of adaptability, personalization, using data, and the integration of new knowledge to remain relevant and be the best we can be for our students!

**What Does That Look Like in Clark County:** Cardinal Connections Academy, CC 101, Deeper Learning, Instructional Leadership Development for Administrators

**Congruence:** Congruence is defined as "The quality of being similar to, or in agreement with, another thing." In education this applies to so many aspects; including classroom to classroom, targets and assessments to standards, and learning activities to support both.

## **Management Discussion and Analysis (continued)**

***What Does That Look Like in Clark County:*** Learning Targets, Standards Mapping, Common Assessments, Phonics, Writing Plan

**Student Engagement:** Student engagement is the active and enthusiastic participation of students in the learning process. It involves their emotional investment, curiosity, and commitment to learning, which leads to improved academic performance and a positive learning experience.

***What Does That Look Like in Clark County:*** Effective Lesson Design, Kagan Cooperative Learning Structures, Attendance

**Differentiation:** Differentiation refers to the practice of tailoring instruction and learning experiences to meet the diverse needs, abilities, and learning styles of individual students within a classroom.

***What Does That Look Like in Clark County:*** Specially Designed Instruction, Station Teaching Focus, Intentional Scheduling, Gifted & Talented

**Monitoring:** Monitoring teachers and instruction in education involves the systematic observation of educators' teaching practices, methods, and effectiveness to provide feedback, support professional development, and improve the overall educational experience for all students.

***What Does That Look Like in Clark County:*** MTSS, District Walkthrough Tool, Coaching

To promote the Academic Vision and provide support district wide, Instructional Specialists expand to meet the needs of teachers and administrators. Instructional Specialist positions (coaches) provide a plethora of resources for teachers and administrators at the preschool, elementary, intermediate, junior high, and high school level. First, an Instructional Specialist is a resource for teachers within the classroom. Through regular observations and reflective feedback, an Instructional Specialist can support teachers in designing instruction to meet the needs of all students. This may be through providing tangible resources, sharing instructional strategies, or modeling lessons and strategies through co-teaching. Additionally, Instructional Specialists provide training and professional development opportunities outside of the classroom. These include weekly professional development sessions through Cardinal Connections Academy that provide learning sessions about topics from how to improve classroom management to student engagement strategies; monthly new teacher cadre meetings with first and second year teachers; meetings with teacher leaders across the district to get insight about common assessments and a district writing plan; as well as various trainings that may meet the needs of a specific school building. Further, Instructional Specialists provide communication and work with principals to build their capacity as instructional leaders within their schools. From resource providers, data collectors, and mentors to learning facilitators, communicators, and classroom supporters, Instructional Specialists in Clark County wear many hats in order to best support teachers and administrators in schools across the district.

To further drive Tier Instruction, Professional Learning Communities, or PLCs, are an ongoing, collaborative process that is utilized in every school in Clark County. PLC teams in each building come together weekly in order to collaborate, reflect, and determine the best strategies to remove barriers from student learning and a student's journey to master content standards. Clark County uses a universal PLC Protocol tool in order to track student progress, reflect on instructional strategies, and dissect content standards. This PLC Protocol is driven by Dufour's research and emphasizes four questions: What is it that we expect our students to learn? How will we know when our students have learned it? How will we respond when our students do not learn it? How will we respond when our students already know it? After receiving feedback from all stakeholders in the district- teachers, administrators, and the instructional team- about

## Management Discussion and Analysis (continued)

previous PLC documents, the most updated document that will be utilized this year is an ongoing document where teams will visit and reflect on different questions depending on their progression through a unit. Teams have the freedom to choose what they will base their PLC meetings around, whether it is planning a unit by dissecting standards, creating formative or summative assessments that align with grade level standards and reading levels, or analyzing student data after a common assessment. They will record their discoveries and work on the PLC Protocol each week.

In Clark County, we believe it is essential that teachers and staff have a plethora of opportunities to learn from their peers and other educational professionals. Professional development is provided for Clark County teachers in many capacities and is based on the needs and interests of the employees. Teachers are regularly surveyed and observed in order to determine the best areas in which to provide support.

Cardinal Connections Academy is a one day event that provides multiple options for professional development courses provided by district leaders, teachers, as well as out-of-district educational professionals. CCA took place in August of 2023 and was a great opportunity for teachers to *connect* beneficial professional development with the classroom while also *connecting* with other teachers and leaders in the district. This personalized professional development opportunity allowed for teachers to attend courses on a wide range of topics like AI in the classroom, strategies for serving our special populations, and various instructional strategies to apply in the classroom.

Additionally, each school in the district provides their own in-house professional developments that apply to their building grade levels in order to prep and prepare teachers to best meet the needs of their particular students. These professional development opportunities not only happen prior to the start of school, but also take place throughout the school year as needs arise.

While it is easy to frontload professional development and hold learning sessions for teachers at the beginning of a school year, Clark County believes that learning and obtaining new strategies for the classroom should always be ongoing. Therefore, the District Academic Team is available to provide weekly professional development opportunities through Cardinal Connections Academy sessions throughout the year. Whether these are required, Need to Know sessions, or optional, Neat to Know sessions, these are a chance for teachers across the district, no matter the grade level, to attend sessions that they find would be helpful for their own classroom or that are of interest to them. For this school year, we are dedicated to tying all professional development back for our Academic Vision and focus on the 5 Foundations for High Quality Tier I Instruction.

Clark County Public Schools is committed to providing support, encouragement and mentoring to all first year teachers in order to provide the best educational experience and environment for our students. We are committed to the success of a New Teacher Mentoring Program to foster the relationships and build this support for our first year teachers. The objectives of the New Teacher Mentoring Program are to familiarize new teachers with school district policies and practices and to integrate them into the social system of the school and community, provide an opportunity for the new teacher to analyze and reflect on their teaching with coaching from veteran teachers, support the development of the new teacher's professional knowledge and skills, provide continued assistance to face the challenges of the new teacher, cultivate a professional attitude toward teaching and learning and working with others such as students, parents, and colleagues.

Within this mentoring program, we provide 3 cohorts. Cohort 1 is for brand new, first-year teachers. Cohort 1 initially supports new teachers through ongoing monthly cadre meetings. Cadre meetings will focus on pertinent activities designed to develop and refine the professional knowledge and skills of the new teachers. Other teachers, including second year teachers, may be invited to attend these meetings as advised by an administrator. District administrators and/or instructional specialists will facilitate cadre meetings. Mentors are encouraged to attend with their assigned



## **Management Discussion and Analysis (continued)**

mentee, but are not required to do so. Secondly, they are also given an assigned mentor within the school building where the mentor and first year teacher will build relationships to foster the learning process of a 1st year teacher.

Mentors will provide support, resources and encouragement as needed. Support includes adapting to the school culture/climate, guidance with curriculum, teaching strategies, communication skills, providing suggestions and filling in any gaps left by the university teacher training programs. Lastly, teachers in Cohort 1 will also be given support through observations conducted by a designated committee. Teachers will go through 3 cycles of instructional observations where they will have pre and post observation sessions.

Cohort 2 is for second year teachers. This mentoring program provides support through ongoing cadre meetings, modeling lessons, instructional design, and regular observations. Cohort 2 meets once each 9-weeks for reflection, training, and additional support.

Student engagement is a direct need that drives Tier One instruction. Through classroom observations along with teacher and administrator input, cooperative learning strategies have been identified as a need in our district. In multiple consultation meetings with KAGAN, it has been determined that KAGAN will provide the engagement piece we are lacking. Through a three year plan, Clark County plans to provide direct instruction in regards to cooperative learning through KAGAN in order to strengthen engagement across the content and grade levels.

Clark County is committed to providing support to advancing each district initiative in order to be intentional in how we serve our students.

## **Overview of the Financial Statements**

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

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

The Statement of Net Position presents information on all of the assets and deferred outflows of resources and liabilities and deferred inflows of resources of the District at year-end with the difference 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 net position of the District 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 for items that will only result in cash flows in future fiscal periods.

In both statements, the District's activities are shown in one category as governmental activities. The governmental activities of the District include services related to K-12 education. These activities are primarily supported through property taxes, Support Education Excellence in Kentucky (SEEK) funding, and other intergovernmental revenues.

The government-wide financial statements begin on page 13 of this report.

## **Management Discussion and Analysis (continued)**

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into three categories: governmental funds, proprietary fund, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains eight individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the general Fund, special revenue fund, district activity fund, school activity fund, capital outlay fund, facilities Support Program of Kentucky (FSPK) fund, school construction fund and the debt service fund.

**Proprietary funds.** The District maintains one type of proprietary fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses the enterprise fund to accounts for its operations for food services program.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 21-23 of this report.

**Fiduciary funds.** Fiduciary fund is used to account for resources held for the benefit of parties outside of the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the district's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The District does not currently have a fiduciary fund.

### **Notes to the basic financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements start on page 24 this report.

### **Other information**

In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information. This information starts on page 54 of this report.

The District adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement has been provided for the general and special revenue fund.

## Management Discussion and Analysis (continued)

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$59,744,576 for governmental activities and \$1,194,686 for business-type activities at the close of the fiscal year.

#### Clark County Board of Education Comparative Statement of Net Position

	Governmental Activities		Business-type Activities	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>Assets</b>				
Current and other assets	\$ 43,471,865	\$ 16,887,932	\$ 2,402,910	\$ 1,973,513
Net capital assets	152,622,094	150,061,565	179,170	184,500
Total assets	<u>196,093,959</u>	<u>166,949,497</u>	<u>2,582,080</u>	<u>2,158,013</u>
<b>Deferred Outflows of Resources</b>				
Deferred pension differences and contributions made after measurement date	16,405,306	9,485,276	678,178	636,810
Total deferred outflows of resources	<u>16,405,306</u>	<u>9,485,276</u>	<u>678,178</u>	<u>636,810</u>
Total assets and deferred outflows of resources	<u>212,499,265</u>	<u>176,434,773</u>	<u>3,260,258</u>	<u>2,794,823</u>
<b>Liabilities</b>				
Current liabilities	12,198,242	7,559,771	26,531	11,435
Non-current liabilities:				
Debt service due in more than one year	91,231,489	73,143,265	-	-
Net pension liability	20,994,803	15,794,869	867,903	2,042,535
Other post-employment benefits liability	17,810,197	13,077,751	736,254	661,004
Total liabilities	<u>142,234,731</u>	<u>109,575,656</u>	<u>1,630,688</u>	<u>2,714,974</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources - pensions	2,505,501	2,810,737	103,575	431,786
Deferred inflows of resources - OPEB	8,014,457	8,386,520	331,309	279,479
Total deferred inflows of resources	<u>10,519,958</u>	<u>11,197,257</u>	<u>434,884</u>	<u>711,265</u>
Total liabilities and deferred inflows of resources	<u>152,754,689</u>	<u>120,772,913</u>	<u>2,065,572</u>	<u>3,426,239</u>
<b>Net position</b>				
Net Investment in Capital Assets	57,078,532	72,830,203	179,170	184,500
Restricted	24,240,338	3,845,286	-	-
Other	-	-	1,015,516	-
Unrestricted	(21,574,294)	(21,013,048)	-	(815,916)
Total net position	<u>\$ 59,744,576</u>	<u>\$ 55,662,441</u>	<u>\$ 1,194,686</u>	<u>\$ (631,416)</u>

A significant portion of the District's net position reflects its net investment in capital assets (e.g., buildings, vehicles, and equipment.) The District used the capital assets to provide services to 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.

There were increases in the deferred outflows of resources by \$6,961,398, an increase in the net pension liability by \$4,025,302, an increase in the other post-employment benefit liability of \$4,807,696 and a decrease of \$953,680 reported in deferred inflows. These changes are from the calculation of the pension liability for the District's proportionate share of the pension and other post-employment benefit liabilities.

**Management Discussion and Analysis (continued)**

**Changes in net position.** The District's net position increased by \$5,908,237 from the prior fiscal year.

**Clark County Board of Education Comparative Statement of Activities**

Revenues	June 30, 2023	June 30, 2022	Increase (Decrease)
Program revenues			
Charges for services	\$ 287,966	\$ 416,897	\$ (128,931)
Operating grants and contributions	36,477,364	23,234,553	13,242,811
Capital grants and contributions	3,090,083	4,152,063	(1,061,980)
General revenues			
Property taxes	18,545,769	19,360,908	(815,139)
Motor vehicle taxes	2,402,438	2,009,121	393,317
Franchise taxes	2,009,825	-	2,009,825
Utility taxes	3,145,326	2,839,120	306,206
State formula grants	17,687,668	19,760,101	(2,072,433)
Other local revenue	1,678,405	(3,011)	1,681,416
Student activities	804,420	-	804,420
Unrestricted investment earnings	1,194,402	102,433	1,091,969
Total revenues	<u>87,323,666</u>	<u>71,872,185</u>	<u>15,451,481</u>
Expenses			
Instruction	39,167,867	29,485,551	9,682,316
Support services	11,771,299	9,070,678	2,700,621
Plant operations and maintenance	8,262,871	7,282,027	980,844
Student transportation	6,468,143	5,781,952	686,191
Community Services Operations	1,321,101	1,420,605	(99,504)
Building acquisition and construction	2,299,318	-	2,299,318
Building improvements	2,062,466	-	2,062,466
Other instructional services	17,048	-	17,048
Other non-instructional services	100,991	-	100,991
Debt Service	2,848,523	5,002,330	(2,153,807)
Depreciation	3,396,316	-	3,396,316
Food service operations	3,699,486	4,601,000	(901,514)
Total	<u>81,415,429</u>	<u>62,644,143</u>	<u>18,771,286</u>
Change in net position	5,908,237	9,228,042	(3,319,805)
Net position - beginning	55,031,025	45,802,983	9,228,042
Net position - ending	<u>\$ 60,939,262</u>	<u>\$ 55,031,025</u>	<u>\$ 5,908,237</u>

The fluctuation in expenses is due to the District's share of pension and other post-employment pension liability.

As noted earlier, the District used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financial requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

## **Management Discussion and Analysis (continued)**

### **Financial Highlights**

#### **Governmental Activities**

The governmental activities include the following funds: general, special revenue, district activity, student activity, capital outlay, facility support program, construction, and debt service. These programs had revenues of \$81,766,919 and expenditures of \$77,684,784. Of the revenues, \$34,123,224 was from grants and contributions and \$47,643,695 was related to general revenues and transfers.

Overall governmental net position increased by \$4,082,135.

#### **Business-Type Activities**

The business-type activity is for food services. This program had revenues of \$5,815,741 and expenses of \$3,989,639 for the fiscal year 2023. Of the revenues, \$287,966 related to charges for services, \$5,444,223 from operating grants and contributions, \$83,552 related to general revenues and transfers.

Overall Business-Type net position increased by \$1,194,686.

### **General Fund Budget Highlights**

The District's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The State Department of Education requires a zero-based budget with any budgeted remaining fund balance shown as a contingency expense in the budget process. The most significant budgeted fund is the General Fund.

A variance comparison is presented between the final budgeted amounts and the actual amounts. Revenues for the General Fund were budgeted at \$53,505,745 with actual amounts totaling \$59,423,786. Budgeted expenditures were \$64,543,296 compared to actual expenditures of \$58,500,799.

### **Capital Assets**

At the end of the fiscal year 2023, the District had \$152,801,264 invested in capital assets, \$152,622,084 is in governmental activities. For the fiscal year, capital asset increases totaled \$6,165,719 and depreciation totaled \$3,396,316. At June 30, 2022, the District had \$150,246,064 invested in capital assets, \$150,155,564 is in governmental activities. See detailed table in the notes to the financial statements.

### **Debt**

At June 30, 2023, the District had \$94,225,955 in bonds outstanding, of this amount \$10,015,094 is to be paid from the KSFCC funding provided by the State of Kentucky. A total of \$4,252,992 is due within one year. At June 30, 2022, the District had \$75,678,947 in bonds outstanding.

### **Request for Information**

This financial report is designed to provide a general overview of the Clark County Board of Education's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to Dustin Howard, Superintendent, or Aleisha Ellis, Director of Finance, at (859) 744-4545 or by mail at 1600 W. Lexington Avenue, Winchester, KY 40391.

## Financial Statements

CLARK COUNTY BOARD OF EDUCATION  
Statement of Net Position  
June 30, 2023

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 34,117,815	\$ 2,304,534	\$ 36,422,349
Receivables			
Taxes - current	916,102	-	916,102
Accounts	60,421	61,172	121,593
Intergovernmental - state	34,158	-	34,158
Intergovernmental - federal	4,889,388	-	4,889,388
Interfund receivables	3,453,981	-	3,453,981
Inventory	-	37,204	37,204
Total capital assets, net of depreciation	<u>152,622,094</u>	<u>179,170</u>	<u>152,801,264</u>
Total assets	<u>196,093,959</u>	<u>2,582,080</u>	<u>198,676,039</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pensions	5,995,094	247,831	6,242,925
Deferred outflows - OPEB contributions	<u>10,410,212</u>	<u>430,347</u>	<u>10,840,559</u>
Total deferred outflows of resources	<u>16,405,306</u>	<u>678,178</u>	<u>17,083,484</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>212,499,265</u>	<u>3,260,258</u>	<u>215,759,523</u>
<b>LIABILITIES</b>			
Accounts Payable	1,848,658	26,531	1,875,189
Interfund Account Payable	3,453,981	-	3,453,981
Accrued interest payable	956,557	-	956,557
Unearned revenue	1,260,961	-	1,260,961
Long term liabilities:			
Due within one year			
Bond obligations	4,252,992	-	4,252,992
Capital lease	224,656	-	224,656
Sick leave	200,437	-	200,437
Due beyond one year			
Bond obligations	89,972,963	-	89,972,963
Capital lease	1,092,951	-	1,092,951
Sick leave	165,575	-	165,575
Net pension liability	20,994,803	867,903	21,862,706
Net OPEB liability	<u>17,810,197</u>	<u>736,254</u>	<u>18,546,451</u>
Total liabilities	<u>142,234,731</u>	<u>1,630,688</u>	<u>143,865,419</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pensions	2,505,501	103,575	2,609,076
Deferred inflows of resources - OPEB	<u>8,014,457</u>	<u>331,309</u>	<u>8,345,766</u>
Total deferred inflows of resources	<u>10,519,958</u>	<u>434,884</u>	<u>10,954,842</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES</b>	<u>152,754,689</u>	<u>2,065,572</u>	<u>154,820,261</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets net of related debt	57,078,532	179,170	57,257,702
Restricted for:			
Capital projects	23,189,119	-	23,189,119
Other	1,051,219	1,015,516	2,066,735
Unrestricted	<u>(21,574,294)</u>	<u>-</u>	<u>(21,574,294)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 59,744,576</u>	<u>\$ 1,194,686</u>	<u>\$ 60,939,262</u>

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

CLARK COUNTY SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2023

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contribution	Capital Grants and Contribution	PRIMARY GOVERNMENT		Totals
					Governmental Activities	Business-type Activities	
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
Instructional	\$ 39,167,867	\$ -	\$ 20,494,552	\$ -	\$ (18,673,315)	\$ -	\$ (18,673,315)
Support Services							
Student	4,597,023	-	2,325,443	-	(2,271,580)	-	(2,271,580)
Instructional Staff	1,584,670	-	770,068	-	(814,602)	-	(814,602)
District Administration	1,501,028	-	135,650	-	(1,365,378)	-	(1,365,378)
School Administration	2,202,826	-	733,371	-	(1,469,455)	-	(1,469,455)
Business	1,885,752	-	451,631	-	(1,434,121)	-	(1,434,121)
Plant operations and maintenance	8,262,871	-	1,629,391	-	(6,633,480)	-	(6,633,480)
Student Transportation	6,468,143	-	1,926,513	-	(4,541,630)	-	(4,541,630)
Community Services Operations	1,321,101	-	687,361	-	(633,740)	-	(633,740)
Building acquisition and constructio	2,299,318	-	1,396,404	-	(902,914)	-	(902,914)
Building improvements	2,062,466	-	482,757	-	(1,579,709)	-	(1,579,709)
Other instructional services	17,048	-	-	-	(17,048)	-	(17,048)
Other non-instructional services	100,991	-	-	-	(100,991)	-	(100,991)
Debt Service	2,848,523	-	-	3,090,083	241,560	-	241,560
Depreciation	3,365,157	-	-	-	(3,365,157)	-	(3,365,157)
Total governmental activities	<u>77,684,784</u>	<u>-</u>	<u>31,033,141</u>	<u>3,090,083</u>	<u>(43,561,560)</u>	<u>-</u>	<u>(43,561,560)</u>
Business-type activities:							
Food service operations	3,699,486	287,966	5,444,223	-	-	2,032,703	2,032,703
Depreciation	31,159	-	-	-	-	(31,159)	(31,159)
Total business-type activities	<u>3,730,645</u>	<u>287,966</u>	<u>5,444,223</u>	<u>-</u>	<u>-</u>	<u>2,001,544</u>	<u>2,001,544</u>
Total primary government	<u>\$ 81,415,429</u>	<u>\$ 287,966</u>	<u>\$ 36,477,364</u>	<u>\$ 3,090,083</u>	<u>\$ (43,561,560)</u>	<u>\$ 2,001,544</u>	<u>\$ (41,560,016)</u>
General revenues							
Taxes:							
Property taxes					\$ 18,545,769	\$ -	\$ 18,545,769
Motor vehicle taxes					2,402,438	-	2,402,438
Franchise taxes					2,009,825	-	2,009,825
Utility taxes					3,145,326	-	3,145,326
State formula grants					17,687,668	-	17,687,668
Other local revenue					1,676,991	1,414	1,678,405
Student activities					804,420	-	804,420
Unrestricted investment earnings					1,112,264	82,138	1,194,402
Transfers					258,994	(258,994)	-
Total general revenues and transfers					<u>47,643,695</u>	<u>(175,442)</u>	<u>47,468,253</u>
Change in net position					<u>4,082,135</u>	<u>1,826,102</u>	<u>5,908,237</u>
Net position - beginning					<u>55,662,441</u>	<u>(631,416)</u>	<u>55,031,025</u>
Net position - ending					<u>\$ 59,744,576</u>	<u>\$ 1,194,686</u>	<u>\$ 60,939,262</u>

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



CLARK COUNTY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds  
June 30, 2023

	General Fund	Special Revenue Fund	Construction Fund	Debt Service Fund	Total Non-Major Funds	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 9,305,978	\$ -	\$ 23,942,063	\$ -	\$ 869,774	\$ 34,117,815
Interfund receivables	3,453,981	-	-	-	-	3,453,981
Receivables						
Taxes-current	916,102	-	-	-	-	916,102
Accounts	31,278	-	-	-	29,143	60,421
Intergovernmental - state	-	34,158	-	-	-	34,158
Intergovernmental - federal	-	3,871,033	-	1,018,355	-	4,889,388
Total assets	<u>13,707,339</u>	<u>3,905,191</u>	<u>23,942,063</u>	<u>1,018,355</u>	<u>898,917</u>	<u>43,471,865</u>
<b>LIABILITIES</b>						
Accounts payable	856,407	208,604	754,814	-	28,833	1,848,658
Interfund payable	-	2,435,626	-	1,018,355	-	3,453,981
Unearned revenue	-	1,260,961	-	-	-	1,260,961
Total liabilities	<u>856,407</u>	<u>3,905,191</u>	<u>754,814</u>	<u>1,018,355</u>	<u>28,833</u>	<u>6,563,600</u>
<b>FUND BALANCE</b>						
Restricted	183,005	-	23,187,249	-	870,084	24,240,338
Assigned	1,386,936	-	-	-	-	1,386,936
Unassigned	11,280,991	-	-	-	-	11,280,991
Total fund balance	<u>12,850,932</u>	<u>-</u>	<u>23,187,249</u>	<u>-</u>	<u>870,084</u>	<u>36,908,265</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 13,707,339</u>	<u>\$ 3,905,191</u>	<u>\$ 23,942,063</u>	<u>\$ 1,018,355</u>	<u>\$ 898,917</u>	<u>\$ 43,471,865</u>

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

CLARK COUNTY SCHOOL DISTRICT  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2023

Total Fund Balances - Governmental Funds	\$ 36,908,265
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position	152,622,094
Deferred outflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position.	
Pension contributions deferred outflows	5,995,094
OPEB contributions deferred outflows	10,410,212
Certain assets (obligations) are not a use of financial resources and therefore, are not reported in the government funds, but are presented in the statement of net position	
Net pension liability	(20,994,803)
Net OPEB liability	(17,810,197)
Deferred inflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position	
Pension plan deferred inflows	(2,505,501)
OPEB plan deferred inflows	(8,014,457)
Certain liabilities (such as bond payable, the long-term portion of accrued sick leave, and other accrued liabilities) are not reported in the fund financial statement because they are not due and payable, but are presented in the statement of net position as follows:	
Bonds payable	(94,225,955)
Capital lease payable	(1,317,607)
Accrued interest	(956,557)
Accrued sick leave	(366,012)
	(96,866,131)
Net position of governmental activities	\$ 59,744,576

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

CLARK COUNTY SCHOOL DISTRICT  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Construction Fund	Debt Service Fund	Total Non-Major Funds	Totals
<b>REVENUES</b>						
From Local Sources						
Taxes						
Property	\$ 15,652,848	\$ -	\$ -	\$ -	\$ 2,892,921	\$ 18,545,769
Motor vehicle	2,065,903	-	-	-	336,535	2,402,438
Franchise	1,730,875	-	-	-	278,950	2,009,825
Utilities	3,145,326	-	-	-	-	3,145,326
Earnings on investments	675,869	838	411,086	-	24,471	1,112,264
Student activities	-	-	-	-	804,420	804,420
Other local revenue	1,416,313	54,433	-	-	206,245	1,676,991
Intergovernmental - state	34,219,371	3,076,676	-	1,255,404	1,879,161	40,430,612
Intergovernmental - federal	517,281	9,028,321	-	1,834,678	-	11,380,280
<b>Total revenues</b>	<b>59,423,786</b>	<b>12,160,268</b>	<b>411,086</b>	<b>3,090,082</b>	<b>6,422,703</b>	<b>81,507,925</b>
<b>EXPENDITURES</b>						
Instruction	33,408,343	8,619,452	-	-	612,472	42,640,267
Support services						
Student	3,322,524	1,269,549	-	-	4,950	4,597,023
Instructional staff	1,171,109	362,704	-	-	50,857	1,584,670
District Administration	1,501,028	-	-	-	-	1,501,028
School Administration	2,202,826	-	-	-	-	2,202,826
Business	1,885,752	-	-	-	-	1,885,752
Plant operation and maintenance	7,805,102	359,879	-	-	97,890	8,262,871
Student Transportation	6,034,933	273,998	-	-	159,212	6,468,143
Community Services Operations	581,317	687,361	-	-	52,423	1,321,101
Building acquisitions and construction	-	-	2,299,318	-	-	2,299,318
Building improvements	-	-	2,062,466	-	-	2,062,466
Other Instructional Services	-	-	-	-	17,048	17,048
Other Non-Instructional Services	-	-	100,991	-	-	100,991
Debt service						
Principal	549,147	-	-	4,162,992	-	4,712,139
Interest	38,718	-	-	2,809,805	-	2,848,523
<b>Total expenditures</b>	<b>58,500,799</b>	<b>11,572,943</b>	<b>4,462,775</b>	<b>6,972,797</b>	<b>994,852</b>	<b>82,504,166</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>922,987</b>	<b>587,325</b>	<b>(4,051,689)</b>	<b>(3,882,715)</b>	<b>5,427,851</b>	<b>(996,241)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond Proceeds	-	-	22,710,000	-	-	22,710,000
Bond Premium	-	-	188,129	-	-	188,129
Operating transfers in	1,945,681	145,021	1,915,929	3,882,715	34,115	7,923,461
Operating transfers (out)	(1,191,349)	(1,048,937)	-	-	(5,424,181)	(7,664,467)
<b>Total other financing sources and (uses)</b>	<b>754,332</b>	<b>(903,916)</b>	<b>24,814,058</b>	<b>3,882,715</b>	<b>(5,390,066)</b>	<b>23,157,123</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>1,677,319</b>	<b>(316,591)</b>	<b>20,762,369</b>	<b>-</b>	<b>37,785</b>	<b>22,160,882</b>
<b>FUND BALANCE - BEGINNING (Restated)</b>	<b>11,173,613</b>	<b>316,591</b>	<b>2,424,880</b>	<b>-</b>	<b>832,299</b>	<b>14,747,383</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 12,850,932</b>	<b>\$ -</b>	<b>\$ 23,187,249</b>	<b>\$ -</b>	<b>\$ 870,084</b>	<b>\$ 36,908,265</b>

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

CLARK COUNTY SCHOOL DISTRICT  
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,  
 and Changes in Fund Balances to the Statement of Activities  
 For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds	\$ 22,160,882
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.	
Capital outlays	1,778,107
Depreciation Expense	(3,365,157)
Disposal of asset	(2,771)
Generally expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expense are recognized in the statement of activities when they are incurred for the following:	
Accrued interest	(169,982)
Amortization of bond costs	(157,072)
Governmental funds report CERS contributions as expenditures when paid. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pension, and investment experience.	
Pension Expense	2,036,292
OPEB Expense	299,341
Long-term debt proceeds are reported as other financing resources in funds, thereby increasing fund balances. In the statement of net position, however, issuing long-term debt increases liabilities and has no effect on net position. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Bond proceeds	(22,710,000)
Bond principal repaid	4,162,992
Capital lease principal repaid	227,535
Sick leave	(178,032)
<u>Change in net position of governmental</u>	<u>\$ 4,082,135</u>

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

CLARK COUNTY BOARD OF EDUCATION  
Budget and Actual General Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
From Local Sources				
Taxes				
Property	\$ 17,216,727	\$ 15,924,577	\$ 15,652,848	\$ (271,729)
Motor vehicle	1,658,474	1,405,369	2,065,903	660,534
Franchise	1,498,407	1,309,836	1,730,875	421,039
Utilities	3,000,000	2,400,000	3,145,326	745,326
Earnings on investments	700,000	280,000	675,869	395,869
Other local revenue	959,000	735,295	1,416,313	681,018
Intergovernmental - state	30,785,530	31,125,668	34,219,371	3,093,703
Intergovernmental - federal	350,000	325,000	517,281	192,281
<b>Total Revenues</b>	<b>56,168,138</b>	<b>53,505,745</b>	<b>59,423,786</b>	<b>5,918,041</b>
<b>EXPENDITURES</b>				
Instruction	32,021,504	33,178,452	33,408,343	(229,891)
Support Services				
Student	4,504,892	3,805,806	3,322,524	483,282
Instructional Staff	1,313,198	1,205,846	1,171,109	34,737
District Administration	1,560,059	1,566,826	1,501,028	65,798
School Administration	2,515,705	2,218,957	2,202,826	16,131
Business	2,234,245	2,045,376	1,885,752	159,624
Plant Operation and Maintenance	11,342,927	9,321,385	7,805,102	1,516,283
Student Transportation	5,717,099	5,159,706	6,034,933	(875,227)
Community Services	48,502	97,926	581,317	(483,391)
Debt Service	602,001	587,865	587,865	-
Contingency	6,163,365	5,355,151	-	5,355,151
<b>Total expenditures</b>	<b>68,023,497</b>	<b>64,543,296</b>	<b>58,500,799</b>	<b>6,042,497</b>
<b>EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES</b>	<b>(11,855,359)</b>	<b>(11,037,551)</b>	<b>922,987</b>	<b>11,960,538</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	400,000	1,290,000	1,945,681	655,681
Operating transfers (out)	(101,379)	(1,154,041)	(1,191,349)	(37,308)
<b>Total other financing sources and (uses)</b>	<b>298,621</b>	<b>135,959</b>	<b>754,332</b>	<b>618,373</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(11,556,738)</b>	<b>(10,901,592)</b>	<b>1,677,319</b>	<b>12,578,911</b>
<b>FUND BALANCE - BEGINNING</b>	<b>11,556,738</b>	<b>10,901,592</b>	<b>11,173,613</b>	<b>272,021</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,850,932</b>	<b>\$ 12,850,932</b>

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

CLARK COUNTY BOARD OF EDUCATION  
 Budget and Actual Special Revenue Fund  
 For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
From Local Sources				
Earnings on investments	\$ -	\$ 838	\$ 838	\$ -
Other local revenue	12,437	42,649	54,433	11,784
Intergovernmental - state	2,813,193	3,156,789	3,076,676	(80,113)
Intergovernmental - federal	4,272,499	4,120,637	9,028,321	4,907,684
Total Revenues	<u>7,098,129</u>	<u>7,320,913</u>	<u>12,160,268</u>	<u>4,839,355</u>
<b>EXPENDITURES</b>				
Instruction	5,667,718	5,997,229	8,619,452	(2,622,223)
Support Services				
Student	488,183	462,349	1,269,549	(807,200)
Instructional Staff	319,888	370,883	362,704	8,179
Plant Operation and Maintenance	83,289	109,634	359,879	(250,245)
Student Transportation	-	-	273,998	(273,998)
Community Services Operations	570,360	568,260	687,361	(119,101)
Total expenditures	<u>7,129,438</u>	<u>7,508,355</u>	<u>11,572,943</u>	<u>(4,064,588)</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(31,309)	(187,442)	587,325	774,767
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	101,379	107,713	145,021	37,308
Operating transfers out	(70,070)	(59,554)	(1,048,937)	(989,383)
Total other financing sources and (uses)	<u>31,309</u>	<u>48,159</u>	<u>(903,916)</u>	<u>(952,075)</u>
NET CHANGE IN FUND BALANCE	-	(139,283)	(316,591)	(177,308)
FUND BALANCE - BEGINNING	-	-	316,591	316,591
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ (139,283)</u>	<u>\$ -</u>	<u>\$ 139,283</u>

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

CLARK COUNTY BOARD OF EDUCATION  
Statement of Net Position - Proprietary Funds  
June 30, 2023

	Enterprise Fund
	School Food
	Services
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 2,304,534
Receivables	61,172
Inventories for consumption	37,204
Total current assets	2,402,910
Noncurrent Assets	
General equipment	905,344
Accumulated depreciation	(726,174)
Total noncurrent assets	179,170
<b>Total Assets</b>	<b>2,582,080</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	247,831
Deferred outflows related to OPEB	430,347
Total deferred outflows of resources	678,178
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	26,531
Total current liabilities	26,531
Noncurrent liabilities	
Net pension liability	867,903
Net OPEB liability	736,254
Total noncurrent liabilities	1,604,157
<b>Total liabilities</b>	<b>1,630,688</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	103,575
Deferred inflows related to OPEB	331,309
Total deferred inflows of resources	434,884
<b>NET POSITION</b>	
Net Investment in capital assets	179,170
Restricted	1,015,516
<b>Total net position</b>	<b>\$ 1,194,686</b>

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

CLARK COUNTY BOARD OF EDUCATION  
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds  
For the Year Ended June 30, 2023

	Enterprise Fund
	School Food
	Services
<b>OPERATING REVENUES</b>	
Lunchroom sales	\$ 287,966
Total operating revenues	287,966
<b>OPERATING EXPENSES</b>	
Salaries & benefits	1,576,439
Purchased professional services	19,889
Purchased property services	86,661
Other purchased services	7,839
Supplies	2,626,139
Dues, Fees, and miscellaneous	12,886
Depreciation	31,159
Total operating expenses	4,361,012
Operating income (loss)	(4,073,046)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Federal grants	4,231,220
Federal donated commodities	398,631
State grants	27,608
State on-behalf payments	786,764
State on-behalf payments	(786,764)
Pension expense	1,471,276
OPEB expense	(54,145)
Other local revenues	1,414
Earnings from investments	82,138
Total nonoperating revenues (expense)	6,158,142
Income (loss) before operating transfers	2,085,096
Operating transfer out	(258,994)
Change in net position	1,826,102
<b>NET POSITION - BEGINNING</b>	<b>(631,416)</b>
<b>NET POSITION - ENDING</b>	<b>\$ 1,194,686</b>

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



CLARK COUNTY BOARD OF EDUCATION  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended June 30, 2023

	Enterprise Fund
	School Food
	Services
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 287,966
Payments to suppliers	(1,999,244)
Payments to employees	(950,435)
Net cash provided (used) by operating activities	(2,661,713)
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES	
Operating grants and contributions	3,660,067
Net cash provided (used) by noncapital financing activities	3,660,067
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(25,829)
Operating transfer to general fund	(258,994)
Net cash provided (used) by capital financing activities	(284,823)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	82,138
Net cash provided (used) by investing activities	82,138
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	795,669
CASH AND CASH EQUIVALENTS - BEGINNING	1,508,865
CASH AND CASH EQUIVALENTS - ENDING	\$ 2,304,534
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (4,073,046)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	31,159
Changes in assets and liabilities:	
Receivables	370,549
Inventory	(4,277)
Account Payables	(15,096)
Pension expense	1,471,276
OPEB expense	(54,145)
Federal donated commodities	398,631
On-behalf payments expenses	(786,764)
Net cash provided (used) by operating activities	\$ (2,661,713)
Schedule of non-cash transactions	
Federal donated commodities	\$ 398,631
State on-behalf payments	\$ 786,764

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

**CLARK COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2023**

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**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements presented for the Clark County Board of Education are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB). The District’s significant accounting and reporting policies are described below.

**The Financial Reporting Entity**

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

As required by GAAP, these financial statements present the primary government and its component unit, an entity for which the government is considered to be financially accountable. This component unit is reported on a blended basis. A blended component unit, although a legally separate entity, is, in substance, part of the government’s operations and so data from this unit is combined with data of the primary government. Separate financial statements are not issued for this component unit.

The District’s reporting entity includes the following blended component unit:

The Clark County School District Finance Corporation was formed in accordance with the provisions of KRS Sections 162.120 through 162.300 and Section 162.385, and KRS Chapter 273 and KRS 58.180, as a non-profit, non-stock corporation for the purpose of financing necessary school building facilities on behalf of the District. Under the provisions of existing Kentucky laws, the Corporation is permitted to act as an agency and instrumentality of the District for financing purposes. The Board serves as the Governing Board of the Corporation and all accounting and administrative functions are performed by the District, which records all activity of the Corporation as a blended component unit.

**Basis of presentation and accounting**

**Government-wide**

The Districts government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements report information about the reporting entity as a whole. Fiduciary activities of the District are not included in these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through property taxes, intergovernmental revenue, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services rendered.

The Statement of Activities presents a comparison between direct expenses and program revenue for the business-type activities and for each function of the District’s governmental activities. Program revenues includes (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including property taxes and general state aid, are presented as general revenues.

**CLARK COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2023**

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**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all the District’s assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability incurred.

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

**Fund Financial Statements**

The fund financial statements of the District are organized into funds, each of which is considered to be a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific district functions or activities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three categories: governmental, proprietary, and fiduciary. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

**Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are included in the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increase (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally collected 60 days after year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the District are taxes and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured.

**Major Governmental Funds:**

General Fund – accounts for the general operating costs for the District and provides support services to other funds. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use.

**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Major Governmental Funds: (Continued)**

Special Revenue Fund - accounts for proceeds of specific revenue sources (other than expendable trust funds 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 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.

Construction Fund -The Construction Fund accounts for and reports proceeds from sales of bonds and other revenues to be used for authorized construction.

Debt Service Fund – 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 costs; and for the payment of interest on general obligation notes payable, as required by Kentucky Law.

**Non-Major Governmental Funds**

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

Student Activity Fund –The Student Activity Fund is a special revenue fund type and is used to account for funds student activity that are legally restricted to expenditures for specified purposes imposed by external parties, enabling legislation, or by board action.

Capital Outlay Fund – The Support Education Excellence in Kentucky (SEEK) Fund receives those funds designated by the state as capital outlay funds and is generally restricted for use in financing projects identified in the district’s facility plan (including payment of bonded lease obligations).

Facility Support Program (FSKP) fund - The Facility Support Program of Kentucky (FSPK) accounts for and reports 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.

**Proprietary Fund Financial Statements**

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expense and Changes in Net position, and a Statement of Cash Flows. The District does not have an internal service fund.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**CLARK COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2023**

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**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Enterprise Fund**

School Food Services Fund – is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA.

**Fiduciary Fund Financial Statements**

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Net Position. Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations or other governments. The Fiduciary Funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting. Fiduciary funds are purely custodial and do not involve measurement of results of operations. This District does not currently have any fiduciary funds.

**Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicate the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-wide and fiduciary fund financial statement are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period (60 days). Expenditures are recorded when the liability is incurred, except for unmatured interest on long-term debt which is recognized when due, other post-employment benefits, claims and judgments and compensated absences, which are recognized when expended. Revenues susceptible to accrual are interest, state and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met.

**Budgetary information**

The District’s budgetary process accounts for transactions on a modified accrual basis of accounting which is consistent with the accounting principles generally accepted in the United States of America. State law requires the district to formally and publicly examine anticipated receipts and expenditures for the next fiscal year by January 31 (draft budget), adopt a tentative working budget on or before May 30 for the next fiscal year and a final working budget must be submitted to the Kentucky Department of Education (KDE) by September 30 for the current year with a recommended reserve of at least two percent of total budgeted expenditures in the general and school food service funds. The Special Revenue Fund and the Construction fund are multi-year funds. A fund is multi-year when budgeted amounts in that fund may be received and expended over a period extending beyond one fiscal year. A budget projection is created one time for a project (grant or a construction project) which is in the year of its inception. After a budget completion is processed on a project, that budget remains with the project over the lifetime of the project.

**CLARK COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2023**

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**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgetary information (Continued)**

Expenditure budgets are appropriated at the major function level for each fund. Appropriations may not legally be over-expended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

**Cash and cash equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and all highly liquid investments with a maturity of three months or less from the date of the acquisition. For the purposes of the statement of cash flows, the District defines cash and cash equivalents as amounts in demand deposits as well as short-term, highly liquid investments with original maturities of three months or less.

**Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance**

**Deposits with Financial Institutions and Investments**

The District's policy on investments primarily follow state statutes and regulations which authorize the District to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance.

**Prepaid items**

Prepaid items are charged to expenditure/expense at the time the items are used (consumption method).

**Inventory**

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

**Capital assets**

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

**CLARK COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2023**

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**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance (Continued)**

**Capital assets (Continued)**

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are expensed.

All reported capital assets 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:

Building and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other	10 years

**Long-term obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities. 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 applicable bond premium or discount.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Deferred outflows/inflows of resources**

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separated financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The District reports three types of deferred outflows-contributions to the CERS pension system after the measurement period, contributions to the TRS medical insurance fund after the measurement period and the unrecognized portion of a deferred loss on the refinancing of long-term debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until the appropriate period. The District reports two types of deferred inflows – those related to the net difference projected and actual earning on pension plan investments, and those related to the net difference projected and actual earnings on OPEB plan investments.

**CLARK COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2023**

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**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Pension obligations**

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

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CERS and TRS and additions to/deductions from fiduciary net position on the same basis as they are reported by these multiple-employer cost-sharing OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the pension systems when due and payable in accordance with the benefit terms. Investments are reported at fair value by the pension systems. Both systems publish separate financial statements as described in Note for Postemployment Benefits Other Than Pensions.

**Net position flow assumptions**

Net position is classified into the following categories:

Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – consists of all other net position that is not included in the other categories previously mentioned.

When both restricted and unrestricted resources are available for use in a specific program or for specific purpose, the District’s normal policy is to use restricted resources first to finance its activities.

**Fund balance flow assumptions**

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). When fund balance resources are available for a specific purpose in multiple classifications, the District uses the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

**Fund balance policies**

Governmental fund equity is classified as fund balance. GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on purpose for which resources can be used:



**CLARK COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2023**

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**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund balance policies (Continued)**

**Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid items as being non-spendable as they are not expected to be converted to cash.

**Restricted:** This classification includes amounts for which constraints have been placed on the use of resources which are either.

1. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. Imposed by law through constitutional provisions or enabling legislation.

**Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the District's Board of Directors, which is the District's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

**Assigned:** This classification includes spendable amounts for a specific purpose. The intent of an assigned fund balance is expressed by either the District's Board, or a subordinate high-level body, such as a finance committee, or an official, such as the superintendent, that has the authority to assign amounts to be used for assigned purposes.

**Unassigned:** This classification is the residual fund balance for the General Fund. It represents fund balance that has not been assigned, committed, or restricted.

**Revenue and expenditures/expenses**

**Program revenues –** amounts reported as program revenues include 1) charges to customers who purchase or use goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not property included amount program revenues are reported instead as general revenues.

**Property taxes –** Property taxes are levied each August 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. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 15, 2022 through April 17, 2023.

**Grants –** unreimbursed expenditures due from grantor agencies are reflected in the government-wide financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as unavailable revenue on the Balance Sheet and unearned revenue on the Statement of Net Position.

**Compensated absences –** 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 accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. On June 30, 2023, this amount total \$366,012.

**CLARK COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2023**

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**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Implementation of New Accounting Principle**

The district adopted the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). The statement defines SBITA; (2) establishes that a SBITA results in a right-to-use subscription assets-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

**Note II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Violations of legal or contractual provisions**

This District had no violations of legal or contractual provision in the fiscal year.

**Cash deposits and cash equivalents**

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

Custodial credit risk is the risk that in the event of a bank failure, a government’s deposits may not be returned to it. The District’s deposit policy for custodial credit risk requires compliance with the provisions of state law.

At year-end, the District’s bank balances were collateralized by securities held by the pledging bank’s trust department in the District’s name and FDIC insurance. At year end, the carrying amount of the District’s cash and cash equivalents was \$36,422,349. The bank balance for the same time was \$38,293,123.

**Receivables**

Amounts are aggregated into a single account receivable line in the Statement of Net Position and Balance Sheet. Below is the detail of receivable for the governmental funds:

Receivables	General Fund	Special	District	Student	Debt Service	Food Service	Totals
		Revenue Fund					
Taxes	\$ 916,102	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 916,102
Accounts	31,278	-	24,163	4,980	-	61,172	121,593
Intergovernmental-state	-	34,158	-	-	-	-	34,158
Intergovernmental-federal	-	3,871,033	-	-	1,018,355	-	4,889,388
Total Receivables	<u>\$ 947,380</u>	<u>\$ 3,905,191</u>	<u>\$ 24,163</u>	<u>\$ 4,980</u>	<u>\$ 1,018,355</u>	<u>\$ 61,172</u>	<u>\$ 5,961,241</u>

**CLARK COUNTY BOARD OF EDUCATION**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2023**

**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

**Capital assets**

The changes in capital assets for the year ended June 30, 2023, are as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<b><u>Governmental Activities:</u></b>				
Non-depreciable capital assets				
Land	\$ 4,123,823	\$ -	\$ -	\$ 4,123,823
Construction in progress	45,694,105	4,361,783	211,432	49,844,456
Total - Non-depreciable capital assets	<u>49,817,928</u>	<u>4,361,783</u>	<u>211,432</u>	<u>53,968,279</u>
Depreciable capital assets				
Land improvements	1,164,375	481,102	-	1,645,477
Buildings and Building Improvements	128,145,213	584,216	-	128,729,429
Technology equipment	112,366	46,590	-	158,956
Vehicles	5,885,523	193,792	22,487	6,056,828
General equipment	2,815,187	472,407	3,499	3,284,095
Total - Depreciable capital assets	<u>138,122,664</u>	<u>1,778,107</u>	<u>25,986</u>	<u>139,874,785</u>
Less: Accumulated depreciation				
Land improvements	229,269	75,558	-	304,827
Buildings and building Improvements	32,637,231	2,637,934	-	35,275,165
Technology equipment	91,396	17,371	-	108,767
Vehicles	3,926,621	420,620	19,716	4,327,525
General equipment	994,511	213,674	3,499	1,204,686
Total - Accumulated depreciation	<u>37,879,028</u>	<u>3,365,157</u>	<u>23,215</u>	<u>41,220,970</u>
Governmental Activities Capital Assets - net	<u>\$ 150,061,564</u>	<u>\$ 2,774,733</u>	<u>\$ 214,203</u>	<u>\$ 152,622,094</u>
<b><u>Business-Type Activities:</u></b>				
General equipment	\$ 937,300	\$ 25,829	\$ 57,785	\$ 905,344
Total - Non-depreciable capital assets	<u>937,300</u>	<u>25,829</u>	<u>57,785</u>	<u>905,344</u>
Less: Accumulated depreciation				
General equipment	752,800	31,159	57,785	726,174
Total - Depreciable capital assets	<u>752,800</u>	<u>31,159</u>	<u>57,785</u>	<u>726,174</u>
Business-Type Activities Capital Assets - net	<u>\$ 184,500</u>	<u>\$ (5,330)</u>	<u>\$ -</u>	<u>\$ 179,170</u>

\*Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as "unallocated".

**CLARK COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2023**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**Pension obligations**

The District participates in both the Teachers' Retirement System of the State of Kentucky (TRS) and the Kentucky Public Pensions Authority (KPPA) - County Employees Retirement System (CERS) for non-hazardous duties based on each position's college degree requirement. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification. The Teachers Retirement System covers positions requiring teaching certification or otherwise requiring a college degree.

**Teacher's Retirement System of the State of Kentucky (TRS)**

**Plan Description**

TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a cost-sharing multiple-employer defined benefit 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 of Kentucky. KRS 161.250 provides that the general administration and management of TRS, and the responsibility for its proper operation, is vested in a board of trustees. TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS covers positions requiring teaching certification or otherwise requiring a college degree as well as any person providing part-time or substitute teaching services that are the same or similar to those teaching services provided by full-time, certified teachers. Copies of the TRS Comprehensive Annual Financial Report and Actuarial Valuations may be obtained at: <https://trs.ky.gov/administration/financial-reports-information/>.

**Pension Benefits**

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

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

Employees who retire July 1, 2004 or later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5 % to 3.0% to be used in their benefit calculation. Effective July 1, 2008 the system has been amended to change the benefit structure for members hired on or after that date. For members who enter TRS on or after January 1, 2022 TRS created a hybrid retirement plan with a foundational benefit which pays a lifetime retirement annuity.

**CLARK COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2023**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary. When calculating the final average salary for employees entering the service on or after January 1, 2022 increases in compensation in the last five years prior to retirement are limited to the highest percentage increase generally available to the district's employees.

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

For members hired on or after January 1, 2022, new members must be age 57 and have 10 years of service or age 65 and 5 years of service. The annual foundational benefit for members is equal to service times a multiplier times final average salary. The multiplier for non-university members who are age 65 and over with 5-9.99 years of service is 1.90%. The multiplier for non-university members with 10-19.99 years of service who are age 57-60 is 1.70%, age 61 - 1.74%, age 62 - 1.78%, age 63 - 1.82%, age 64 - 1.86% and age 65 and over 1.90%. The multiplier for non-university members with 20-29.99 years of service who are age 57-60 is 1.95%, age 61 - 1.99%, age 62 - 2.03%, age 63 - 2.07%, age 64 - 2.11% and age 65 and over 2.15%. The multiplier for non-university members with 30 or more years of service who are age 57-60 is 2.20%, age 61 - 2.24%, age 62 - 2.28%, age 63 - 2.32%, age 64 - 2.36% and age 65 and over 2.40%. The annual foundational benefit is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 30 years of service. The annual supplemental benefit is equal to the account balance which includes member and employer contributions and interest credited annually on June 30. Options include annuitizing the balance or receiving the balance as a lump sum either at the time of retirement or at a later date.

**Contributions**

Contribution rates are established by Kentucky Revised Statutes ("KRS"). Non-university employees are required to contribute 9.105% of their salaries to the System. The Commonwealth, as a non-employer contributing entity, pays matching contributions at the rate of 16.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 16.105% for those hired after July 1, 2008. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 16.105% of salaries. The required matching contribution for those employees classified as critical shortage is 24.8%. 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.

**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Kentucky Public Pensions Authority (KPPA) - County Employees Retirement System (CERS)

Plan Description

Under the provisions of KRS 61.645, the Board of Trustees of the Kentucky Public Pensions Authority (KPPA) administers CERS and has the authority to establish and amend benefit provisions. CERS was created by the Kentucky General Assembly pursuant to the provision of KRS 78.520. CERS is a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky General Assembly. KRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth’s financial statements. CERS covers employees whose positions do not require a degree, substantially all full-time classified employees and these positions are considered non-hazardous. Copies of the TRS Comprehensive Annual Financial Report and Actuarial Valuations may be obtained at <https://kyret.ky.gov/Employers/GASB/Pages/default.aspx>.

Pension Benefits

CERS provides retirement, health insurance, death and disability benefits to CERS 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’ equal 87
	Reduced retirement	Not available

Contributions

CERS pension benefits are grouped into three tiers, based on the hire date:

Tier 1 plan members who began participating prior to September 1, 2008, are required to contribute 5% (non-hazardous) or 8% (hazardous) of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30 on members’ accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

**CLARK COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2023**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Tier 2 plan members, who began participating on, or after, September 1, 2008 and before January 1, 2014, are required to contribute 6% (non-hazardous) or 9% (hazardous) of their annual credit compensation, while 1% of these contributions are deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(k) in the Pension Fund (See Kentucky Administrative Regulation 105 KAR 1:420 Employer's administrative duties). These members are classified in the Tier 2 structure of benefits. Interest is paid each June 30<sup>th</sup> on members' accounts as a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited.

Tier 3 plan members, who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute 5% (non-hazardous) or 8% (hazardous) of their annual creditable compensation, and an additional 1% to the health insurance fund (401(h) account) which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the KPPA board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received an employer pay credit is deposited to the member's account. A member's account is credited with a 4% (non-hazardous) or 7.5% (hazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution. CERS contribution rates for non-hazardous employees for pension 23.40%, insurance 3.39% for a combined total of 26.79%.

Funding for CERS is provided by members, who contribute 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2023, employers were required to contribute 26.79% of the member's salary. During the year ending June 30, 2023, the District contributed \$805,686 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

**Other Retirement Plans**

The District also offers employees the option to participate in defined contribution plans under Sections 403(B) and 401(K) of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum allowable by laws. These plans are administered by an independent third-party administrator. The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until their termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, allows entities with little or no administrative involvement and who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statement statements. The District, therefore, does not report these assets and liabilities on its financial statements. Employee contributions made to the plan during the year total \$379,341. The District does not contribute to these plans.

**CLARK COUNTY BOARD OF EDUCATION**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2023**

**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

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

On June 30, 2023, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District’s proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District.

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

District's proportionate share of the net CERS pension liability	\$ 21,862,706
Commonwealth's proportionate share of the net TRS pension liability associated with the District	<u>119,724,404</u>
	<u>\$ 141,587,110</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 portion 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. On June 30, 2022, the District’s proportion was .302430%.

For the year ended June 30, 2023, the District recognized CERS pension expense of \$2,013,597 which is a \$1,786,745 increase in governmental funds and \$226,852 increase in proprietary funds and \$1,283,609 related to TRS as being paid. The adjusted pension expense recognized on the statement of activities, based on actuarial valuation for the year ended June 30, 2022, was \$565,015 (an increase of \$2,036,292 in governmental funds and a decrease of \$1,471,276 in the business type activity funds). The District also recognized revenue of \$11,160,353 for TRS support provided by the Commonwealth.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,374	\$ 194,697
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan	2,974,859	2,414,379
Changes in proportion and difference between District contributions and proportionate share of contributions	1,231,095	-
District contributions subsequent to the measurement date	<u>2,013,597</u>	<u>-</u>
	<u>\$ 6,242,925</u>	<u>\$ 2,609,076</u>



**CLARK COUNTY BOARD OF EDUCATION**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2023**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Pension liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The amount reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date is \$2,013,597 and will be recognized as a reduction of the net pension liability in the year ending 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:

Fiscal Year Ending June 30:	Amount
2023	\$ 656,540
2024	526,363
2025	(183,722)
2026	621,071
2027	-
Thereafter	-

Actuarial assumptions

The actuarially determined contributions effective for fiscal year ending 2022 were calculated as of June 30, 2020. Based on the June 30, 2020 actuarial valuation report, the actuarial methods and assumptions, applied to all periods included in the measurement:

	CERS	KTRS
Inflation	2.30%	2.50%
Projected Salary Increases	3.30% to 10.30%, varies by service	3.00% to 7.50%
Investment Rate of Return, net of investment expense and inflation	6.25%	7.10%

For TRS, Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025 with a setback of 2 years for males and 1 year for females.

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

**CLARK COUNTY BOARD OF EDUCATION**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2023**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Actuarial assumptions (Continued)

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

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

For CERS, the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2010 through 2015, is outlined in a report dated August 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were 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 then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

**CLARK COUNTY BOARD OF EDUCATION**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2023**

**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Actuarial assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00%	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	20.00%	
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Inflation Protected	20.00%	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Expected Real Return	100.0%	4.28%
Long-Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

**Discount Rate**

For TRS, 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 2038 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2035 and a municipal bond index rate of 3.50% was applied to all periods of projected benefit payments after 2035. 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.

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.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. The future contributions are projected assuming that each participating employer in the System contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 Legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028.

**CLARK COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2023**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Discount Rate (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
TRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 27,325,669	\$ 21,862,706	\$ 17,344,381

**Other postemployment benefit (OPEB) obligations**

The District's employees are provided with two OPEB plans, based on each position's college degree requirement. TRS covers positions requiring teaching certification or otherwise requiring a college degree. The CERS covers employees whose position does not require a college degree or teaching certification. Retired district employees receive some health care benefit depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advance funded on an actuarially determined basis through the TRS and CERS plans. The TRS publicly available financial report may be obtained from <https://trs.ky.gov/administration/financial-reports-information/>. CERS issues a publicly available financial report that can be obtained at <https://kyret.ky.gov/Employers/GASB/Pages/default.aspx>.

**TRS – OPEB**

The Commonwealth of Kentucky (State) reports a liability, deferred outflows of resources and deferred inflows of resources, and expenses as a result of the statutory requirement to contribute to the TRS Medical Insurance (Health Trust) and Life Insurance Plans (Life Trust). The following information is about the TRS plans:

**TRS Medical Insurance Fund (Health Trust)**

Plan description

In addition to the retirement annuity plan described previously, KRS 161.675 requires TRS to provide access to post-employment healthcare benefits for eligible employees and dependents. The TRS medical plan (Health Trust) is a cost-sharing multiple-employer defined benefit plan. The Health Trust is funded by employer and member contributions. Changes to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance (KDEI), and the General Assembly.

The TRS medical plan is funded by employee contributions to an account established pursuant to 26 U.S.C. sec. 401(h). Additional funding is derived from the Kentucky Teacher's' Retirement System insurance trust fund that went into effect on July 1, 2010. The insurance trust fund provides a trust separate from the account established pursuant to 26 U.S.C. sec. 401(h). The insurance trust fund includes employer and retired member contribution required under KRS 161.550 and KRS 161.675(4)(b)

**CLARK COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2023**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**TRS Medical Insurance Fund (Health Trust) (Continued)**

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

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

The CERS Non-hazardous Insurance Fund is a cost-sharing multiple-employer defined benefit Other Postemployment Benefits ("OPEB") plan for members that cover all regular full-time members employed in non-hazardous duty positions of any State department, board, agency, county, city, school board, and any additional eligible local agencies electing to participate. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

**TRS Postemployment Life Insurance Benefits (Life Trust)**

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

**Benefits Provided**--The TRS Life Insurance Plan provides a life insurance benefit of \$5,000 payable for members who retire based on service or disability. Active members may receive a \$2,000 lump sum payable. The benefit is payable to the member's estate or to a party designated by the member.

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

**CERS – OPEB**

**Plan description**

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

**Benefits provided**

Percentage of premium subsidies for CERS ranges from 0% for less than 4 years of service to 100% for 20 years or more service. For members who initiated participation in CERS system after July 1, 2003 until August 31, 2008, members must have 120 months of service in a state-administered retirement system to qualify for participation in the KPPA health plans.

**CLARK COUNTY BOARD OF EDUCATION**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2023**

**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**CERS – OPEB (Continued)**

Members who began participating with KPPA on or after September 1, 2008 must have 180 months of service upon retirement to participate in the KPPA health plans. Non-hazardous retiree receives \$10 toward the monthly premium for each full year of service.

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

Contribution

CERS allocates a portion of the employer contributions to the health insurance benefit plan. For the 2022 measurement period, CERS allocated 3.39% of the 26.79% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1% of the tier 2 and 3 employee contributions of 6% are allocated to the health insurance plan.

On June 30, 2022, the amount recognized by the District as its proportionate share of the net OPEB liability, the related Commonwealth support, and the total portion of the net OPEB liability with the District were as follows:

District's proportionate share of the net TRS OPEB MIF liability	\$ 12,579,000
District's proportionate share of the net CERS OPEB MIF liability	5,967,451
Total district proportionate share	<u>\$ 18,546,451</u>
Commonwealth's proportionate share of the net TRS OPEB - MIF liability associated with the District	4,132,000
Total proportionate share	<u>\$ 22,678,451</u>

For the year ended June 30, 2023, the District recognized CERS OPEB expense of \$291,713 which is a \$280,133 increase in governmental funds, \$11,580 increase in proprietary funds, and \$722,995 related to TRS as being paid. The net OPEB liability for each plan was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. For the year ended June 30, 2023, based on actuarial valuation, the district recognized on the statement of activities adjusted total net OPEB expense of \$(5,044,717), (decrease \$4,990,572 in governmental funds and a decrease of \$54,145 in the business type activity funds).

On June 30, ,2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the followings sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 600,674	\$ 6,656,475
Changes of assumptions	3,498,794	777,681
Net difference between project and actual earnings on OPEB	1,780,201	868,997
Changes in proportion and difference between District contributions and proportionate share of contributions	3,946,181	42,613
District contributions subsequent to the measurement date	1,014,709	-
Totals	<u>\$ 10,840,559</u>	<u>\$ 8,345,766</u>

**CLARK COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2023**

**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,014,709 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the Year Ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District’s OPEB expense as follows:

Fiscal Year Ending June 30:	TRS	CERS
2023	\$ (118,000)	161,632
2024	(58,000)	125,784
2025	(2,000)	(254,096)
2026	722,000	100,763
2027	564,000	-
Thereafter	238,000	-

Actuarial assumptions for TRS are as follows:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.00%-7.50%

Long-term Investment Rate of  
Return, net of OPEB plan  
investment expense, including  
inflation

Health Trust	7.10%
Life Trust	7.10%

Single Equivalent Interest Rate,  
Net of OPEB plan investment  
Expense, including price  
inflation

Heath Trust	7.10%
Life Trust	7.10%

Health Trust Cost Trends

Under Age 65	7.00% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2032
Ages 65 and Older Medicare Part B Premiums	5.125% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2025
	6.97% for FYE 2022 with an ultimate rate of 4.50% by 2034

Actuarial assumptions for CERS are as follows:

Inflation	2.30%
Payroll growth	2.00%
Salary increases, including	3.30% to 10.30%, varies by service
Investment Return	6.25%

**CLARK COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2023**

**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement. For CERS, mortality rates were based on system-specific mortality table based on mortality experience from 2013-2018 projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2015.

The long-term expected rate of return on OPEB plan investments was determined based on the allocation of assets by asset class and by the mean and variance of real returns. The municipal bond rate is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate (formerly published monthly by the Board of Governors of the Federal Reserve System).

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

Asset Class	Medical Insurance Trust	
	Target Allocation	30-Year Expected Geometric Real Rate of Return
Global Equity	58.00%	5.40%
Fixed Income	9.00%	0.00%
Real Estate	6.50%	4.30%
Private Equity	8.50%	7.70%
Other Additional Categories	17.00%	2.50%
Cash (LIBOR)	1.00%	-0.50%
Total	<u>100.00%</u>	

Asset Class	Life Insurance Trust	
	Target Allocation	30-Year Expected Geometric Real Rate of Return
U.S. Equity	40.00%	4.30%
International Equity	23.00%	5.60%
Fixed Income	18.00%	0.00%
Real Estate	6.00%	4.30%
Private Equity	5.00%	7.70%
Other Additional Categories	6.00%	2.50%
Cash (LIBOR)	2.00%	-0.50%
Total	<u>100.00%</u>	



**CLARK COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2023**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Discount Rate--The discount rate used to measure the State's total OPEB liability for life insurance was 7.50%. The projection of cash flows used to determine the discount rate assumed that 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.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class, are summarized in the following table:

<u>Asset Class</u>	<u>Target</u>	<u>Long-term Expected Real Rate of Return</u>
Growth	62.50%	
US Equity	18.75%	4.50%
Non-US Equity	18.75%	5.30%
Private Equity	10.00%	6.70%
Specialty Credit/High Yield	15.00%	3.90%
Liquidity	14.50%	
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Diversifying Strategies	23.00%	
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
Expected Real Return	<u>100.00%</u>	

**Discount Rate**

For TRS, the discount rate used to measure the TOL at June 30, 2022 was 7.10% for the Health Trust and 7.10% for the Life Trust.

The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2021. In addition to the actuarial methods and assumptions of the June 30, 2021 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows.

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.
- The pre-65 retiree health care costs for members retired on or after July 1, 2010 were assumed to be paid by either the State or the retirees themselves.
- As administrative expenses, other than the administrative fee of \$8.00 PMPM paid to KEHP by TRS were assumed to be paid in all years by the employer as they come due, they were not considered.
- Cash flows occur mid-year.

**CLARK COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2023**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Discount Rate (Continued)

- Future contributions to the Health Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1).3 and 161.550(5), when the Health Trust achieves a sufficient prefunded status, as determined by the retirement system's actuary, the following Health Trust statutory contributions are to be decreased, suspended or eliminated:
  - Employee contributions
  - School District/University Contributions
  - State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010

To reflect these adjustments, open group projections were used and assumed an equal, pro rata reduction to the current statutory amounts in the years if/when the Health Trust is projected to achieve a Funded Ratio of 100% or more. Here, the current statutory amounts are adjusted to achieve total contributions equal to the Actuarially Determined Contribution (ADC), as determined by the prior year's valuation and in accordance with the Health Trust's funding policy. As the specific methodology to be used for the adjustments has yet to be determined, there may be differences between the projected results and future experience. This may also include any changes to retiree contributions for KEHP coverage pursuant to KRS 161.674(4)(b).

- In developing the adjustments to the statutory contributions in future years, the following was assumed:
  - Liabilities and cash flows are net of expected retiree contributions and any implicit subsidy attributable to coverage while participating in KEHP.
  - For the purposes of developing estimates for new entrants, active headcounts were assumed to remain flat for all future years.

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

Life Trust Discount Rate.

The discount rate used to measure the TOL as of the Measurement Date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2021. In addition to the actuarial methods and assumptions of the June 30, 2021 actuarial valuation, the following actuarial methods and assumptions were used in the projection of the Life Trust's cash flows:

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

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

**CLARK COUNTY BOARD OF EDUCATION**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2023**

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Long-term rate of return

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

**Risk management**

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

**Long-Term Debt**

The Kentucky School Facility Construction Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting the school construction needs. Through a “participation agreement” with the District, the Commission agreed to pay annual debt service requirements on behalf of the District.

The bonds may be called prior to maturity at dates and redemption premiums specified in each issue. Assuming no issues are called prior to maturity, the minimum obligation of the District, including amounts to be paid by the Commission, on June 30, 2023 for debt services are as follows:

	Interest Rates	Maturity Date	Original Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due within one year
Governmental Activities:								
Bonds:								
Series 2010 QSCB	5.20%	6/1/2026	\$ 41,535,000	\$ 17,855,653	\$ -	\$ 1,973,279	\$ 15,882,374	\$ 1,973,279
Series 2011 QZAB	5.00%	12/1/2030	2,845,000	1,651,352	-	119,365	1,531,987	119,365
Series 2011 QSCB	5.00%	12/1/2030	15,450,000	9,046,520	-	640,348	8,406,172	640,348
Series 2015	3.00 - 3.50%	4/1/2035	8,380,000	6,930,000	-	225,000	6,705,000	235,000
Series 2017A	2.00 - 3.50%	5/1/2037	7,970,000	6,985,000	-	235,000	6,750,000	245,000
Series 2017B	2.00 - 3.13%	9/1/2037	19,255,000	18,630,000	-	240,000	18,390,000	250,000
Series 2019	3.00 - 3.75%	8/1/2039	3,000,000	2,985,000	-	5,000	2,980,000	10,000
Series 2020R	1.00%	11/1/2030	2,265,000	1,860,000	-	205,000	1,655,000	205,000
Series 2021	1.50 - 1.85%	8/1/2032	9,770,000	9,735,422	-	520,000	9,215,422	525,000
Series 2023	4.00 - 5.00%	2/23/2023	22,710,000	-	22,710,000	-	22,710,000	50,000
			<u>\$ 133,180,000</u>	<u>\$ 75,678,947</u>	<u>\$ 22,710,000</u>	<u>\$ 4,162,992</u>	<u>\$ 94,225,955</u>	<u>\$ 4,252,992</u>
Other Liabilities								
Capital Lease				\$ 1,545,142	\$ -	\$ 227,535	\$ 1,317,607	\$ 224,656
Sick Leave				544,044	-	178,032	366,012	200,437
Pension Liability				15,794,869	5,199,934	-	20,994,803	-
OPEB Liability				13,077,751	4,732,446	-	17,810,197	-
Total Other Liabilities				<u>30,961,806</u>	<u>9,932,380</u>	<u>405,567</u>	<u>40,488,619</u>	<u>425,093</u>
Total Governmental Activities Liabilities				<u>\$ 106,640,753</u>	<u>\$ 32,642,380</u>	<u>\$ 4,568,559</u>	<u>\$ 134,714,574</u>	<u>\$ 4,678,085</u>

**CLARK COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2023**

**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**Long-Term Debt (Continued)**

The future principal and interest payments on long-term debt are as follows:

Fiscal Year Ending June 30:	District		Kentucky School Facility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 3,636,945	\$ 4,969,309	\$ 616,047	\$ 303,908	\$ 4,252,992	\$ 5,273,217
2025	3,679,626	4,930,841	643,366	287,055	4,322,992	5,217,896
2026	3,698,269	4,909,713	664,723	270,920	4,362,992	5,180,633
2027	13,825,717	2,711,004	691,533	254,109	14,517,250	2,965,113
2028	3,945,509	2,631,561	719,204	236,339	4,664,713	2,867,900
2029	4,031,438	2,548,392	743,275	217,231	4,774,713	2,765,623
2030	4,116,566	2,462,993	773,147	197,314	4,889,713	2,660,307
2031	8,091,382	1,916,832	753,785	176,815	8,845,167	2,093,647
2032	3,101,893	1,364,401	613,107	156,118	3,715,000	1,520,519
2033	3,181,891	1,281,821	638,109	135,277	3,820,000	1,417,098
2034	2,869,164	1,203,785	670,836	112,821	3,540,000	1,316,606
2035	2,969,468	1,107,424	705,532	88,709	3,675,000	1,196,133
2036	2,988,485	1,006,020	531,515	63,274	3,520,000	1,069,294
2037	3,093,596	902,485	561,404	44,611	3,655,000	947,096
2038	3,199,340	795,068	195,660	24,898	3,395,000	819,966
2039	3,280,985	710,546	89,015	19,754	3,370,000	730,300
2040	3,412,424	580,006	92,576	16,194	3,505,000	596,200
2041	3,548,721	443,510	96,279	12,490	3,645,000	456,000
2042	3,694,316	301,560	105,684	8,640	3,800,000	310,200
2043	3,845,126	153,788	110,297	4,412	3,955,423	158,200
Totals	<u>\$ 84,210,861</u>	<u>\$ 36,931,059</u>	<u>\$ 10,015,094</u>	<u>\$ 2,630,889</u>	<u>\$ 94,225,955</u>	<u>\$ 39,561,948</u>

**Intangible Right-to-Use Lease Liabilities**

In FY 2022, the District implemented the guidance of GASBS No. 87, Leases, for accounting and reporting leases that had previously been reported as operating leases. The District leases a variety of copier/printers and card readers from Toshiba Business Solutions for a term of 60 months. The leases require minimum monthly lease payments of \$5,590 for copiers and \$852 for card readers, plus additional charges for excess usage and excluding applicable taxes. For purposes of discounting future payments on the lease, the District used the interest rate (3%) on its KISTA financing agreements to determine an appropriate discount rate. The leased equipment and accumulated amortization of the right-to-use assets are included in the capital asset schedule.

Fiscal Year Ending June 30	Lease Payments to Maturity		
	Principal	Interest	Total
2024	\$ 70,221	\$ 5,229	\$ 75,450
2025	72,357	3,037	75,394
2026	74,558	862	75,420
2027	50,961	76	51,037
Totals	<u>\$ 268,097</u>	<u>\$ 9,204</u>	<u>\$ 277,301</u>

**CLARK COUNTY BOARD OF EDUCATION**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2023**

**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**Long-Term Debt (Continued)**

**Financed purchases**

The District finances several buses under financing agreements issued by the Kentucky Interlocal School Transportation Association (KISTA). The following table summarizes the KISTA agreements outstanding as of June 30, 2023:

Issue	Maturity Date	Interest Rates	Original Principal Amount	Principal Outstanding at June 30, 2022	Debt Issued	Debt Paid	Principal Outstanding at June 30, 2023	Due Within One Year
2014 KISTA Lease	6/1/2031	3.00 - 3.50%	\$ 420,657	\$ 248,752	\$ -	\$ 24,335	\$ 224,417	\$ 25,065
2015B KISTA Lease	3/1/2025	2.00 - 2.50%	286,055	81,784	-	29,846	51,938	25,581
2017 KISTA Lease	3/1/2027	2.55%	448,848	223,307	-	45,344	177,963	46,522
2018 KISTA Lease	9/1/2028	2.00 - 3.00%	362,430	216,078	-	35,651	180,427	36,859
2020 KISTA Lease	3/1/2030	2.00%	380,332	298,302	-	36,445	261,857	37,245
2021 KISTA Lease	3/1/2031	1.25 - 1.50%	204,910	182,194	-	22,716	159,478	20,059
2022 KISTA Lease	3/1/2032	3.00%	294,725	294,725	-	33,198	261,527	33,325
		Totals	<u>\$ 2,397,957</u>	<u>\$ 1,545,142</u>	<u>\$ -</u>	<u>\$ 227,535</u>	<u>\$ 1,317,607</u>	<u>\$ 224,656</u>

The following is a schedule by years of the future minimum payments under KISTA financed purchase agreements as of June 30, 2023:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 224,656	\$ 33,879	\$ 258,535
2025	223,257	28,200	251,457
2026	194,477	22,583	217,060
2027	192,063	17,615	209,678
2028	153,473	12,734	166,207
2029-2032	329,681	18,305	347,986
Totals	<u>\$ 1,317,607</u>	<u>\$ 133,316</u>	<u>\$ 1,450,923</u>
Total minimum lease payments			\$ 1,450,923
Less: amount representing interest			133,316
Present value of net minimum lease payments			<u>\$ 1,317,607</u>

**Interfund transfers**

Interfund transfers are used to fund operations in the various accounts. The composition of interfund transfers as of June 30, 2023 is as follows:

	Transfers In From Other Funds	Transfers Out To Other Funds
General Fund	\$ 1,945,681	\$ 1,191,349
Special Revenue Fund	145,021	1,048,937
District Activity Fund	4,900	100
Student Activity Fund	29,215	32,015
Capital Outlay Fund	-	482,757
Building Fund	-	4,909,309
Construction Fund	1,915,929	-
Debt Service Fund	3,882,715	-
Food Service Fund	-	258,994
Total Transfers	<u>\$ 7,923,461</u>	<u>\$ 7,923,461</u>

Transfers were made between funds to cover operations, indirect costs, construction projects, and debt service payments.

**CLARK COUNTY BOARD OF EDUCATION**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2023**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**On-Behalf payments**

The Commonwealth of Kentucky makes payments on-behalf of the District for the employer’s portion of health benefits, teacher’s retirement, technology, and debt service.

Kentucky Teachers Retirement System	\$ 11,160,353
Health, Life, Vision & Dental Insurance	5,915,073
Technology	158,580
Debt Service	<u>1,255,404</u>
Total On-Behalf	<u>\$ 18,489,410</u>

**New Pronouncements**

The GASB has issued the following reporting standards that will become effective for fiscal year 2023 and later years’ financial statements.

GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62-the primary objective of this Statement is to enhance accounting and financial report requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101, Compensated Absences-the objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The District is currently evaluating the impact that will result from adopting these GASB standards and is therefore unable to disclose the impact that adopting these standards will have on the District’s financial position and the results of its operations when the standards are adopted.

**Commitments and Contingencies**

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

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

The district also had construction commitments for on-going projects at June 30, 2023.

**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**Restatement of Beginning Balance**

The beginning fund balance for the Special Revenue Fund was increased by \$506 to correct an error in the prior year.

**Clark County School District**  
**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of the District's Proportionate Share of Net Pension Liability – TRS and CERS  
For the Year Ended June 30, 2023

	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)
<b>Teacher's Retirement System of the State of Kentucky (TRS)</b>								
District's proportion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability	-	-	-	-	-	-	-	-
State's proportionate share of pension liability associated with the District	\$ 119,724,404	\$ 96,024,700	\$ 103,640,598	\$ 99,343,272	\$ 92,535,820	\$ 189,692,739	\$ 209,072,870	\$ 165,560,053
Total	\$ 119,724,404	\$ 96,024,700	\$ 103,640,598	\$ 99,343,272	\$ 92,535,820	\$ 189,692,739	\$ 209,072,870	\$ 165,560,053
District's covered-employee payroll	\$ 24,118,048	\$ 25,541,440	\$ 24,625,369	\$ 24,403,159	\$ 23,300,998	\$ 22,835,242	\$ 22,717,608	\$ 22,386,072
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Plan fiduciary net position as a percentage of the total pension liability	56.41%	65.59%	58.27%	58.80%	59.30%	39.80%	35.22%	42.49%
<b>County Employee Retirement System (CERS)</b>								
District's proportion of the net pension liability	0.302430%	0.279768%	0.276432%	0.268199%	0.259351%	0.247879%	0.255670%	0.250200%
District's proportionate share of the net pension liability	\$ 21,862,706	\$ 17,837,404	\$ 21,202,106	\$ 18,862,555	\$ 15,795,875	\$ 14,509,120	\$ 12,588,232	\$ 10,757,386
State's proportionate share of the net pension liability	-	-	-	-	-	-	-	-
Total	\$ 21,862,706	\$ 17,837,404	\$ 21,202,106	\$ 18,862,555	\$ 15,795,875	\$ 14,509,120	\$ 12,588,232	\$ 10,757,386
District's covered-employee payroll	\$ 8,570,686	\$ 6,844,837	\$ 6,807,835	\$ 6,503,279	\$ 6,366,878	\$ 5,890,324	\$ 6,271,485	\$ 6,064,648
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	255.09%	260.60%	311.44%	290.05%	248.09%	246.32%	200.72%	177.38%
Plan fiduciary net position as a percentage of the total pension liability	52.42%	57.33%	58.27%	50.45%	53.54%	53.30%	59.00%	59.97%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.



Clark County School District  
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions TRS and CERS - Pension  
For the Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Teacher's Retirement System of the State of Kentucky (TRS)</b>									
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 24,118,048	\$ 25,541,440	\$ 24,625,369	\$ 24,403,159	\$ 23,300,998	\$ 22,835,242	\$ 22,717,608	\$ 22,386,072	\$ -
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>County Employee Retirement System (CERS)</b>									
Contractually required contribution	\$ 2,013,597	\$ 1,815,009	\$ 1,416,758	\$ 1,429,310	\$ 1,164,587	\$ 930,809	\$ 841,917	\$ 726,374	\$ -
Contributions in relation to the contractually required contribution	2,013,597	1,815,009	1,416,758	1,429,310	1,164,587	930,809	841,917	726,374	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 8,570,686	\$ 6,844,837	\$ 6,807,835	\$ 6,503,279	\$ 6,366,878	\$ 5,890,324	\$ 6,271,485	\$ 6,064,648	\$ -
District's contributions as a percentage of its covered-employee payroll	23.49%	26.52%	20.81%	21.98%	18.29%	15.80%	13.42%	11.98%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Clark County School District  
REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information – Pension  
For the Year Ended June 30, 2023

TRS

Changes of benefit terms

A new benefit tier was added for members joining the System on and after January 1, 2022. A description of the benefit provisions applicable to these members can be found in Schedule D of the actuary report found at <https://trs.ky.gov/wp-content/uploads/2023/06/TRS-GASB-68-Report-2022-Actuary.pdf>.

Changes of assumptions

- In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%.
- In 2015, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%.
- In 2016 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2016 valuation, the Assumed Salary Scale, Price Inflation, and Wage Inflation were adjusted to reflect a decrease. In addition, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.
- In 2017, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%.
- In 2018, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%.
- In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was change to the Pub2010 Mortality Table (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.00 percent to 2.50 percent. In addition, the calculation of the SEIR results in an assumption change from 7.50% to 7.10%.

CERS

Changes of Benefit Terms

2022 None

2021 None

2020 None

2019 None

2018 None

2017 None

2016 None

Notes to Required Supplementary Information – Pension

For the Year Ended June 30, 2023

(Continued)

CERS (Continued)

Changes of Assumptions

2022 None

2021 Pension and OPEB - the salary increase assumption changed from 3.30% - 10.30% to 3.30% - 11.55% OPEB - single discount rate changed from 5.68% to 5.34%

2020 Pension and OPEB - the salary increase assumption changed from 3.05% to 3.30% - 10.30% OPEB - single discount rate changed from 5.85% to 5.68%

2019 Pension and OPEB - the salary increases assumption was changed from 2.00% to 3.05% OPEB, the single discount rate changed from 5.84% to 5.85%

2018 Pension and OPEB - the assumed investment return was changed from 7.50% to 6.25%; the price inflation assumption was changed from 3.25% to 2.40%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service; and the payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%. OPEB - the single discount rate changed from 6.89 to 5.84%.

2017 None

2016 Pension -the assumed investment rate of return was decreased from 7.75% to 7.50%; the assumed rate of inflation was reduced from 3.50% to 3.25%; the assumed rate of wage inflation was reduced from 1.00% to 0.75%; payroll growth assumption was reduced from 4.50% to 4.00%; and the assumed rates of retirement, withdrawal, and disability were updated to more accurately reflect experience.

Life Insurance Plan Changes of Benefit Terms

2022 Benefit change due to the benefit tier that was added for members joining the system after January 1, 2022.

2021 None

2020 None

2019 None

2018 None

Changes of Assumptions

2022 The municipal bond index rate increased from 2.19% to 3.37%.

2021 The municipal bond index rate decreased from 3.50% to 2.19%

2020 The municipal bond index rate decreased from 3.89% to 3.50%

2019 The municipal bond index rate increased from 3.56% to 3.89%

2018 None

Clark County School District  
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of the Net OPEB Liability Medical & Life Insurance Plans - TRS – OPEB  
For the Year Ended June 30, 2023

	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
<b>MEDICAL INSURANCE PLAN</b>						
District's proportion of the collective OPEB liability	0.302377%	0.390739%	0.390000%	0.386273%	3.633010%	0.368681%
District's proportionate share of the collective net OPEB liability	\$ 12,579,000	\$ 8,384,000	\$ 9,843,000	\$ 11,305,000	\$ 12,606,000	\$ 13,146,000
State's proportionate share of the collective net OPEB liability associated with the District	4,132,000	3,171,000	3,586,000	4,172,000	5,045,000	4,948,000
Totals	<u>\$ 16,711,000</u>	<u>\$ 11,555,000</u>	<u>\$ 13,429,000</u>	<u>\$ 15,477,000</u>	<u>\$ 17,651,000</u>	<u>\$ 18,094,000</u>
District's covered-employee payroll	\$ 24,118,048	\$ 25,541,440	\$ 24,625,369	\$ 24,403,159	23,300,998	\$ 22,835,242
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	52.16%	32.83%	39.97%	46.33%	54.10%	57.57%
Plan fiduciary net position as a percentage of the total OPEB	47.75%	51.74%	39.05%	32.58%	25.50%	21.20%
<b>LIFE INSURANCE PLAN</b>						
District's proportion of the collective OPEB liability	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability associated with the District	206,000	91,000	238,000	212,000	186,000	144,000
Totals	<u>\$ 206,000</u>	<u>\$ 91,000</u>	<u>\$ 238,000</u>	<u>\$ 212,000</u>	<u>\$ 186,000</u>	<u>\$ 144,000</u>
District's covered-employee payroll	\$ 24,118,048	\$ 25,541,440	\$ 24,625,369	\$ 24,403,159	\$ 23,300,998	\$ 22,835,242
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB	73.97%	89.15%	71.57%	73.40%	75.00%	80.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Clark County School District  
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Contributions - TRS – OPEB  
For the Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
<b>MEDICAL INSURANCE PLAN</b>						
Contractually required contribution	\$ 722,995	\$ 672,276	\$ 693,191	\$ 688,724	\$ 672,607	\$ 647,154
Contributions in relation to the contractually required contribution	722,995	672,276	693,191	688,724	672,607	647,154
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 24,118,048	\$ 25,541,440	\$ 24,625,369	\$ 24,403,159	\$ 23,300,998	\$ 22,835,242
District's contributions as a percentage of it's covered-employee payroll	3.00%	2.63%	2.81%	2.82%	2.89%	2.83%
<b>LIFE INSURANCE PLAN</b>						
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 24,118,048	\$ 25,541,440	\$ 24,625,369	\$ 24,403,159	\$ 23,300,998	\$ 22,835,242
District's contributions as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Clark County School District  
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of District's Proportionate Share of the Net OPEB Liability – CERS  
For the Year Ended June 30, 2023

	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
<b>HEALTH INSURANCE PLAN</b>						
District's proportion of the collective OPEB liability	0.302377%	0.279702%	0.276352%	0.268129%	0.259351%	0.247879%
District's proportionate share of the collective net OPEB liability	\$ 5,967,451	\$ 5,354,755	\$ 6,673,060	\$ 4,509,809	\$ 4,604,725	\$ 4,983,216
State's proportionate share of the collective net OPEB liability associated with the District	-	-	-	-	-	-
Totals	<u>\$ 5,967,451</u>	<u>\$ 5,354,755</u>	<u>\$ 6,673,060</u>	<u>\$ 4,509,809</u>	<u>\$ 4,604,725</u>	<u>\$ 4,983,216</u>
District's covered-employee payroll	\$ 8,570,686	\$ 6,844,837	\$ 6,807,835	\$ 6,503,279	\$ 6,366,878	\$ 5,890,324
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	69.63%	78.23%	98.02%	69.35%	72.32%	84.60%
Plan fiduciary net position as a percentage of the total OPEB	60.95%	58.41%	51.67%	60.44%	57.62%	52.39%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Clark County School District  
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions OPEB Liability – CERS  
For the Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
<b>HEALTH INSURANCE PLAN</b>						
Contractually required contribution	\$ 291,713	\$ 495,548	\$ 349,418	\$ 352,514	\$ 377,573	\$ 302,127
Contributions in relation to the contractually required contribution	<u>291,713</u>	<u>495,548</u>	<u>349,418</u>	<u>352,514</u>	<u>377,573</u>	<u>302,127</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 8,570,686	\$ 6,844,837	\$ 6,807,835	\$ 6,503,279	\$ 6,366,878	\$ 5,890,324
District's contributions as a percentage of it's covered-employee payroll	3.40%	7.24%	5.13%	5.42%	5.93%	5.13%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Clark County School District  
REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information – OPEB  
For the Year Ended June 30, 2023

TRS

Note I - Changes of Benefit Terms

Health and Life Trust

June 30, 2022 (Valuation Date: June 30, 2021)

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

June 30, 2021 (Valuation Date: June 30, 2020)

- None

June 30, 2020 (Valuation Date: June 30, 2019)

- None

June 30, 2019 (Valuation Date: June 30, 2018)

- None

June 30, 2018 (Valuation Date: June 30, 2017)

Health Trust

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

- Life Trust - none

Note II - Changes to assumptions or other inputs

Health Trust

The changes adopted by the Board on September 20, 2021, include various demographic and economic assumptions summarized below:

- Price Inflation changed assumed rate from 3.00% to 2.50%,
- Wage Inflation changed assumed rated from 3.50% to 2.75%,
- Assumed investment rate of return changed from 8.00% for the Health Trust and 7.50% for the Life Trust to 7.10% for both
- Assumed Salary Scale adjusted to reflect a decrease of 0.25% in merit and promotion for all ages
- Assumed rate of mortality have been revised to the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with the MP-2020 improvement scale with various set-forwards, set-backs, and adjustments
- Assumed rate of Withdrawal, Disability, Retirement, and Mortality have been adjusted to more closely reflect experience, and
- Assumed rates of member and spousal participation have been adjusted to more closely reflect experience



Notes to Required Supplementary Information – OPEB  
For the Year Ended June 30, 2023  
(Continued)

Life Trust

None

CERS

Single discount rates of 5.20% for the CERS non-hazardous insurance plan and 5.05% for the CERS hazardous insurance plan were used to measure the total OPEB liability as of June 30, 2021. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 1.92%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan's actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

CLARK COUNTY SCHOOL DISTRICT

Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2023

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Facility Support Program (FSPK) Fund	Total Non-Major Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 316,278	\$ 551,626	\$ -	\$ 1,870	\$ 869,774
Interfund receivables	-	-	-	-	-
Receivables					
Taxes-current	-	-	-	-	-
Accounts	24,163	4,980	-	-	29,143
Intergovernmental - state	-	-	-	-	-
Intergovernmental - federal	-	-	-	-	-
Total assets	<u>340,441</u>	<u>556,606</u>	<u>-</u>	<u>1,870</u>	<u>898,917</u>
<b>LIABILITIES</b>					
Accounts payable	12,577	16,256	-	-	28,833
Interfund payable	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>12,577</u>	<u>16,256</u>	<u>-</u>	<u>-</u>	<u>28,833</u>
<b>FUND BALANCE</b>					
Restricted	327,864	540,350	-	1,870	870,084
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>327,864</u>	<u>540,350</u>	<u>-</u>	<u>1,870</u>	<u>870,084</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 340,441</u>	<u>\$ 556,606</u>	<u>\$ -</u>	<u>\$ 1,870</u>	<u>\$ 898,917</u>

CLARK COUNTY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds  
For the Year Ended June 30, 2023

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Facility Support Program (FSPK) Fund	Total Non-Major Funds
<b>REVENUES</b>					
From Local Sources					
Taxes					
Property	\$ -	\$ -	\$ -	\$ 2,892,921	\$ 2,892,921
Motor vehicle	-	-	-	336,535	336,535
Franchise	-	-	-	278,950	278,950
Utilities	-	-	-	-	-
Earnings on investments	-	24,471	-	-	24,471
Student activities	37,055	767,365	-	-	804,420
Other local revenue	121,515	84,730	-	-	206,245
Intergovernmental - state	-	-	482,757	1,396,404	1,879,161
Intergovernmental - federal	-	-	-	-	-
<b>Total revenues</b>	<b>158,570</b>	<b>876,566</b>	<b>482,757</b>	<b>4,904,810</b>	<b>6,422,703</b>
<b>EXPENDITURES</b>					
Instruction	19,241	593,231	-	-	612,472
Support services					
Student	-	4,950	-	-	4,950
Instructional staff	6,398	44,459	-	-	50,857
District Administration	-	-	-	-	-
School Administration	-	-	-	-	-
Business	-	-	-	-	-
Plant operation and maintenance	97,890	-	-	-	97,890
Student Transportation	-	159,212	-	-	159,212
Community Services Operations	52,423	-	-	-	52,423
Building acquisitions and constructio	-	-	-	-	-
Building improvements	-	-	-	-	-
Other Instructional Services	-	17,048	-	-	17,048
Other Non-Instructional Services	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total expenditures</b>	<b>175,952</b>	<b>818,900</b>	<b>-</b>	<b>-</b>	<b>994,852</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>	<b>(17,382)</b>	<b>57,666</b>	<b>482,757</b>	<b>4,904,810</b>	<b>5,427,851</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond Proceeds	-	-	-	-	-
Bond Premium	-	-	-	-	-
Operating transfers in	4,900	29,215	-	-	34,115
Operating transfers (out)	(100)	(32,015)	(482,757)	(4,909,309)	(5,424,181)
<b>Total other financing sources and (uses)</b>	<b>4,800</b>	<b>(2,800)</b>	<b>(482,757)</b>	<b>(4,909,309)</b>	<b>(5,390,066)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(12,582)</b>	<b>54,866</b>	<b>-</b>	<b>(4,499)</b>	<b>37,785</b>
<b>FUND BALANCE - BEGINNING (Restated)</b>	<b>340,446</b>	<b>485,484</b>	<b>-</b>	<b>6,369</b>	<b>832,299</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 327,864</b>	<b>\$ 540,350</b>	<b>\$ -</b>	<b>\$ 1,870</b>	<b>\$ 870,084</b>

CLARK COUNTY SCHOOL DISTRICT

Student Activity Funds – Combining Schedule of Cash Receipts, Cash Disbursements and Cash Balances  
For the Year Ended June 30, 2023

School	Cash			Cash
	Balances July 1, 2022	Receipts	Disbursements	Balances June 30, 2023
George Rogers Clark High School	\$ 323,518	\$ 377,092	\$ 359,881	\$ 340,729
Robert D. Campbell Junior High	105,888	332,001	317,983	119,906
Rev. Henry E. Baker, Sr. Intermediate School	17,166	50,078	49,543	17,701
William G. Conkwright Elementary	4,234	29,891	19,406	14,719
Willis H. Justice Elementary	17,810	36,490	25,447	28,853
Shearer Elementary	10,757	26,678	27,872	9,563
Strode Station Elementary	6,111	20,434	17,666	8,879
<b>Total School Activity Funds</b>	<b>\$ 485,484</b>	<b>\$ 872,664</b>	<b>\$ 817,798</b>	<b>\$ 540,350</b>

CLARK COUNTY SCHOOL DISTRICT

Student Activity Funds – George Rogers Clark High School

Schedule of Cash Receipts, Cash Disbursements and Cash Balances

For the Year Ended June 30, 2023

Activity	Cash	Receipts	Disbursements	Cash
	Balances July 1, 2022	And Transfers	And Transfers	Balances June 30, 2023
10TH REGION GIRLS SOCCER	\$ 1,359	\$ -	\$ -	\$ 1,359
ACADEMIC	446	-	-	446
ATHLETICS	34,164	141,154	133,227	42,091
ARCHERY	250	-	-	250
AP TESTING	6,972	4,389	5,640	5,721
BAND	8,197	-	6,287	1,910
BASEBALL	509	3,965	3,664	810
BASS FISHING	3,485	7,999	4,746	6,738
BETA CLUB	8,480	27,026	26,360	9,146
BOOKSTORE	6,204	55,474	50,486	11,192
BUDDIES OF THE BLUEGRASS	408	-	-	408
BOY'S BASKETBALL	2,811	4,600	4,081	3,330
BOWLING	250	-	-	250
BOYS GOLF	1,594	-	1,376	218
BOY'S SOCCER	863	-	205	658
BOY'S TENNIS	29	-	-	29
CAP & GOWNS	27,406	-	668	26,738
SPECIAL ED	64	1	-	65
CHORAL	9,891	11,220	8,975	12,136
CHEER	635	250	407	478
CROSS COUNTRY	313	1,160	1,290	183
SENIOR CLASS	31,380	22,964	17,468	36,876
DANCE RED	3,015	1,703	3,015	1,703
DANCE TEAM	1,707	3,337	2,674	2,370
DRAMA	8,675	8,779	4,977	12,477
FCCLA	3,301	1,165	2,669	1,797
FFA	14,590	11,462	17,730	8,322
FBLA	-	1,128	960	168
FINE ARTS COHORT	804	2,370	2,164	1,010
FLORAL DESIGN	1,243	355	303	1,295
FOOTBALL	2,911	100	3,011	-
FRENCH CLUB	5,276	1,450	3,275	3,451
GENERAL	5,712	18,366	9,831	14,247
GIRL'S BASKETBALL	2,141	100	377	1,864
GIRL'S GOLF	11	95	-	106
GIRL'S SOCCER	3,762	-	225	3,537
GIRL'S TENNIS	-	942	493	449
GREENHOUSE	27,429	6,356	4,705	29,080
GUIDANCE	324	62	-	386
GSA CLUB	-	974	222	752

CLARK COUNTY SCHOOL DISTRICT  
Student Activity Funds – Clark Central High School  
Schedule of Cash Receipts, Cash Disbursements, and Cash Balances  
For the Year Ended June 30, 2023  
(Continued)

	Cash Balances July 1, 2022	Receipts And Transfers	Disbursements And Transfers	Cash Balances June 30, 2023
H. REGION GIRLS BASKETBALL TOURNMENT	\$ 1,894	\$ -	\$ -	\$ 1,894
INSTRUCTIONAL ACTIVITY	4,698	1,433	1,462	4,669
JOURNALISM	16,722	1,000	5,293	12,429
JROTC	12,506	6,262	12,350	6,418
LANGUAGE PROGRAM	-	340	-	340
LACROSS TEAM	362	-	-	362
STUDENT LEADERSHIP CHALLENGE	1,098	-	-	1,098
LIBRARY	921	873	254	1,540
MARCHING BAND	14,289	29,383	21,779	21,893
MOCK TRIAL	440	1,912	1,374	978
MULTICULTRAL CLUB	75	-	-	75
NATIONAL HONOR SOCIETY	2,673	988	479	3,182
NATIONAL ART HONOR SOCIETY CLUB	1,143	203	208	1,138
ORCHESTRA	248	1,438	447	1,239
PLTW BIO MED	5,298	1,400	792	5,906
PLTW ENGINEERING	882	-	557	325
PSAT	229	480	450	259
PRINCIPAL'S ACCOUNT	1,720	4,792	2,081	4,431
SCIENCE	36	-	-	36
SMOKE SIGNALS	-	750	-	750
SOFTBALL	538	-	335	203
STLP	114	-	-	114
SPANISH CLUB	1,374	84	-	1,458
SENIOR NYC TRIP	4,929	-	-	4,929
SPIRIT CLUB	1,332	807	1,759	380
SPECIAL OLYMPICS	81	-	-	81
STUDENT CHRISTMAS SHOPPING	8,110	5,128	5,202	8,036
STUDENT COUNCIL	339	444	618	165
SWIMMING	696	100	-	796
TRACK	786	160	-	946
TECHNOLOGY STUDENT ASSOCIATION	281	17	-	298
VOLLEYBALL	299	-	199	100
WRESTLING	7,221	1,865	5,038	4,048
YEARBOOK	5,427	565	-	5,992
Y-CLUB	146	9,737	9,708	175
Subtotal	<u>323,518</u>	<u>409,107</u>	<u>391,896</u>	<u>340,729</u>
Interfund Transfers		<u>32,015</u>	<u>32,015</u>	
Total	<u>\$ 323,518</u>	<u>\$ 377,092</u>	<u>\$ 359,881</u>	<u>\$ 340,729</u>

CLARK COUNTY SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE/SUBTITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENT S	TOTAL FEDERAL EXPENDITURES
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>				
Child Nutrition Cluster -				
Passed Through Kentucky Department of Education: School Breakfast Program	10.553	7760005-23 7760005-22		\$ 365,686 <u>1,045,587</u> 1,411,273
Passed Through Kentucky Department of Education: Summer Food Service Program for Children	10.559	7690024-22 7690024-23 7740023-22		2,415 2,603 <u>47,389</u> 52,407
Passed Through Kentucky Department of Education: National School Lunch Program	10.555	7750002-22 7750002-23		797,153 <u>2,151,357</u> 2,948,510
Non-Cash Assistance (Commodities) National School Lunch Program	10.555	4001097		<u>398,631</u> 4,810,821
TOTAL CHILD NUTRITION CLUSTER				4,810,821
State Administrative Expenses for Child Nutrition	10.560	7700001-20		<u>994</u> 4,811,815
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE				<u>4,811,815</u>
<u>UNITED STATES DEPARTMENT OF DEFENSE</u>				
National Guard Civilian Youth Opportunities	12.404	Direct		<u>83,183</u> 83,183
TOTAL UNITED STATES DEPARTMENT OF DEFENSE				<u>83,183</u>
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>				
Special Education Cluster -				
Passed Through Kentucky Department of Education: Special Education Grants to States/ American Rescue Plan Act of 2021 (ARPA)	84.027A	3810002-18 3810002-19 3810002-20 3810002-21 3810002-22		2,125 3,454 6,178 578,983 <u>511,250</u>
Passed Through Kentucky Department of Education: Special Education Grants to States/ American Rescue Plan Act of 2021 (ARPA)	84.027X	4910002-21		16,160
Passed Through Kentucky Department of Education: Special Education Preschool Grants/ American Rescue Plan Act of 2021 (ARPA)	84.173A	3800002-21 3800002-22		17,295 <u>39,152</u>
Passed Through Kentucky Department of Education: Individuals With Disabilities Education Act/ American Rescue Plan Act of 2021 (ARPA)	84.173X	4900002-21		<u>18,150</u> 1,192,747
TOTAL SPECIAL EDUCATION CLUSTER				1,192,747
Passed Through Kentucky Department of Education: Title I Grants to Local Educational Agencies	84.010A	3100002-20 3100002-21 3100002-22		37,197 704,258 <u>802,508</u> 1,543,963
Passed Through Kentucky Department of Education: Migrant Education State Grant Program	84.011A	3110002-20 3110002-21 3110002-22		24,211 62,030 <u>109,444</u> 195,685

The accompanying notes are an integral part of this schedule.

CLARK COUNTY SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023  
(Continued)

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE/SUBTITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENT S	TOTAL FEDERAL EXPENDITURES
Passed Through Kentucky Department of Education: Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013A	3100102-22		\$ 26,200
Passed Through Kentucky Department of Education: Career and Technical Education -- Basic Grants to States	84.048	3710002-20 3710002-21 3710002-22		1,361 8,225 19,405 <u>28,991</u>
Passed Through Kentucky Department of Education: Rural and Low-Income School Program	84.358	3140002-20 3140002-21		42,550 65,433 <u>107,983</u>
Passed Through Kentucky Department of Education: English Language Acquisition State Grants	84.365A	3300002-20 3300002-21 3300002-22		1,020 8,089 8,286 <u>17,395</u>
Passed Through Kentucky Department of Education: Supporting Effective Instruction State Grant	84.367	3230002-20 3230002-21 3300002-22		121,432 135,057 85,785 <u>342,274</u>
Passed Through Kentucky Department of Education: Student Support and Academic Enrichment Program	84.424A	3420002-20 3420002-21 3420002-22		72,832 154,162 7,460 <u>234,454</u>
Passed Through Kentucky Division of Family Resource And Youth Service Centers: Education Stabilization Fund Governor's Emergency Education Relief Fund American Rescue Plan Act of 2021 (ARPA)	84.425C	CARE-20, 147		79,169
Passed Through Kentucky Department of Education: Elementary and Secondary School Emergency Relief Fund American Rescue Plan Act of 2021 (ARPA)	84.425D	4200002-21 4200003-21		1,865,082 220,516 <u>2,085,598</u>
Passed Through Kentucky Department of Education: American Rescue Plan Act of 2021 (ARPA)	84.425U	4300005-21 4300002-21		113,483 3,099,987 <u>3,213,470</u>
Total Education Stabilization Fund				<u>5,378,237</u>
TOTAL UNITED STATES DEPARTMENT OF EDUCATION				<u>9,067,929</u>
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed Through Kentucky Department of Education: Cooperative Agreements To Promote Adolescent Health Through School-Based HIV/STD Prevention And School-Based Surveill	93.079	2100001-22		300
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>300</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	<u>\$ 13,963,227</u>

The accompanying notes are an integral part of this schedule.



## CLARK COUNTY SCHOOL DISTRICT

### Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

#### **Note 1. Basis of Presentation**

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

#### **Note 2. 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. Negative amounts shown on the schedule represents adjustment or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

#### **Note 3. Food Distribution**

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disburse. For the year ended June 30, 2023, the District received food commodities totaling \$398,631.

#### **Note 4. Indirect Cost Rate**

The Clark County School District has not elected to use the 10-percent de minimis cost rate allowed under Uniform Guidance.



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive  
Winchester, KY 40391

## **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  
Board of Education of the Clark County School District  
Winchester, KY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract, Including Appendix II Instructions for Submissions of the Audit Report*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clark County School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Clark County School District's basic financial statements, and have issued our report thereon dated November 14, 2023.

### **Report on Internal Control over Financial Reporting**

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

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002, that we consider to be material weaknesses.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Clark County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and is described in the accompanying schedule of findings and questioned costs as item 2023-001.

We noted certain other matters during the current audit that we reported to management of the Clark County School District in a separate letter dated November 14, 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.

*James R. Patrick, CPA*

Patrick & Associates, LLC  
Winchester, Kentucky

November 14, 2023



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive  
Winchester, KY 40391

## **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  
Board of Education of the Clark County School District  
Winchester, KY

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

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

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

#### ***Basis for Opinion on Each Major Federal Program***

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

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

#### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Clark County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, and the Independent Auditor's Contract, 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 Clark County School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, and the Independent Auditor's Contract, we:

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

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

### **Report on Internal Control over Compliance**

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

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.

*Johnny R. Patrick, CPA*

Patrick & Associates, LLC  
Winchester, Kentucky

November 14, 2023

Schedule of Findings and Questioned Costs

**SUMMARY OF AUDITOR’S RESULTS**

What type of report was issued for the financial statements?	Unmodified
Were there significant deficiencies in internal control disclosed?	Yes
If so, was any significant deficiencies material (GAGAS)?	Yes
Was any material noncompliance reported (GAGAS)?	Yes
Were there material weaknesses in internal control disclosed for major programs?	No
Were there any significant deficiencies in internal control disclosed that were not considered to be material weaknesses?	None Reported
What type of report was issued on compliance for major programs?	Unmodified
Did the audit disclose findings as it relates to major programs that are required to be reported as described in Uniform Guidance?	No
Major Programs	Education Stabilization Fund [Federal Assistance Listing Number 84.425C, 84.425D and 84.425U] Special Education Cluster [Federal Assistance Listing Number 84.027A, 84.027X, 84.173A, and 84.173X]
Dollar threshold of Type A and B programs?	\$750,000
Did the auditee qualify as low-risk?	Yes

**FINDINGS – FINANCIAL STATEMENT AUDIT**

2023-001 The Annual Financial Report and Balance Sheet Submitted By The Clark County School District To The Kentucky Department of Education for FYE 2023 Was Materially Misstated

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The Clark County School District (District) did not prepare and submit an accurate and complete Annual Financial Report (AFR) and Balance Sheet to the Kentucky Department of Education for FYE 2023. The AFR Report and Balance Sheet Report contained the following errors:

Schedule of Findings and Questioned Costs (Continued)

**FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)**

**2023-001 The Annual Financial Report and Balance Sheet Submitted By The Clark County School District To The Kentucky Department of Education for FYE 2023 Was Materially Misstated (Continued)**

	BALANCE SHEET MISSTATEMENTS			AFR MISSTATEMENTS		
	Total Assets		Variance	Total Receipts		Variance
	Original Balance Sheet	Final Balance Sheet		Original AFR	Final AFR	
General Fund	\$ 12,588,533	\$ 13,707,340	\$ (1,118,807)	\$ 60,218,697	\$ 61,369,469	\$ (1,150,772)
Special Revenue Fund	1,357,636	3,905,191	(2,547,555)	12,416,712	12,305,289	111,423
District Activity Fund	340,441	340,441	-	139,306	163,469	(24,163)
Student Activity Fund	552,792	556,605	(3,813)	900,803	905,783	(4,980)
Capital Outlay Fund	-	-	-	482,757	482,757	-
Building Fund	1,870	1,870	-	4,904,810	4,904,810	-
Construction Fund	24,053,486	23,942,063	111,423	25,124,152	25,225,143	(100,991)
Debt Service Fund	1,018,355	1,018,355	-	5,330,471	5,330,471	-
Food Service Fund (excluding pension amounts)	2,341,738	2,402,910	(61,172)	5,760,601	5,815,742	(55,141)
<b>Total Misstatement</b>			<u>\$ (3,619,924)</u>			<u>\$ (1,224,624)</u>
	Total Liabilities			Total Expenditures		
	Original Balance Sheet	Final Balance Sheet	Variance	Original AFR	Final AFR	Variance
General Fund	\$ 848,978	\$ 856,406	\$ (7,428)	\$ 59,652,568	\$ 59,692,149	\$ (39,581)
Special Revenue Fund	1,522,038	3,905,191	(2,383,153)	12,733,304	12,621,881	111,423
District Activity Fund	36,740	12,577	24,163	176,052	176,052	-
Student Activity Fund	17,422	16,256	1,166	850,916	850,916	-
Capital Outlay Fund	-	-	-	482,757	482,757	-
Building Fund	-	-	-	4,909,309	4,909,309	-
Construction Fund	754,814	754,814	-	4,250,361	4,462,775	(212,414)
Debt Service Fund	1,018,355	1,018,355	-	5,330,471	5,330,471	-
Food Service Fund (excluding pension amounts)	26,531	26,531	-	5,407,471	5,401,441	6,030
<b>Total Misstatement</b>			<u>\$ (2,365,252)</u>			<u>\$ (134,542)</u>
	Total Fund Balance		Variance			
	Original Balance Sheet	Final Balance Sheet				
General Fund	\$ 11,739,556	\$ 12,850,933	\$ (1,111,377)			
Special Revenue Fund	164,402	-	164,402			
District Activity Fund	303,701	327,864	(24,163)			
Student Activity Fund	535,370	540,349	(4,979)			
Building Fund	1,870	1,870	-			
Construction Fund	23,298,671	23,187,248	111,423			
Debt Service Fund	-	-	-			
Food Service Fund (excluding pension amounts)	2,116,584	2,177,756	(61,172)			
<b>Total Misstatement</b>			<u>\$ (925,866)</u>			



**FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)**

**2023-001 The Annual Financial Report and Balance Sheet Submitted By The Clark County School District To The Kentucky Department of Education for FYE 2023 Was Materially Misstated (Continued)**

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The District failed to implement proper internal controls and management oversight over the fiscal year end close and financial statement preparation. Additionally, the Clark County Finance Officer failed to follow the instructions included in the Kentucky Department of Education’s BGL-2 which provides guidance for the steps and procedures needed to prepare and perform the fiscal year end close. The Clark County Finance Officer also failed to maintain documentation to show that the underlying supporting documents were reconciled to amounts included in the AFR Report and Balance Sheet Report.

Not having an accurate AFR Report and Balance Sheet Report puts the District in noncompliance with state law and Generally Accepted Accounting Principles (GAAP). Additionally, not having accurate information presented in the AFR Report and Balance Sheet Report misrepresents the financial position of the District at year-end and does not provide management with accurate financial information when making financial decisions.

The district should have internal controls in place and management oversight to (1) ensure the fiscal year-end financial reporting process is completed as outlined in the Kentucky Department of Education’s BGL-2 prior to submitting the AFR Report and Balance Sheet Report to KDE at fiscal year-end as required, (2) ensure the financial statements are prepared in accordance with GAAP, (3) to allow the district to identify and correct material misstatements, and (4) ensure appropriate supporting documentation is maintained and reconciled to amounts reported in the financial statements.

We recommend District implement internal controls and management oversight to ensure the closeout process is completed as required prior to the fiscal year-end AFR Report and Balance Sheet Report being submitted to KDE. Furthermore, we recommend the District strengthen controls over the financial reporting process to ensure accurate information is being reported to the District’s Board and KDE at all times and that financial statements are prepared in accordance with GAAP.

*Management’s Response: Management agrees. The aforementioned transactions listed in the Kentucky Education’s BGL-2 related to year end closing entries for capital assets, account/interfund receivables and payables, and payables have historically been recorded between the submission of the unaudited and audited financial statements to the Kentucky Department of Education. The unaudited statements have always been presented to the stakeholders in the manner that they are not final and 100% accurate until the final audit has been completed and submitted in November. However, the District will follow the outlined recommendations and ALL entries listed in the BGL-2 will be completed to the best ability of the Finance Officer for the next fiscal year prior to the submission of the unaudited financial statements to the Kentucky Department of Education.*

**2023-002 The Clark County School District Lacks Internal Controls Over the Financial Statement Preparation Process**

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The District lacks proper oversight and internal controls over the financial statement preparation process as noted in comment 2023-001. The lack of internal controls and oversight allowed material errors to go undetected in the financial statement submitted to the Kentucky Department of Education and to the Board. There was no documentation maintained to show that asset and liability amounts reflected on the balance sheet were agreed to and supported by underlying records.

Multiple errors occurred due to the lack of training and knowledge of the employee responsible for this process, combined with inadequate design of controls over the preparation of the financial statements and lack of management oversight.

The District reported inaccurate financial statement activity and material misstatements were not prevented or detected in a timely manner. For instance, the bank reconciliation was out of balance \$72,944 as of June 30, 2023 with the amount out of balance changing each month throughout the fiscal year.

**FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)**

2023-002 The Clark County School District Lacks Internal Controls Over the Financial Statement Preparation Process  
(Continued)

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Proper internal controls over the accounting and reporting functions is essential for providing protection from errors occurring and not being detected. Additionally, proper internal controls protect employees in the normal course of performing their daily responsibilities.

We recommend the District implement proper internal controls over the financial statement process and provide management oversight.

*Management's Response: Management has already updated and improved the procedures involving the preparation process of monthly bank reconciliation and financial statements to include: 1) new reconciliation file that will balance every transaction for each month, 2) review of the finalized monthly reconciliation by an additional finance member, and 3) monthly/quarterly review by the Superintendent of the monthly financial process and statements. Due to turnover and lack of proper staffing for an extended period of time, this resulted in the Finance Officer performing multiple roles and responsibilities within the department. Management does agree errors occurred during this time and have since been corrected. The lack of training and knowledge of the employees responsible for certain processes is being addressed through continued training and development. During the past two weeks, the finance staff has discussed and began working on developing an accounting manual that will encompass each area of finance (Accounts Payable, Accounts Receivable/Deposits, Payroll, Redbook), outlining all internal controls and expectations of proper financial procedures. Going forward proper documentation for the asset and liability amounts reflected on the balance sheet will be organized and readily available when the auditors are on site next year.*

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT**

No major federal award findings.

**SUMMARY SCHEDULE – PRIOR YEAR AUDIT FINDINGS**

**FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no prior year findings.

**FINDINGS – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

<b>Finding Number</b>	<b>Prior Year Finding Title</b>	<b>Status</b>	<b>Corrective Action</b>
2022-001	Controls Over The Title I Program Were Not In Place To Ensure the Program Was Being Operated In Accordance With Title I Requirements	Corrected	Controls Implemented and monitored to ensure the Title I program was operated in accordance with Title I requirements
2022-002	The District Could Not Produce Documentation That Stakeholder Input Was Received And Used For The Development of the ARP ESSER Plan	Corrected	Controls implemented and monitored to ensure that stakeholder input is received and documented.