CLOVERPORT INDEPENDENT SCHOOL DISTRICT

REPORT ON AUDIT OF COMPREHENSIVE ANNUAL FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

FOR THE YEAR ENDED JUNE 30, 2023

CLOVERPORT INDEPENDENT SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits
Members of the Board of Education
Cloverport Independent School District
Cloverport, Kentucky

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cloverport Independent School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Cloverport Independent School District (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 Cloverport Independent School District as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 Commission for School District Audits in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audits Contracts and Requirements. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis - Unaudited on pages 4 through 9; the budgetary comparison information on pages 52 through 54; and the pension and other post-employment benefit schedules and notes on pages 55 through 65 be presented to supplement the basic financial statements. Such information, 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 District's basic financial statements. The accompanying supplementary information shown on pages 63 through 68 and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2023 on our consideration of Cloverport Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cloverport Independent School District's internal control over financial reporting and compliance.

Drane & Company, PLLC

Drane & Company, PLLC
Certified Public Accountants

Hardinsburg, Kentucky

November 10, 2023

As management of the Cloverport Independent School District (District), we offer readers of the District's financial statements this overview and analysis of the financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit report.

FINANCIAL HIGHLIGHTS

- The June 30, 2023 cash balance for the District was $1,316,010, as compared with the beginning cash balance of $1,173,830. The ending cash balance consisted of General Fund of $942,700, Debt Service Fund of $342, Building Fund of $63,019, Capital Outlay Fund of $44,044, Construction Fund of $37,964, District Activity of $1,477, Student Activity Fund of $79,548, and Food Service Fund of $146,916.
- District-wide net position increased by $482,512, during the 2023 fiscal year. Long-term debt obligations had a net decrease of $485,310.
- The General Fund had $3,420,120 in revenue, which primarily consisted of the state program (SEEK), and property, utilities, and motor vehicle taxes, and $3,381,584 in expenditures.
- General Fund revenue increased $296,273 from last fiscal year and General Fund expenditures increased $258,988.
- The financial statements reflected revenues of $1,499,968 from on-behalf payments from the Commonwealth of Kentucky for District employees for retirement contributions, health and life insurance, administration fees, debt service, and technology, with a like amount of expenditures recorded.
- As a result of the adoption of GASB Statement 68 and GASB Statement 75, which significantly revised accounting for pension benefits and post-employment benefits other than pensions (OPEB), unrestricted net position of the business-type activities continues to show a deficit.
- As a result of the adoption of GASB Statement 84, agency funds are now reported in the special revenue funds and GASB 87 now requires certain leases which were previously "operating" are now capitalized and amortized.

OVERVIEW OF FINANCIAL STATEMENTS

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

District-wide financial statements

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

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

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

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

The district-wide financial statements can be found on pages 10 - 11 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been designated for specific activities or objectives. This is a state mandated uniform system for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the District are divided into two categories: governmental and fiduciary. The only proprietary fund is the food service operations. All other activities of the District are included in the governmental funds. The basic governmental fund financial statements can be found on pages 12 - 17 of this report.

Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 18 - 51 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,410,121 as of June 30, 2023.

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

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The district-wide financial statements are grouped according to governmental activities and business-type activities.

Net Position for the Years Ended June 30, 2023 and 2022

The following table presents changes in net position for the fiscal years ended June 30, 2023 and 2022:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Revenues						
Program revenues:						
Charges for services	$ -	$ -	$ 21,757	$ 19,268	$ 21,757	$ 19,268
General revenues:						
Property taxes	285,382	298,111	-	-	285,382	298,111
Motor vehicle taxes	54,336	36,937	-	-	54,336	36,937
Other taxes	66,986	56,503	-	-	66,986	56,503
Investment earnings (loss)	15,586	(22,461)	356	195	15,942	(22,266)
State and formula grants	4,472,360	4,252,931	352,144	323,059	4,824,504	4,575,990
Loss on sale of property	-	(22,420)	-	-	-	(22,420)
Other income	228,539	191,175	208	-	228,747	191,175
Total Revenues	5,123,189	4,790,776	374,465	342,522	5,497,654	5,133,298
Expenses						
Governmental Activities:						
Instructional	2,578,839	2,307,328	-	-	2,578,839	2,307,328
Student support	254,799	233,442	-	-	254,799	233,442
Instructional staff support	108,995	173,553	-	-	108,995	173,553
District administration support	490,358	391,882	-	-	490,358	391,882
School administration support	175,753	154,873	-	-	175,753	154,873
Business support	422,731	387,924	-	-	422,731	387,924
Plant operation and maintenance	359,460	333,029	-	-	359,460	333,029
Student transportation	187,827	165,694	-	-	187,827	165,694
Food service operations	4,653	5,389	-	-	4,653	5,389
Community service operations	42,229	33,325	-	-	42,229	33,325
Interest on long-term debt	97,515	108,076	-	-	97,515	108,076
Business-type Activities:						
Food service	-	-	291,983	317,226	291,983	317,226
Total Expenses	4,723,159	4,294,515	291,983	317,226	5,015,142	4,611,741
Transfers	20,035	-	(20,035)	-	-	-
Increase (Decrease) in Net Position	$ 420,065	$ 496,261	$ 62,447	$ 25,296	$ 482,512	$ 521,557

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Current and other assets	$ 1,519,766	$1,322,581	$ 153,386	$ 144,746	$1,673,152	$1,467,327
Capital assets	5,748,228	5,953,918	2,226	3,355	5,750,454	5,957,273
Total Assets	7,267,994	7,276,499	155,612	148,101	7,423,606	7,424,600
Deferred outflows	693,696	451,191	70,910	60,266	764,606	511,457
Current liabilities	740,476	681,938	-	615	740,476	682,553
Noncurrent liabilities	5,215,092	5,238,278	310,481	281,724	5,525,573	5,520,002
Total Liabilities	5,955,568	5,920,216	310,481	282,339	6,266,049	6,202,555
Deferred inflows	467,082	688,499	44,960	117,390	512,042	805,889
Net Position						
Net investment in capital assets	2,264,697	2,006,746	2,226	3,355	2,266,923	2,010,101
Restricted	396,435	316,796	-	-	396,435	316,796
Unrestricted	(1,122,092)	(1,204,567)	(131,145)	(194,717)	(1,253,237)	(1,399,284)
Total Net Position	$ 1,539,040	$ 1,118,975	$(128,919)	$(191,362)	$1,410,121	$ 927,613

On-behalf amounts are included in the above figures. On-behalf payments are made by the state on behalf of employees to the various agencies for health and life insurance, pension benefits, administration fees, technology, and debt service. The total on-behalf payments for 2023 and 2022 were $1,499,968 and $1,313,363 respectively.

Governmental Activities

Instructional expenses comprise 56% of total governmental expenses, support services equate to 43%, and interest and other expenses make up the remaining 1%.

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

	Governmental Activities Total Cost of Services		Governmental Activities Net Cost of Services	
	2023	**2022**	**2023**	**2022**
Instructional	$2,578,835	$2,307,328	$(1,396,326)	$(1,083,521)
Support Services	1,999,918	1,840,397	(1,701,752)	(1,540,226)
Other	46,882	38,714	(46,882)	(40,714)
Debt Costs	97,515	108,076	(97,515)	(108,076)
Total Expenses	$4,723,150	$4,294,515	$(3,242,475)	$(2,772,537)

Business-Type Activities

The business-type activity of the District consists of the food service program, which receives no support from tax revenues. The total of all revenue was $374,465 and expenses accounted for $291,983. Revenues consisted of $21,774 in charges for services, $356 in interest income, and $352,335 in federal and state operating grants.

The School District's Funds

Information about the District's major funds begins on page 12. These funds are accounted for using the modified accrual basis of accounting. Governmental funds had total revenues and other financing sources (uses) of $5,143,224 and expenditures of $4,993,568 resulting in a net increase in fund balances of $149,656.

General Fund Budgetary Highlights

The District's budget is based on the accrual basis of accounting for revenues and expenditures and encumbrances and is prepared according to Kentucky law. The Kentucky Department of Education requires a zero-based budget with any remaining fund balance to be shown as a contingency in the budgeting process.

The most significant fund is the General Fund. The General Fund had budgeted revenues of $3,044,648 with actual results being $3,420,120 for a favorable difference of $375,472. Budgeted expenditures were $3,447,603 compared to actual expenditures of $3,387,977, for a favorable difference of $59,626.

Future Budgetary Implications

In Kentucky, the public school fiscal year is July 1 - June 30; other programs, i.e. some federal programs, operate on a different fiscal calendar but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for fiscal year 2022-2023 with a contingency in excess of the state minimum requirement.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Long-Term Debt

At June 30, 2023, the school district had $3,427,000 in bonds outstanding; of which $1,902,500 is to be paid by the School Facilities Construction Commission (SFCC). A total of $456,000 is due within one year, with $96,603 due from the District and $359,397 due from the SFCC.

Capital Assets

At the end of fiscal year 2023, the District had $5,748,228 in net capital assets of governmental activities and $2,226 in net capital assets of business-type activities invested in a broad range of capital assets, including equipment, buses, buildings, and land. This amount represents a net decrease of $206,819. Depreciation expense for the year was $268,815 for the governmental activities and $2,970 for the business-type activities. Capital additions consisted of $63,125 for building improvements and $1,129 of new general equipment.

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

Governmental Activities	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Not Depreciated:				
Land	$ 92,550	$ -	$ -	$ 92,550
Depreciated:				
Buildings and improvements	9,202,202	63,125	-	9,265,327
Technology equipment	402,299	-	7,715	394,584
Vehicles	513,734	-	-	513,734
General equipment	459,932	-	-	459,932
Subtotal	10,578,167	63,125	7,715	10,633,577
Less accumulated depreciation:				
Buildings	3,574,136	225,087	-	3,799,223
Technology equipment	353,655	11,004	7,715	356,944
Vehicles	421,461	19,192	-	440,653
General equipment	367,547	13,532	-	381,079
Subtotal	4,716,799	268,815	7,715	4,977,899
Capital Assets - Net	$5,953,918	$(205,690)	$ -	$5,748,228
Business-Type Activities				
Depreciated:				
General equipment	$ 285,569	$ -	$ 2,970	$ 282,599
Less accumulated depreciation:				
General equipment	282,214	1,129	2,970	280,373
Capital Assets - Net	$ 3,355	$ (1,129)	$ -	$ 2,226

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, and other interested readers with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District’s Superintendent or Finance Director.

CLOVERPORT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 1,169,094	$ 146,916	$ 1,316,010
Accounts receivable:			
Taxes	12,860	-	12,860
Intergovernmental	167,813	-	167,813
Inventory	-	6,470	6,470
Total Current Assets	1,349,767	153,386	1,503,153
Noncurrent Assets			
Investments	169,999	-	169,999
Capital assets:			
Land and construction in process	92,550	-	92,550
Other capital assets, net of depreciation	5,630,150	2,226	5,632,376
Leased equipment	25,528	-	25,528
Total Noncurrent Assets	5,918,227	2,226	5,920,453
Total Assets	7,267,994	155,612	7,423,606
Deferred Outflows of Resources			
Deferred amount related to pensions	178,367	41,517	219,884
Deferred amount related to OPEB	454,464	29,393	483,857
Deferred amount on bond refundings	60,865	-	60,865
Total Deferred Outflows of Resources	693,696	70,910	764,606
Liabilities			
Current Liabilities			
Accounts payable	22,869	-	22,869
Accrued payroll and related expenses	102,211	-	102,211
Unearned revenue	111,248	-	111,248
Current portion of bond obligations	460,403	-	460,403
Current portion of equipment loans	17,820	-	17,820
Current portion of equipment lease	5,930	-	5,930
Interest payable	19,995	-	19,995
Total Current Liabilities	740,476	-	740,476
Noncurrent Liabilities			
Noncurrent portion of bond obligations	2,987,146	-	2,987,146
Noncurrent portion of equipment loans	54,306	-	54,306
Noncurrent portion of equipment lease	18,791	-	18,791
Noncurrent portion of accrued sick leave	83,401	-	83,401
Net pension liability	1,027,099	243,906	1,271,005
Net OPEB liability	1,044,349	66,575	1,110,924
Total Noncurrent Liabilities	5,215,092	310,481	5,525,573
Total Liabilities	5,955,568	310,481	6,266,049
Deferred Inflows of Resources			
Deferred amount related to pensions	35,241	8,368	43,609
Deferred amount related to OPEB	431,841	36,592	468,433
Total Deferred Inflows of Resources	467,082	44,960	512,042
Net Position (Deficit)			
Net investment in capital assets	2,264,697	2,226	2,266,923
Restricted	396,435	-	396,435
Unrestricted	(1,122,092)	(131,145)	(1,253,237)
Total Net Position (Deficit)	$ 1,539,040	$ (128,919)	$ 1,410,121

The accompanying notes are an integral part of this financial statement.

CLOVERPORT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction	$ 2,578,839	$ -	$ 1,182,513	$ -	$ (1,396,326)	$ -	$ (1,396,326)
Support services:							
Student	254,799	-	59,904	-	(194,895)	-	(194,895)
Instructional staff	108,995	-	37,862	-	(71,133)	-	(71,133)
District administration	490,358	-	73,572	-	(416,786)	-	(416,786)
School administration	175,753	-	45,595	-	(130,158)	-	(130,158)
Business	422,731	-	54,195	-	(368,536)	-	(368,536)
Plant operations and maintenance	359,460	-	12,484	-	(346,976)	-	(346,976)
Student transportation	187,827	-	14,559	-	(173,268)	-	(173,268)
Food service	4,653	-	-	-	(4,653)	-	(4,653)
Community services	42,229	-	-	-	(42,229)	-	(42,229)
Interest on long-term debt	97,515	-	-	-	(97,515)	-	(97,515)
Total Governmental Activities	4,723,159	-	1,480,684	-	(3,242,475)	-	(3,242,475)
Business-Type Activities							
Food service	291,983	21,774	352,335	-	-	82,126	82,126
Total Business-Type Activities	291,983	21,774	352,335	-	-	82,126	82,126
Total Primary Government	$ 5,015,142	$ 21,774	$ 1,833,019	$ -	$ (3,242,475)	$ 82,126	$ (3,160,349)
General Revenues							
Taxes:							
Property					$ 285,382	$ -	$ 285,382
Motor vehicle					54,336	-	54,336
Utility					66,986	-	66,986
State and formula grants					2,991,676	-	2,991,676
Investment income					15,586	356	15,942
Other income					228,539	-	228,539
Total General Revenues					3,642,505	356	3,642,861
Transfers					20,035	(20,035)	-
Changes in Net Position					420,065	62,447	482,512
Net Position (Deficit) - Beginning of Year					1,118,975	(191,366)	927,609
Net Position (Deficit) - End of Year					$ 1,539,040	$ (128,919)	$ 1,410,121

The accompanying notes are an integral part of this financial statement.

CLOVERPORT INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 942,700	$ -	$ 342	$ 226,052	$ 1,169,094
Investments	169,999	-	-	-	169,999
Accounts receivable:					
Taxes	12,860	-	-	-	12,860
Intergovernmental	-	167,813	-	-	167,813
Due from other funds	56,383	-	-	-	56,383
Total Assets	$ 1,181,942	$ 167,813	$ 342	$ 226,052	$ 1,576,149
Liabilities					
Accounts payable	$ 22,729	$ 140	$ -	$ -	$ 22,869
Accrued payroll and related expenses	102,211	-	-	-	102,211
Due to other funds	-	56,383	-	-	56,383
Unearned revenue	-	111,248	-	-	111,248
Total Liabilities	124,940	167,771	-	-	292,711
Fund Balances					
Restricted	169,999	42	342	226,052	396,435
Assigned	500,701	-	-	-	500,701
Unassigned	386,302	-	-	-	386,302
Total Fund Balances	1,057,002	42	342	226,052	1,283,438
Total Liabilities and Fund Balances	$ 1,181,942	$ 167,813	$ 342	$ 226,052	$ 1,576,149

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities

Total Governmental Fund Balances	$ 1,283,438
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets and leases used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	5,748,228
Deferred outflows and inflows of resources are applicable to future periods and therefore are not reported in the governmental funds.	226,614
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Bond obligations	(3,447,549)
Equipment loans	(72,126)
Lease payable	(24,721)
Accrued sick leave	(83,401)
Interest payable	(19,995)
Net pension liability	(1,027,099)
Net OPEB liability	(1,044,349)
Total Net Position of Governmental Activities	$ 1,539,040

The accompanying notes are an integral part of this financial statement.

CLOVERPORT INDEPENDENT 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	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
From local sources:					
Property taxes	$ 260,134	$ -	$ -	$ 25,248	$ 285,382
Motor vehicle taxes	54,336	-	-	-	54,336
Utility taxes	66,986	-	-	-	66,986
Investment gain (loss)	15,270	69	-	247	15,586
Other income	31,718	61,357	-	135,464	228,539
Intergovernmental - state	2,955,104	172,089	395,995	182,200	3,705,388
Intergovernmental - indirect federal	-	704,780	-	-	704,780
Intergovernmental - direct federal	36,572	25,620	-	-	62,192
Total Revenues	3,420,120	963,915	395,995	343,159	5,123,189
Expenditures					
Current:					
Instruction	1,646,451	727,081	-	124,583	2,498,115
Support services:					
Student	209,476	42,133	-	-	251,609
Instructional staff	90,218	4,537	-	3,980	98,735
District administration	469,423	17,807	-	-	487,230
School administration	172,775	-	-	-	172,775
Business	294,684	56,263	-	-	350,947
Plant operations and maintenance	321,967	25,382	-	-	347,349
Student transportation	176,361	-	-	-	176,361
Food service	92	4,561	-	-	4,653
Community services	-	47,579	-	-	47,579
Debt service:					
Payment of principal	5,771	-	465,910	-	471,681
Payment of interest and fiscal charges	759	-	92,168	-	92,927
Total Expenditures	3,387,977	925,343	558,078	128,563	4,999,961
Excess (Deficiency) of Revenues over Expenditures	32,143	38,572	(162,083)	214,596	123,228
Other Financing Sources (Uses)					
Operating transfers in	70,773	12,166	162,083	-	245,022
Operating transfers out	(33,650)	(50,738)	-	(140,599)	(224,987)
Total Other Financing Sources (Uses)	37,123	(38,572)	162,083	(140,599)	20,035
Net Changes in Fund Balances	69,266	-	-	73,997	143,263
Fund Balances - Beginning of Year	987,736	42	342	152,055	1,140,175
Fund Balances - End of Year	$ 1,057,002	$ 42	$ 342	$ 226,052	$ 1,283,438

The accompanying notes are an integral part of this financial statement.

CLOVERPORT INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS WITH THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net Changes in Fund Balances - Total Governmental Funds	$ 143,263
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation ($268,815) exceeds capital outlay ($63,125).	(205,690)
Repayment of bond, loan and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	471,681
Interest is recorded as an expenditure when due in the governmental funds and as it accrues in the Statement of Activities.	(4,588)
In the Statement of Activities, sick leave is measured by the amount earned during the year. In governmental funds, however, expenditures for this item are measured by the amount actually paid.	19,179
Governmental funds report pension contributions as expenditures when made. In the Statement of Net Position, pension contributions are reported as deferred outflows of resources because the reported net pension liability is measured one year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.	(3,780)
Change in Net Position of Governmental Activities	$ 420,065

The accompanying notes are an integral part of this financial statement.

CLOVERPORT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

	Enterprise Fund
	Food Service
Assets	
Current Assets	
Cash and cash equivalents	$ 146,916
Inventory	6,470
Total Current Assets	153,386
Noncurrent Assets	
Capital assets	282,599
Less: accumulated depreciation	(280,373)
Total Noncurrent Assets	2,226
Total Assets	155,612
Deferred Outflows of Resources	
Deferred amount related to pensions	41,517
Deferred amount related to OPEB	29,393
Total Deferred Outflows of Resources	70,910
Liabilities	
Noncurrent Liabilities	
Net pension liability	243,906
Net OPEB liability	66,575
Total Noncurrent Liabilities	310,481
Total Liabilities	310,481
Deferred Inflows of Resources	
Deferred amount related to pensions	8,368
Deferred amount related to OPEB	36,592
Total Deferred Inflows of Resources	44,960
Net Position (Deficit)	
Investment in capital assets	2,226
Unrestricted	(131,145)
Total Net Position (Deficit)	$ (128,919)

The accompanying notes are an integral part of this financial statement.

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

	Enterprise Fund
	Food Service
Operating Revenues	
Lunchroom sales	$ 21,757
Other operating revenues	17
Total Operating Revenues	21,774
Operating Expenses	
Salaries and benefits	106,084
Contract services	2,172
Materials and supplies	172,200
Depreciation	1,129
Other operating expenses	10,398
Total Operating Expenses	291,983
Operating Loss	(270,209)
Non-operating Revenues	
Federal grants	307,887
State grants	24,279
Interest income	356
Donated commodities	19,978
Other non-oprerating revenue	191
Total Non-operating Revenues	352,691
Income Before Transfers	82,482
Operating Transfers Out	(20,035)
Changes in Net Position	62,447
Net Position (Deficit) - Beginning of Year	(191,366)
Net Position (Deficit) - End of Year	$ (128,919)

The accompanying notes are an integral part of this financial statement.

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

	Enterprise Fund
	Food Service
Cash Flows from Operating Activities	
Cash received from user charges	$ 21,774
Cash payments to employees for services	(160,404)
Cash payments for contract services	(2,172)
Cash payments to suppliers for goods and services	(156,344)
Cash payments for other operating expenses	(10,398)
Net Cash Used by Operating Activities	(307,544)
Cash Flows from Noncapital and Related Financing Activities	
Federal grants	309,934
State grants	24,279
Other non-operating revenue	191
Operating transfers to other funds	(20,035)
Net Cash Provided by Noncapital and Related Financing Activities	314,369
Cash Flows from Investing Activities	
Interest income	356
Net Increase in Cash and Cash Equivalents	7,181
Cash and Cash Equivalents - Beginning of Year	139,735
Cash and Cash Equivalents - End of Year	$ 146,916
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating loss	$ (270,209)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	1,129
Commodities used	19,978
Net changes in assets and liabilities:	
Inventory	(3,506)
Deferred outflows	(10,645)
Accounts payable	(616)
Net pension liability	27,230
Net OPEB liability	1,525
Deferred inflows	(72,430)
Net Cash Used by Operating Activities	$ (307,544)
Schedule of Non-cash Transactions	
Donated commodities received from federal government	$ 19,978
On-behalf payments for fringe benefits received from state government	22,419
Total Non-cash Transactions	$ 42,397

The accompanying notes are an integral part of this financial statement.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The District, for financial purposes, includes all of the funds relevant to the operation of the Cloverport Independent Board of Education. The basic financial statements presented herein do not include funds of groups and organizations, such as booster clubs, Parent-Teacher Organizations, etc., which, although associated with the school system, have not originated within the Board itself.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. In accordance with GASB 14, “The Financial Reporting Entity,” as amended by GASB 39, “Determining Whether Certain Organizations Are Component Units,” the criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization’s governing body, and is either able to impose its will on the organization and there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or the nature and significance of the relationship between the District and the organization is such that exclusion would cause the District’s financial statements to be incomplete. Based on this criteria, the financial statements of the following organization are included in the accompanying basic financial statements as a blended component unit:

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

Basis of Presentation

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the changes in fund balances. Proprietary funds are reported using the economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases and decreases in total net position. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The District has the following funds:

I. <u>Governmental Funds</u>

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. The Special Revenue Fund includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods, as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. This is a major fund of the District.

2. The District Activity Fund accounts for funds that support co-curricular and extra-curricular activities not raised or expended by student groups. This is not a major fund.

3. The Student Activity Fund accounts for funds raised and expended by student groups for co-curricular and extra-curricular activities. This is not a major fund.

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

1. The Capital Outlay Fund accounts for the SEEK capital outlay allotment required by state statute to be maintained in a separate account and used for projects approved by the commissioner of education. This is not a major fund.

2. The Building Fund accounts for the equivalent tax rate of five cents ($0.05) as required by state statute to be placed in a separate fund for the purpose of the Facilities Support Program of Kentucky (FSPK). Additional taxes levied may also be placed in this fund. This is not a major fund.

3. The Construction Fund accounts for the costs arising out of the construction, renovation, or remodeling of any school facilities. Project accounting is employed to maintain integrity for the various sources of funds. This is not a major fund.

(D) 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. This is a major fund.

II. Proprietary Fund (Enterprise Fund)

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

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

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

Operating revenues are those revenues that are generated directly from the primary activity of the Proprietary Funds. Those revenues are primarily charges for meals and related items provided by the various schools. Nonoperating revenues of the Proprietary Funds include grants, donations, and interest income.

When both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds as an expense with a like amount reported as donated commodities revenue.

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

Property Taxes

Property taxes are levied by the county on behalf of the school district each October on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings, which are mailed by November 1, 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. A 2% discount is offered through November 30 and a penalty is assessed after December 31. Property taxes received after December 31 are considered to be delinquent and a lien can be filed against the property. Since the taxes are not levied and collected by the school district, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

The property tax rates assessed for the year ended June 30, 2023 were $.719 per $100 valuation for real, personal and tangible property and $.569 per $100 valuation for motor vehicles.

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

Receivables

The District recognizes revenues as receivable when they are measurable and receipt is probable. Concentration of credit risk with respect to the receivables from federal, state, and local governments is limited due to the historical stability of those institutions; therefore, no allowance for doubtful accounts is recorded.

Cash and Cash Equivalents

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

General capital assets are those assets not specifically related to activities reported in the Proprietary Fund. 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 Fund are reported both in the business-type activities column of the government-wide Statement of Net Position and in the fund financial statements.

Purchased capital assets are carried at historical cost. Where cost cannot be determined from the available records, estimated historical cost has been used to record the estimated value of the assets. Donated fixed assets are recorded at acquisition value. Improvements are capitalized, but the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

The District maintains a capitalization threshold of $10,000 for land or building improvements and portable buildings and $5,000 (per unit cost) for all other assets, except there is no threshold for buildings, land, and vehicles. The District does not possess any infrastructure. All reported capital assets except land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Life
Technology equipment	5 years
Vehicles	5-10 years
Food service equipment	5-12 years
General equipment	5-20 years
Land improvements	10-20 years
Buildings	25-50 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables and payables. These generally arise from payments made from the General Fund on behalf of the Special Revenue Fund. The General Fund does not have the legal liability for the expenditure, so a payable from the fund having the legal liability is established at such time. Unless there are net residual amounts due between governmental and business-type activities, these amounts are eliminated in the Statement of Net Position.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of goods or services. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year. Outstanding encumbrances at year-end are included in assigned fund balance at June 30, 2023.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Process

The Superintendent must submit the proposed budget for all funds to the Board members each year. The working budget is adopted by September 30 of each fiscal year, and amendments to the budget can be approved by the Board as needed. The budgetary data for the General Fund and Special Revenue Fund is presented on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Interfund Transfers

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues and expenses in proprietary funds.

Inventory

The only inventory maintained by the District consists of expendable supplies held for consumption and is accounted for in the Proprietary Fund. Inventory consists of donated and purchased foods held for resale and are expensed when used. Purchased food is valued at cost (first-in, first-out method) and the value of U.S. Government donated commodities is determined by the U.S. Department of Agriculture.

Prepaid Expenses

Payments made that will benefit periods beyond June 30, 2023 are recorded as prepaid expenses using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase, and an expenditure/expense is reported in the year in which services are consumed.

Pensions

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Post-employment Benefits Other Than Pensions (OPEB)

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

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports the deferred charge on refunding and deferred amounts related to pensions and OPEB in the government-wide Statement of Net Position in this category. A deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred amounts related to pensions include pension contributions made during the current fiscal year but applicable to a future measurement period of the net pension liability. Deferred amounts related to OPEB include medical insurance contributions made during the current fiscal year but applicable to a future measurement period of the net OPEB liability.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District reports the deferred amount related to pensions and OPEB in the government-wide Statement of Net Position in this category.

Estimates

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

The District classifies its net position into the following three categories:

- Net investment in capital assets - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.
- Restricted - Restricted net position consists of restricted financial assets reduced by liabilities and deferred inflows of resources related to those assets. Limitations can be imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- Unrestricted - If an amount does not meet the definition of net investment in capital assets or restricted, it is unrestricted.

Fund Equity

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

- Nonspendable - amounts that are not in a spendable form (such as inventory and prepayments) or are required to be maintained intact.
- Restricted - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned - amounts that are available for any purpose; positive amounts are reported only in the General Fund.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

The District establishes (and modifies or rescinds) fund balance commitments by passage of a board order, which is done through motions made by the board of education members. Assigned fund balance is established by the Superintendent through adoption or amendment of the budget as intended for a specific purpose. Unassigned fund balances are reduced first, unless expenditures are incurred for a specific purpose for which fund balance has been restricted, committed, or assigned.

Payables, Accrued Liabilities, and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements and in the Proprietary Fund financial statements. In general, payables, accrued liabilities, and long-term obligations that will be paid from governmental funds are reported on the government-wide financial statements regardless of whether they will be liquidated with current resources. However, these amounts are not recognized as liabilities in the fund financial statements until due.

Accumulated Unpaid Sick Leave Benefits

The District’s policies regarding sick leave permit employees to accumulate earned but unused sick leave. Upon retirement from the school system, a qualified employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments. The entire compensated absence liability is reported on the government-wide financial statements.

NOTE B - FUND BALANCES

The assigned and restricted fund balances for the Governmental Funds were classified as follows:

	Fund	Purpose	Amount
Assigned	General	Purchase obligations	$ 52,323
	General	Noncurrent sick leave	448,378
			$500,701
Restricted	General	Science	$169,999
	Special Revenue	Projects	42
	Debt Service	Debt service	342
	Building	Capital projects	63,019
	Capital Outlay	Capital projects	44,044
	Construction	Capital projects	37,964
	District Activity	Student activities	1,477
	Student Activity	Student activities	79,548
			$396,435

NOTE C - CAPITAL ASSETS

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

Governmental Activities	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Not Depreciated:				
Land	$ 92,550	$ -	$ -	$ 92,550
Depreciated:				
Buildings	9,202,202	63,125	-	9,265,327
Technology equipment	402,299	-	7,715	394,584
Vehicles	513,734	-	-	513,734
General equipment	459,932	-	-	459,932
Subtotal	10,578,167	63,125	7,715	10,633,577
Less accumulated depreciation:				
Buildings	3,574,136	225,087	-	3,799,223
Technology equipment	353,655	11,004	7,715	356,944
Vehicles	421,461	19,192	-	440,653
General equipment	367,547	13,532	-	381,079
Subtotal	4,716,799	268,815	7,715	4,977,899
Capital Assets - Net	$ 5,953,918	$(205,690)	$ -	$ 5,748,228

Business-Type Activities				
Depreciated:				
General equipment	$ 285,569	$ -	$ 2,970	$ 282,599
Less accumulated depreciation:				
General equipment	282,214	1,129	2,970	280,373
Capital Assets - Net	$ 3,355	$ (1,129)	$ -	$ 2,226

Depreciation expense was charged to functions in the Statement of Activities as follows:

Governmental Activities	
Instruction	$139,361
Support services:	
Student	3,563
Staff	1,446
District administration	8,075
School administration	987
Business	81,358
Plant operations and maintenance	11,789
Student transportation	22,116
Community service	120
	$268,815
Business-Type Activities	
Food service	$ 1,129

In March 2022, the District entered into a lease arrangement for three copier/printers with Toshiba Corporation. The assets were placed in service in April with a present value of $31,911 to be amortized over 63-months. The terms of the lease are stated in Note F.

NOTE D - INVESTMENTS

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

The District's investments consist of cash and mutual funds held with J.P. Morgan. Mutual funds were valued at the daily closing price as reported by the fund (level 1), and cash approximates fair value. The District has the following recurring fair value measurements as of June 30, 2023:

Description	(Level 1)	Fair Value
Mutual funds	$168,584	$168,584
Cash	-	1,415
	$168,584	$169,999

NOTE E - CASH AND CASH EQUIVALENTS

At year end, the carrying amount of the District's cash and cash equivalents was $1,316,016 and the bank balance was $1,414,121. The bank balance was covered by federal depository insurance of $250,000 and $2,500,000 was pledged with securities held by the pledging banks' trust departments but not in the name of the District.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. At year-end, the deposits of the District were either insured or collateralized with securities held by the pledging financial institution. The District has formally adopted deposit and investment policies that limit its allowable deposits or investments and address the specific types of risk to which the government is exposed.

Kentucky Revised Statute 66.480 and Board policy authorize the District to invest in direct obligations of the U.S. government; obligations backed by the full faith and credit of the U.S. government; obligations of any corporation of the U.S. government; certificates of deposit or other interest bearing accounts issued by any bank or savings and loan institution having a physical presence in Kentucky, provided that such investment is insured by the FDIC or collateralized by any obligations permitted by KRS 41.240(4); uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency; bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency; commercial paper rated in the highest category by a competent rating agency; bonds or certificates of indebtedness issued by the Commonwealth of Kentucky and of its agencies and instrumentalities; securities issued by any state or local government of the U.S., or any instrumentality of agency thereof, and rated in one of the three highest categories by a competent rating agency; certain mutual funds; certain individual equity securities; and certain individual high-quality corporate bonds.

NOTE F - LONG-TERM LIABILITIES

Governmental Activities

As indicated in Note C, in March 2022, the District leased equipment with a present value of $31,911. Subject to GASB 87, the liability is amortized over 63 monthly payments of $544 (exclusive of $180 in maintenance and supply charges) based on an interest rate of 2.73%. The vendor retains a security interest in the equipment until termination of the lease.

On March 9, 2019, the District entered into a contract with the Kentucky Interlocal School Transportation Association (KISTA) for the acquisition of a new school bus. Principal is due annually over a 10-year period in amounts ranging from $7,939 to $10,156. Interest is paid semi-annually at a 3% rate. The KISTA Pool Financing retains a security interest in the vehicle until the termination of the contract.

The District is obligated to make payments in amounts sufficient to satisfy debt service requirements on revenue bonds or refunding bonds of revenue bonds issued by the Cloverport Independent School District Finance Corporation to construct or renovate school facilities. The bonds payable are collateralized by the educational facilities constructed/renovated with bond proceeds. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding. Bonds are repaid principally from state and local revenues in the Building Fund. General Fund and Capital Outlay Fund revenues are available to pay for debt service if needed.

The projects financed by bonds are the property of the Cloverport Independent School District Finance Corporation (Corporation), which leases the facilities to the District. Rental payments are equal to the amounts the Corporation pays to amortize the bonds. The instruments are revenue bonds, constitute a limited indebtedness of the Corporation, and are secured by a statutory mortgage lien and pledge of the rental income derived by the Corporation from leasing the project to the District on a year-to-year basis. Should the District fail to make its required payments, it has granted the Commission the right to request that the Kentucky Department of Education withhold sufficient funds from the District to compensate for the shortfall.

The District has “participation agreements” with the Kentucky School Facility Construction Commission (SFCC). The SFCC was created by the Kentucky Legislature for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the SFCC for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the government-wide financial statements.

The original amount of the bond issues, the issue dates, interest rates, and outstanding balances at June 30, 2023 are summarized below:

Bond Series	Interest Rates	Original Issue	Outstanding Balance
2004	1.15% to 4.4%	$ 1,190,000	$ 30,000
2015	2.1% to 3.3%	$ 1,710,000	$ 1,315,000
2016R	.95% to 2.1%	$ 3,195,000	$ 1,625,000
2020R	1.2%	$ 573,000	$ 457,000

NOTE F - LONG-TERM LIABILITIES (CONCLUDED)

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

Year Ending June 30	District Principal	District Interest	SFCC Principal	SFCC Interest	Total Principal	Total Interest
2024	$ 96,603	$ 43,711	$ 359,397	$ 36,597	$ 456,000	$ 80,308
2025	101,581	41,915	337,419	29,633	439,000	71,548
2026	99,053	39,989	343,947	23,157	443,000	63,146
2027	95,163	37,398	350,837	16,479	446,000	53,877
2028	98,067	34,831	356,933	9,665	455,000	44,496
2029-33	705,266	121,667	137,734	8,059	843,000	129,726
2034-35	328,767	16,352	16,233	808	345,000	17,160
	$1,524,500	$335,863	$1,902,500	$124,398	$3,427,000	$460,261

Changes in long-term liabilities (including current portion) were as follows:

Governmental Activities

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due In One Year
Bond obligations	$3,874,000	$ -	$447,000	$3,427,000	$456,000
Premium	24,951	-	4,403	20,548	4,403
Total bonds	3,898,951	-	451,403	3,447,548	460,403
Equipment loans	91,036	-	18,910	72,126	17,820
Leased equipment	30,492	-	5,771	24,721	5,930
Accrued sick leave	102,579	-	19,178	83,401	-
Net pension liability	818,561	208,538	-	1,027,099	-
Net OPEB liability	772,743	271,606	-	1,044,349	-
	$5,714,362	$480,144	$495,262	$5,699,244	$484,153

The Debt Service Fund is primarily responsible for paying bond obligations through funding from the Building Fund. The General Fund is primarily responsible for paying the lease and accrued sick leave.

Business-Type Activities

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due In One Year
Net pension liability	$216,675	$27,234	$ -	$243,909	-
Net OPEB liability	51,050	-	14,458	36,592	-
	$267,725	$27,234	$14,458	$280,501	$ -

NOTE G - DEFICIT FUND BALANCES/NET POSITION

The proprietary fund ended the year with a deficit in net position. The governmental funds did not end the year with a deficit fund balance; however, the District Activity Fund had operations resulting in a current year reduction of fund balance.

NOTE H - INTERFUND ACTIVITY

The following interfund transfers were made during the year:

From Fund	To Fund	Amount	Purpose
General	Debt Service	$ 21,484	Debt service
General	Special Revenue	12,166	Technology transfer
Special Revenue	General	50,738	Reimbursement
Building	Debt Service	140,599	Debt service
Food Service	General	20,035	Indirect cost
		$245,022	

Most program costs in the Special Revenue Fund must be paid for by District funds before reimbursement is requested from the federal government. The General Fund temporarily covered program expenditures, so an interfund balance resulted from the time lag between the dates expenditures were made and the date that grant funds were received. As a result, the Special Revenue Fund owed the General Fund $56,383 at year-end.

NOTE I - ON-BEHALF PAYMENTS

For the year ended June 30, 2023, payments were made for life insurance, health insurance, health reimbursement accounts, TRS retirement contributions, administrative fees, and technology by the Commonwealth of Kentucky on behalf of the District. In addition, debt service payments (principal and interest) were made by KISTA and the SFCC on behalf of the District. These on-behalf payments were recorded as intergovernmental revenue and expenses or expenditures in the government-wide, General Fund, Proprietary Fund, and Debt Service Fund financial statements.

The on-behalf payments received were as follows:

TRS retirement contributions – GASB 68	$ 658,264
TRS retirement contributions – GASB 75	14,366
Health insurance	396,770
Life insurance	606
Administrative fee	4,824
Health reimbursement account	24,237
Federal reimbursement (paid by District)	(58,009)
Debt service (SFCC payments)	395,995
Technology (KEN, MUNIS, etc.)	62,915
Total On-Behalf Payments	$1,499,968

The amount received for the fiscal year ended June 30, 2023 was allocated as follows:

General Fund/Governmental Activities	$1,081,554
Proprietary Fund/Business-Type Activities	22,419
Debt Service Fund	395,995
Total On-Behalf Payments	$1,499,968

NOTE J - INSURANCE AND RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, students, and guests; and natural disasters. To obtain insurance for workers' compensation, errors and omissions, general and automotive liability coverage, and other miscellaneous risks, the District purchases commercial insurance. The District purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund.

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

NOTE K - 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 on the grantor's review, the funds are considered not to have been used for the intended purpose, the grantor may request a refund of monies advanced or refuse to reimburse the District for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is contingent upon the grantors' satisfaction that the funds provided are being spent as intended, the grantors' intent to continue the programs, and the availability of funding.

Early in 2020, the United States was struck with the COVID-19 virus. It continues to impact economies around the globe. To ease the burden of the financial impact of COVID-19 on the District, the federal government disbursed funds as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). It is not possible to reliably estimate the duration and severity of the consequences of the pandemic, as well as their impact on the financial position of the District for future periods.

NOTE L - RETIREMENT PLANS

The District's employees are provided with two pension plans, based on each position's college degree requirement. The District also makes available 401(k) and 403(b) defined contribution pension plans for all employees. Employees are allowed to contribute to the plans up to the Internal Revenue Code maximum allowable amount. The District does not contribute to these plans.

NOTE L - RETIREMENT PLANS (CONTINUED)

1. Teachers' Retirement System of Kentucky

General Information about the Teachers' Retirement System of Kentucky

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

Benefits Provided

Members before July 1, 2008
Members become vested when they complete five years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

1) attain age 55 and complete 5 years of Kentucky service; or
2) complete 27 years of Kentucky service.

Members on or after July 1, 2008
Members become vested when they complete five years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

1) attain age 60 and complete 5 years of Kentucky service; or
2) complete 27 years of Kentucky service; or
3) attain age 55 and complete 10 years of Kentucky service.

Members on or after January 1, 2022
To qualify for monthly retirement benefits, payable for life, members must either:

1) attain age 57 and complete 10 years of Kentucky service; or
2) attain age 65 and complete 5 years of Kentucky service.

The annual retirement allowance, or monthly benefit payment, varies based on participation dates in the system, length of service, and other factors. For all members, final average salary is the member's five highest annual salaries, except members who began participating prior to January 1, 2022, that are at least age fifty-five with twenty-seven or more years of service, may use their three highest annual salaries. More information can be found in the publicly available financial report mentioned above.

NOTE L - RETIREMENT PLANS (CONTINUED)

Other Benefits

TRS provides post-employment healthcare benefits to eligible members and dependents. See Note M for more information.

For members who began participating prior to January 1, 2022, TRS also provides disability benefits for vested members at the rate of 60% of the final average salary. Members who began participating on or after January 1, 2022, will receive a disability benefit to be determined by the board through administrative regulation.

A life insurance benefit payable upon the death of a member, is $2,000 for active contributing members and $5,000 for retired or disabled members for members who began participating before January 1, 2022. For members who entered on or after January 1, 2022, the life insurance benefit payable upon the death of a member is $5,000 for active contributing members and $10,000 for retired or disabled members.

Cost of living increases are 1.5% annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

Contributions – Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university members who began participating before January 1, 2022 are required to contribute 12.855% of their salaries to the System. The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district employees hired before July 1, 2008 and 14.105% for those hired on or after July 1, 2008 and before January 1, 2022. Other participating employers are required to contribute the percentage contributed by members plus an additional 3.25% of members' gross salaries.

For members who began participating on or after January 1, 2022, non-university members contribute 14.75% of their salaries to the System. Employers of non-university members, including the Commonwealth (as a non-employer contributing entity), contribute 10.75% of salary.

Member and employer contributions consist of retirement annuity contributions and other post-employment benefit contributions to the health insurance and life insurance trusts. The member post-employment health insurance contribution is 3.75% of salary. The employer post-employment health insurance contribution is 0.75% of member salaries. Also, employers (other than the state) contribute 3% of members' salaries and the state contributes the net cost of health insurance premiums for new retirees after June 30, 2010, in the non-Medicare eligible group. If a member leaves covered employment before accumulating five years of credited service, accumulated member contributions to the retirement trust are refunded with interest upon the member's request.

NOTE L - RETIREMENT PLANS (CONTINUED)

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

At June 30, 2023, the District did not report a liability for its proportionate share of the net pension liability because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. For the year ended June 30, 2023, the District recognized $658,264 in pension expense and in revenue in the government-wide financial statements for TRS support provided by the Commonwealth. The Commonwealth's proportionate share of the TRS net pension liability that was associated with the District was $7,214,481.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of June 30, 2021. The Commonwealth's proportionate share of the net pension liability associated with the District was based on the actual liability of the employees and former employees of the District relative to the total liability for non-university employers of TRS as determined by the actuary, which accounted for 0.0426% as of June 30, 2022.

Actuarial Assumptions – Actuarial valuation was determined using the following actuarial assumptions:

Valuation Date:	June 30, 2021
Actuarial Cost Method:	Entry age
Investment Rate of Return:	7.10%, net of pension plan investment expense, including inflation
Projected Salary Increases:	3.0 – 7.5%, including inflation
Inflation Rate:	2.5%
Post-Retirement Adjustment:	1.5%
Municipal Bond Index Rate:	3.37%
Single Equivalent Interest Rate:	7.1%

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.5% to 7.1% and the price inflation assumption was lowered from 3% to 2.5%. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

NOTE L - RETIREMENT PLANS (CONTINUED)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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 KTRS, the discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made in full at the current contribution rates and the employer contributions will be made at actuarially determined contribution rates for all future fiscal years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The District's proportionate share of the TRS net pension liability was $0.

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

2. County Employees Retirement System

General Information about the County Employees Retirement System

Plan Description – Employees whose positions do not require a degree (classified personnel) are covered by the County Employees Retirement System (CERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. The report may be obtained by writing to the Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601 or from the KRS website at www.kyret.ky.gov.

NOTE L - RETIREMENT PLANS (CONTINUED)

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

Tier 1 – Defined Benefit	
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 – Defined Benefit	
Participation date:	September 1, 2008 – December 31, 2013
Unreduced retirement:	At least 5 years service and 65 years old
	Age 57+ and sum of service years plus age = 87
Reduced retirement:	At least 10 years service and 60 years old
Tier 3 – Cash Balance	
Participation date:	After December 31, 2013
Unreduced retirement:	At least 5 years service and 65 years old
	Age 57+ and sum of service years plus age = 87
Reduced retirement:	Not available

Contributions – Employees in all tiers contribute 5% of their salaries, and those in Tiers 2 and 3 contribute an additional 1% of their salaries for health insurance. Participating employers contributed 26.79% (23.4% for pension and 3.39% for health insurance) of members' non-hazardous compensation for the year ended June 30, 2023.

Medical Insurance Plan – In addition to the pension benefits described above, Kentucky Revised Statute 61.702 requires CERS to provide post-retirement healthcare benefits to eligible members and dependents. See Note M for more information.

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

At June 30, 2023, the District reported a liability of $1,271,005 for its proportionate share of the net pension liability for CERS. The total pension liability, net pension liability, and sensitivity information as of June 30, 2022, were based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2022, using generally accepted actuarial principles. The District's proportion of the net pension liability was based on the actual contributions of the District relative to the total contributions of all participating members of CERS during the measurement period July 1, 2021 through June 30, 2022. At June 30, 2022, the District's proportion was 0.017582%, an increase of 0.001345% from its proportion measured at June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of $505 for CERS.

NOTE L - RETIREMENT PLANS (CONTINUED)

The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,359	$11,319
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	32,584	-
Changes in proportion and differences between District contributions and proportionate share of contributions	65,479	32,291
District contributions subsequent to the measurement date	120,461	-
	$219,883	$43,610

$120,461 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2024	$ 554
2025	29,833
2026	(10,681)
2027	36,106

Actuarial assumptions – The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation Rate:	2.30%
Payroll Growth Rate:	2.00%
Projected Salary Increases:	3.30% to 10.30%, varies by service for CERS non-hazardous
Investment Rate of Return:	6.25%

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

NOTE L - RETIREMENT PLANS (CONCLUDED)

The long-term expected rates of return were determined by using a building-block method in which best estimated ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class, as provided by KRS, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income		
Core Fixed Income	10.00%	0.28%
Specialty Credit	10.00%	2.28%
Cash	0.00%	(0.91)%
Inflation Protected		
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Total	100.00%	

Discount Rate – The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018) over the remaining 29 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate.

Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate – The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 5.25%	Current Discount 6.25%	1% Increase 7.25%
District's proportionate share of the net pension liability	$1,588,599	$1,271,005	$1,008,329

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report.

Pension Contributions Payable – The District's accrued payroll and employee benefits included $21,262 ($17,519 employer and $3,743 employee) of outstanding pension contributions payable to CERS for the year ended June 30, 2023.

NOTE M - OTHER POST-EMPLOYMENT BENEFITS

1. Teachers' Retirement System of Kentucky Insurance Fund

General Information about the Teachers' Retirement System of Kentucky Insurance Fund

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

The District reports a liability, deferred outflows of resources, deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the TRS Medical Insurance Plans. Life insurance benefits are also provided, but no information is recorded in the District's financial records, as there is no statutory requirement to contribute to the TRS Life Insurance Plans. The following information is about the TRS plans.

A) Medical Insurance Plan

Plan description – Kentucky Revised Statute 161.675 requires TRS to provide access to post-employment healthcare benefits to eligible members and dependents. The TRS Health Insurance Trust is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance, and the General Assembly.

Benefits provided – To be eligible for medical benefits, the member must have retired either for service or disability and a required amount of service credit. The TRS medical plan offers members who are not eligible for Medicare and under age 65 coverage through the Kentucky Employees Health Plan (KEHP) administered by the Kentucky Department of Employee Insurance. Once retired members and eligible spouses attain age 65 and or are eligible for Medicare, coverage is obtained through the Medicare Eligible Health Plan administered by TRS.

Contributions are made on behalf of TRS retired members toward payment of health insurance premiums. The amount of the member's contribution is based on a table approved by the TRS Board of Trustees. Retired members pay premiums in excess of the monthly contribution. The Commonwealth bears risk for excess claims expenses that exceed the premium equivalents charged for the KEHP.

Contributions – In order to fund the post-retirement healthcare benefit, 7.5% of the gross annual payroll of members is contributed – 3.75% is paid by member contributions, .75% is from Commonwealth appropriation, and 3% is from the employer. The Commonwealth 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.

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

At June 30, 2023, the District reported a liability of $764,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 0.030772%.

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

District's proportionate share of the net OPEB liability	$ 764,000
Commonwealth's proportionate share of the net OPEB liability associated with the District	251,000
Total	$1,015,000

For the year ended June 30, 2023, the District recognized a reduction in OPEB expense of $8,280 and revenue of $13,413 for support provided by the Commonwealth. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$241,620
Changes of assumptions	116,670	-
Net difference between projected and actual earnings on OPEB plan investments	30,861	-
Changes in proportion and differences between District contributions and proportionate share of contributions	133,982	36,130
District contributions subsequent to the measurement date	48,290	-
	$329,803	$277,750

$48,290 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the collective net OPEB liability in the year ending June 30, 2024. Deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Year Ending June 30,	Amount
2024	$(29,356)
2025	(17,312)
2026	(6,022)
2027	29,356
2028	21,829
Thereafter	5,268

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

Valuation Date:	June 30, 2021
Investment Rate of Return:	7.10%, net of OPEB plan investment expense, including inflation
Projected Salary Increases:	3.00% - 7.50%, including wage inflation
Inflation Rate:	2.50%
Real Wage Growth:	0.25%
Wage Inflation:	2.75%
Municipal Bond Index Rate:	3.37%
Discount Rate:	7.10%
Single Equivalent Interest Rate:	7.10%, net of OPEB plan investment expense, including price inflation

Healthcare Cost Trend Rates:	
Under age 65 (KEHP):	7.0% for fiscal year 2022, decreasing to an ultimate rate of 4.5% by fiscal year 2032
Ages 65 and over (MEHP):	5.125% for fiscal year 2022*, decreasing to an ultimate rate of 4.5% by fiscal year 2025
Medicare Part B premiums:	6.97% for fiscal year 2022, with an ultimate rate of 4.5% by fiscal year 2034

*Based on known expected increase in Medicare-eligible costs in the year following the valuation date, an increase rate of 20% was used for 2021.

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2021, valuation were based on the results of the most recent actuarial experience study for the system, which covered the five-year period ending June 30, 2020, adopted by the board on September 20, 2021. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2021, valuation of the health trust were based on a review of recent plan experience done concurrently with the June 30, 2021, valuation. The health care cost trend rate assumption was updated for the June 30, 2021, valuation and was shown as an assumption change in the total OPEB liability (TOL) roll-forward while the change in initial per capita claims costs were included with experience in the TOL roll-forward. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	5.1%
Fixed Income	9.0%	(0.1)%
Real Estate	6.5%	4.0%
Private Equity	8.5%	6.9%
Additional Categories: High Yield	8.0%	1.7%
Other Additional Categories	9.0%	2.2%
Cash	1.0%	(0.3)%
Total	100%	

Discount rate – The discount rate used to measure the total OPEB liability 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 Statement No. 74.

Sensitivity of Proportionate Share of Net OPEB Liability to Changes in the Discount Rate – The following table presents the District's proportionate share of the collective net OPEB liability of TRS, calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 6.10%	Current Discount 7.10%	1% Increase 8.10%
District's proportionate share of the collective net OPEB liability	$958,000	$764,000	$603,000

Sensitivity of Proportionate Share of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following table presents the District's proportionate share of the collective net OPEB liability calculated using the healthcare cost trend rate, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

	1% Decrease	Current Rate	1% Increase
District's proportionate share of the collective net OPEB liability	$573,000	$764,000	$1,002,000

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

B) Life Insurance Plan

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

Benefits provided – A life insurance benefit payable upon the death of a member, is $2,000 for active contributing members and $5,000 for retired or disabled members for members who began participating before January 1, 2022. For members who entered on or after January 1, 2022, the life insurance benefit payable upon the death of a member is $5,000 for active contributing members and $10,000 for retired or disabled members.

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

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

At June 30, 2023, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the Commonwealth of Kentucky provides the OPEB support directly to TRS on behalf of the District. For the year ended June 30, 2023, the District recognized $953 in OPEB expense and in revenue in the government-wide financial statements for TRS support provided by the Commonwealth.

The Commonwealth's proportionate share of the TRS net OPEB liability for the life insurance plan that was associated with the District was $12,000.

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

Valuation Date:	June 30, 2021
Investment Rate of Return:	7.10%, net of OPEB plan investment expense, including inflation
Projected Salary Increases:	3.00% - 7.50%, including wage inflation
Inflation Rate:	2.50%
Real Wage Growth:	0.25%
Wage Inflation:	2.75%
Municipal Bond Index Rate:	2.13%
Discount Rate:	7.10%
Single Equivalent Interest Rate:	7.10%, net of OPEB plan investment expense, including inflation

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2021, valuation were based on the results of the most recent actuarial experience study for the system, which covered the five-year period ending June 30, 2020, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

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

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

Asset Class	Target Allocation	Expected Geometric Real Rate of Return
US Equity	40.0%	4.4%
International Equity	23.0%	5.6%
Fixed Income	18.0%	(0.1)%
Real Estate	6.0%	4.0%
Private Equity	5.0%	6.9%
Additional Categories	6.0%	2.1%
Cash	2.0%	(0.3)%
Total	100%	

Discount rate – The discount rate used to measure the total OPEB liability 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 Statement No. 74.

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

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

2. County Employees Retirement System Insurance Fund

General Information about the County Employees Retirement System Insurance Fund

Medical Insurance Plan

Plan Description – County Employees Retirement System (CERS) Nonhazardous Insurance Funds are cost-sharing multiple-employer defined benefit other post-employment benefits (OPEB) plans for members that cover all regular full-time members employed in nonhazardous 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, and it may be extended to beneficiaries of plan members under certain circumstances. It is administered by the Kentucky Retirement System (KRS), an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute Section 61.645, the Board of Trustees of the Kentucky Retirement System administers OPEB and has the authority to establish and amend benefit provisions.

The KRS issues a publicly available financial report that includes financial statements and required supplementary information for CERS. The report may be obtained by writing to the Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601 or from the KRS website at www.kyret.ky.gov.

Benefits Provided – CERS provides health insurance benefits to plan employees and beneficiaries when applicable. For members participating prior to July 1, 2003, KRS pays a percentage of the monthly premium for single coverage based upon the service credit accrued at retirement. Members participating on or after July 1, 2003, and before September 1, 2008, are required to earn at least 10 years of service credit in order to be eligible for insurance benefits at retirement. Members participating on or after September 1, 2008 are required to earn at least 15 years of service credit in order to be eligible for insurance benefits at retirement. The monthly health insurance contribution will be $10 for each year of earned service increased by the CPI prior to July 1, 2009, and by 1.5% annually from July 1, 2009.

The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The KRS Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan.

Contributions – Employees in Tiers 2 and 3 (see Note L) contribute an additional 1% of their salaries for health insurance. This amount is credited to the Insurance Fund and is non-refundable to the member. Participating employers contributed 26.79% (23.40% for pension and 3.39% for health insurance) of members' non-hazardous compensation for the year ended June 30, 2023.

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

At June 30, 2023, the District reported a liability of $346,924 for its proportionate share of the net OPEB liability for CERS. The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2022, were based on an actuarial valuation date of June 30, 2021.

The total OPEB liability was rolled forward from the valuation date of June 30, 2021 to the plan's fiscal year ended June 30, 2022, using generally accepted actuarial principles. The District's proportion of the net OPEB liability was based on the actual contributions of the District relative to the total contributions of all participating members of CERS during the measurement period July 1, 2021 through June 30, 2022. At June 30, 2022, the District's proportion was 0.017579%, an increase of 0.001345% from its proportion measured at June 30, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of $21,935 for CERS. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 34,921	$ 79,558
Changes of assumptions	54,868	45,211
Net difference between projected and actual earnings on OPEB plan investments	14,081	-
Changes in proportion and differences between District contributions and proportionate share of contributions	20,225	65,914
District contributions subsequent to the measurement date	29,959	-
	$154,054	$190,683

$29,959 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2024	$(31,267)
2025	(23,205)
2026	(18,064)
2027	5,948
2028	-
Thereafter	-

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Valuation Date:	June 30, 2021
Inflation Rate:	2.30%
Payroll Growth Rate:	2.00%
Projected Salary Increases:	3.30 – 10.30%, varies by service
Investment Rate of Return:	6.25%
Healthcare Trend Rates (under age 65):	Initial trend starting at 6.20% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Healthcare Trend Rates (age 65 and over):	Initial trend starting at 9.00% in 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years

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

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by KRS, are summarized in the table in Note L (target allocations and real rates of return are the same for the CERS Pension and Insurance Funds).

Discount Rate – The discount rate used to measure the total OPEB liability was 5.70%. 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 3.69%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONCLUDED)

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. The future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

Sensitivity of Proportionate Share of Net OPEB Liability to Changes in the Discount Rate – The following table presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 5.70%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 4.70%	Current Discount 5.70%	1% Increase 6.70%
District's proportionate share of the net OPEB liability	$463,782	$346,924	$250,321

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

	1% Decrease	Current Rate	1% Increase
District's proportionate share of the net OPEB liability	$257,930	$346,924	$453,789

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

OPEB Contributions Payable – The District's accrued payroll and employee benefits included $2,853 ($2,538 employer and $315 employee) of outstanding OPEB contributions payable to CERS for the year ended June 30, 2023.

NOTE N - RESTRICTED NET POSITION

Restricted net position of the Governmental Activities included $164,358 for the science program, $69,390 for student activities, $199,282 for capital projects, and $342 for debt service.

NOTE O - NEW ACCOUNTING PRONOUNCEMENTS

For the year ended June 30, 2022, the City adopted GASB 87, fundamentally changing the accounting for material leases previously treated as operating leases. Under these terms, assets under a lease agreement exceeding one year in length are capitalized at a present value based on a stated interest rate or the District's incremental borrowing rate.

GASB 96, effective for fiscal years ending after June 15, 2022, requires that material technology subscriptions extending beyond one year are capitalized and amortized over the term of the subscription. For the fiscal year ended June 30, 2023, the District had no subscriptions subject to the pronouncement.

REQUIRED SUPPLEMENTARY INFORMATION

CLOVERPORT INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
From local sources:				
Property taxes	$ 225,425	$ 231,400	$ 260,134	$ 28,734
Motor vehicle taxes	60,000	60,000	54,336	(5,664)
Utility taxes	50,000	50,000	66,986	16,986
Investment gain (loss)	5,345	6,700	15,270	8,570
Other income	21,000	21,000	31,718	10,718
Intergovernmental - state	2,553,048	2,650,548	2,955,104	304,556
Intergovernmental - direct federal	25,000	25,000	36,572	11,572
Total Revenues	2,939,818	3,044,648	3,420,120	375,472
Expenditures				
Instruction	1,573,870	1,635,448	1,646,451	(11,003)
Support services:				
Student	203,455	207,397	209,476	(2,079)
Instructional staff	129,993	96,435	90,218	6,217
District administration	510,261	526,646	469,423	57,223
School administration	146,065	149,725	172,775	(23,050)
Business	230,469	282,305	294,684	(12,379)
Plant operations and maintenance	364,811	344,937	321,967	22,970
Student transportation	176,106	182,321	176,361	5,960
Community services	900	900	92	808
Debt service	31,812	21,489	6,530	14,959
Total Expenditures	3,367,742	3,447,603	3,387,977	59,626
Excess (Deficiency) of Revenues over Expenditures	(427,924)	(402,955)	32,143	435,098
Other Financing Sources (Uses)				
Operating transfers in	1,350	-	70,773	70,773
Operating transfers out	(12,989)	(12,989)	(33,650)	(20,661)
Total Other Financing Sources (Uses)	(11,639)	(12,989)	37,123	50,112
Net Changes in Fund Balance	(439,563)	(415,944)	69,266	485,210
Fund Balance - Beginning of Year	439,563	415,944	987,736	571,792
Fund Balance - End of Year	$ -	$ -	$ 1,057,002	$ 1,057,002

See accompanying notes to budgetary comparison schedules.

CLOVERPORT INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
From local sources:				
Investment gain (loss)	$ 10	$ -	$ 69	$ 69
Other income	56,500	44,000	61,357	17,357
Intergovernmental - state	193,411	213,258	172,089	(41,169)
Intergovernmental - indirect federal	23,182	24,933	704,780	679,847
Intergovernmental - direct federal	376,746	260,365	25,620	(234,745)
Total Revenues	649,849	542,556	963,915	421,359
Expenditures				
Instruction	448,030	347,715	727,081	(379,366)
Support services:				
Student	53,095	53,105	42,133	10,972
Instructional staff	40,433	40,950	4,537	36,413
District administration	6,000	-	17,807	(17,807)
Business	41,340	42,978	56,263	(13,285)
Plant operations and maintenance	14,589	25,487	25,382	105
Student transportation	15,383	-	-	-
Food service	-	-	4,561	(4,561)
Community services	41,794	45,310	47,579	(2,269)
Total Expenditures	660,664	555,545	925,343	(369,798)
Excess (Deficiency) of Revenues over Expenditures	(10,815)	(12,989)	38,572	51,561
Other Financing Sources (Uses)				
Operating transfers in	12,165	12,989	12,166	(823)
Operating transfers out	(1,350)	-	(50,738)	(50,738)
Total Other Financing Sources (Uses)	10,815	12,989	(38,572)	(51,561)
Net Changes in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	-	-	42	42
Fund Balance - End of Year	$ -	$ -	$ 42	$ 42

See accompanying notes to budgetary comparison schedules.

NOTE A - BASIS OF PRESENTATION

The Budgetary Comparison Schedules for the General Fund and Special Revenue Fund present the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, and variances between the final budget and actual data.

NOTE B - BUDGET VIOLATIONS

No budget violations occurred for the fiscal year.

CLOVERPORT INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last 9 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Kentucky Teachers' Retirement System									
District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of the net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commonwealth's proportionate share of the net pension liability associated with the District	$ 7,214,481	$ 6,013,158	$ 6,680,945	$ 6,471,627	$ 6,182,664	$ 14,698,850	$ 16,945,747	$ 13,545,177	$ 11,265,939
District's covered payroll	$ 1,673,702	$ 1,649,664	$ 1,677,873	$ 1,660,820	$ 1,598,669	$ 1,784,297	$ 1,921,219	$ 1,954,742	$ 1,721,588
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	56.406%	65.591%	58.272%	58.765%	59.278%	39.832%	35.220%	42.492%	45.591%
County Employees Retirement System									
District's proportion of the net pension liability	0.017582%	0.016237%	0.016907%	0.023078%	0.022992%	0.026907%	0.026980%	0.023600%	0.025679%
District's proportionate share of the net pension liability	$ 1,271,005	$ 1,035,236	$ 1,296,753	$ 1,623,086	$ 1,400,283	$ 1,574,949	$ 1,328,534	$ 1,014,681	$ 833,000
District's covered payroll	$ 486,171	$ 409,151	$ 437,368	$ 585,710	$ 569,643	$ 656,252	$ 628,528	$ 552,635	$ 551,322
District's proportionate share of the net pension liability as a percentage of its covered payroll	261.43%	253.02%	296.49%	277.11%	245.82%	239.99%	211.37%	183.61%	151.09%
Plan fiduciary net position as a percentage of the total pension liability	52.418%	57.328%	47.814%	50.447%	53.542%	53.325%	55.503%	59.968%	66.801%

Notes: The data provided in this schedule is based on the measurement date of each System's net pension liability, which is as of June 30th of the prior fiscal year; therefore, the District's covered payrol above differs from the District's fiscal year payroll as reported in the Schedule of Pension Contributions.

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying notes to pension and OPEB schedules.

CLOVERPORT INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS

Last 9 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Kentucky Teachers' Retirement System									
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 1,609,674	$ 1,673,702	$ 1,649,664	$ 1,677,873	$ 1,660,820	$ 1,598,669	$ 1,784,297	$ 1,921,219	$ 1,954,742
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
County Employees Retirement System									
Contractually required contribution	$ 120,461	$ 110,750	$ 78,966	$ 84,412	$ 95,002	$ 82,484	$ 91,547	$ 78,063	$ 70,461
Contributions in relation to the contractually required contribution	(120,461)	(110,750)	(78,966)	(84,412)	(95,002)	(82,484)	(91,547)	(78,063)	(70,461)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 514,791	$ 486,171	$ 409,151	$ 437,368	$ 585,710	$ 569,643	$ 656,252	$ 628,528	$ 552,635
Contributions as a percentage of covered payroll	23.40%	22.78%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

Notes: The District is not contractually required to make contributions to the Kentucky Teachers' Retirement System; therefore, no amounts are reported.

Contractually required contributions listed above for CERS exclude the portion allocated to the CERS insurance fund.

The data provided in this schedule is based on the corresponding fiscal year and differs from the covered payroll reported in the Schedule of the Proportionate Share of the Net Pension Liability.

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying notes to pension and OPEB schedules.

CLOVERPORT INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - MEDICAL INSURANCE PLAN

Last 6 Fiscal Years*

	2023	2022	2021	2020	2019	2018
Kentucky Teachers' Retirement System						
District's proportion of the collective net OPEB liability	0.030772%	0.024543%	0.025136%	0.025076%	0.024114%	0.028414%
District's proportionate share of the collective net OPEB liability	$ 764,000	$ 527,000	$ 634,000	$ 734,000	$ 837,000	$ 1,013,000
Commonwealth's proportionate share of the collective net OPEB liability associated with the District	$ 251,000	$ 428,000	$ 508,000	$ 593,000	$ 721,000	$ 828,000
District's covered payroll	$ 1,673,702	$ 1,649,664	$ 1,677,873	$ 1,660,820	$ 1,598,669	$ 1,784,297
District's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	45.65%	31.95%	37.79%	44.20%	52.36%	56.77%
Plan fiduciary net position as a percentage of the total OPEB liability	47.80%	51.70%	39.10%	32.60%	25.50%	21.20%
County Employees Retirement System						
District's proportion of the net OPEB liability	0.017579%	0.016234%	0.016902%	0.023072%	0.022941%	0.026907%
District's proportionate share of the net OPEB liability	$ 346,924	$ 310,792	$ 408,132	$ 388,061	$ 407,313	$ 540,923
District's covered payroll	$ 486,171	$ 409,151	$ 437,368	$ 585,710	$ 569,643	$ 656,252
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	71.36%	75.96%	93.32%	66.25%	71.50%	82.43%
Plan fiduciary net position as a percentage of the total OPEB liability	60.948%	62.907%	51.670%	60.438%	57.622%	52.394%

Notes: The data provided in this schedule is based on the measurement date of each System's net OPEB liability, which is as of June 30th of the prior fiscal year; therefore, the District's covered payroll reported above differs from the District's fiscal year payroll as reported in the Schedule of OPEB Contributions - Medical Insurance Plan.

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying notes to pension and OPEB schedules.

CLOVERPORT INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS - MEDICAL INSURANCE PLAN

Last 6 Fiscal Years*

	2023	2022	2021	2020	2019	2018
Kentucky Teachers' Retirement System						
Contractually required contribution	$ 48,290	$ 50,214	$ 49,505	$ 50,336	$ 49,826	$ 47,912
Contributions in relation to the contractually required contribution	(48,290)	(50,214)	(49,505)	(50,336)	(49,826)	(47,912)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 1,609,674	$ 1,673,702	$ 1,649,664	$ 1,677,873	$ 1,660,820	$ 1,598,669
Contributions as a percentage of covered payroll	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
County Employees Retirement System						
Contractually required contribution	$ 17,451	$ 20,273	$ 19,476	$ 20,819	$ 30,808	$ 26,773
Contributions in relation to the contractually required contribution	(17,451)	(20,273)	(19,476)	(20,819)	(30,808)	(26,773)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 514,791	$ 486,171	$ 409,151	$ 437,368	$ 585,710	$ 569,643
Contributions as a percentage of covered payroll	3.39%	4.17%	4.76%	4.76%	5.26%	4.70%

Notes: Contractually required contributions listed above for CERS exclude the portion allocated to the CERS pension fund.

The data provided in this schedule is based on the corresponding fiscal year and differs from the covered payroll reported in the Schedule of Proportionate Share of the Net OPEB Liability - Medical Insurance Plan.

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying notes to pension and OPEB schedules.

CLOVERPORT INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY - LIFE INSURANCE PLAN

Last 6 Fiscal Years*

	2023	2022	2021	2020	2019	2018
Kentucky Teachers' Retirement System						
District's proportion of the collective net OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of the collective net OPEB liability	$ -	$ -	$ -	$ -	$ -	$ -
Commonwealth's proportionate share of the collective net OPEB liability associated with the District	$ 12,000	$ 6,000	$ 15,000	$ 14,000	$ 12,000	$ 11,000
District's covered payroll	$1,673,702	$1,649,664	$1,677,873	$1,660,820	$1,598,669	$1,784,297
District's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	74.00%	89.20%	71.60%	73.40%	75.00%	80.00%

Notes: The data provided in this schedule is based on the measurement date of the System's net OPEB liability, which is as of June 30th of the prior fiscal year; therefore, the District's covered payroll reported above differs from the District's fiscal year payroll as reported in the Schedule of OPEB Contributions - Life Insurance Plan.

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying notes to pension and OPEB schedules.

CLOVERPORT INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS - LIFE INSURANCE PLAN

Last 6 Fiscal Years*

	2023	2022	2021	2020	2019	2018
Kentucky Teachers' Retirement System						
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$1,609,674	$1,673,702	$1,649,664	$1,677,873	$1,660,820	$1,598,669
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes: The District is not contractually required to make contributions to the Kentucky Teachers' Retirement System; therefore, no amounts are reported.

The data provided in this schedule is based on the corresponding fiscal year and differs from the covered payroll reported in the Schedule of the Proportionate Share of the Net OPEB Liability - Life Insurance Plan.

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying notes to pension and OPEB schedules.

NOTE A - TEACHERS' RETIREMENT SYSTEM OF KENTUCKY

1. Pension Plan

Changes in benefit terms: There were no changes in benefit terms for fiscal years 2015 through 2022. A new benefit tier was added for members joining the system on and after January 1, 2022.

Changes in assumptions:

- 2015 - For the measurement date of June 30, 2014, the Single Equivalent Interest Rate (SEIR) was changed from 5.16% to 5.23%.
- 2016 - For the measurement date of June 30, 2015, the SEIR was changed from 5.23% to 4.88%. The Municipal Bond Index Rate (MBIR) was changed from 4.35% to 3.82%.
- 2017 - For the measurement date of June 30, 2016, the SEIR was changed from 4.88% to 4.2%. The MBIR was changed from 3.82% to 3.01%.
- 2018 - For the measurement date of June 30, 2017, the SEIR was changed from 4.2% to 4.49%. The MBIR was changed from 3.01% to 3.56%. The inflation rate was changed from 3.5% to 3%. The range for projected salary increases was changed from 4 - 8.2% to 3.5% - 7.3%. In the 2016 valuation, rates of withdrawal, retirement, disability, mortality and salary increase were adjusted to more closely reflect actual experience. In the 2016 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables projected to 2025 with projection to 2025 with projection scale BB, set forward two years for males and one year for females rather than the RP-2000 Mortality Tables projected to 2020 with projection scale AA, which was used prior to 2016.
- 2019 - For the measurement date of June 30, 2018, the SEIR was changed from 4.49% to 7.5%. The MBIR was changed from 3.56% to 3.89%.
- 2020 - For the measurement date of June 30, 2019, the MBIR was changed from 3.89% to 3.5%.
- 2021 - For the measurement date of June 30, 2020, there was no change.
- 2022 - For the measurement date of June 30, 2021, the 2020 experience study, rates of withdrawal, retirement, disability, mortality and salary increase were adjusted to more closely reflect actual experience. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees and actives. The assumed long-term investment rate of return was changed from 7.5% to 7.1% and the price inflation assumption was lowered from 3% to 2.5%. The MBIR was changed from 3.5% to 2.13%. The SEIR was changed from 7.5% to 7.1%. The range for projected salary increases was changed from 3.5% - 7.3% to 3% - 7.5%.
- 2023 - For the measurement date of June 30, 2022, the MBIR was changed from 2.13% to 3.37%.

NOTE A - TEACHERS' RETIREMENT SYSTEM OF KENTUCKY (CONTINUED)

2. Medical Insurance Plan

Changes in benefit terms: There were no changes in benefit terms for fiscal years 2018 through 2023, except for the following:

- 2018 - For the measurement date of June 30, 2017, with the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the Kentucky Employees Health Plan (KEHP) participating members who retired prior to July 1, 2010 is restored, but the Commonwealth 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.
- 2023 - For the measurement date of June 30, 2022, a new benefit tier was added for members joining the system on and after January 1, 2022.

Changes in assumptions:

- 2018 - For the measurement date of June 30, 2017, the MBIR was changed from 3.01% to 3.56%.
- 2019 - For the measurement date of June 30, 2018, the MBIR was changed from 3.56% to 3.89%.
- 2020 - For the measurement date of June 30, 2019, the MBIR was changed from 3.89% to 3.5%.
- 2021 - For the measurement date of June 30, 2020, the MBIR was changed from 3.5% to 2.2%.
- 2022 - For the measurement date of June 30, 2021, the 2020 experience study, rates of withdrawal, retirement, disability, mortality and salary increase were adjusted to more closely reflect actual experience. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees and actives. The assumed long-term investment rate of return was changed from 8% to 7.1% and the price inflation assumption was lowered from 3% to 2.5%. The MBIR was changed from 2.2% to 2.13%. The SEIR was changed from 8% to 7.1%. The range for projected salary increases was changed from 3.5% - 7.2% to 3% - 7.5%. Real wage growth changed from 0.5% to 0.25%, and wage inflation changed from 3.5% to 2.75%. The rates of member participation and spousal participation were adjusted to more closely reflect actual experience.
- 2023 - For the measurement date of June 30, 2022, the MBIR was changed from 2.13% to 3.37%. The health care trend rates were updated to reflect future anticipated experience.

NOTE A - TEACHERS' RETIREMENT SYSTEM OF KENTUCKY (CONCLUDED)

3. Life Insurance Plan

Changes in benefit terms: There were no changes in benefit terms for fiscal years 2018 through 2023, except for the following:

- 2023 - For the measurement date of June 30, 2022, a new benefit tier was added for members joining the system on and after January 1, 2022.

Changes in assumptions:

- 2018 - For the measurement date of June 30, 2017, the MBIR was changed from 3.01% to 3.56%.
- 2019 - For the measurement date of June 30, 2018, the MBIR was changed from 3.56% to 3.89%.
- 2020 - For the measurement date of June 30, 2019, the MBIR was changed from 3.89% to 3.5%. The inflation rate was changed from 3.5% to 3%. The range for projected salary increases was changed from 4 - 8.1% to 3.5% - 7.45%. Wage inflation was changed from 4% to 3.5%.
- 2021 - For the measurement date of June 30, 2020, the MBIR was changed from 3.5% to 2.2%. The range for projected salary increases was changed from 3.5% - 7.45% to 3.5% - 7.2%.
- 2022 - For the measurement date of June 30, 2021, the 2020 experience study, rates of withdrawal, retirement, disability, mortality and salary increase were adjusted to more closely reflect actual experience. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees and actives. The assumed long-term investment rate of return was changed from 7.5% to 7.1% and the price inflation assumption was lowered from 3% to 2.5%. The MBIR was changed from 2.2% to 2.13%. The SEIR was changed from 7.5% to 7.1%. The range for projected salary increases was changed from 3.5% - 7.2% to 3% - 7.5%. Real wage growth changed from 0.5% to 0.25%, and wage inflation changed from 3.5% to 2.75%. The rates of member participation and spousal participation were adjusted to more closely reflect actual experience.
- 2023 - For the measurement date of June 30, 2022, there were no changes in assumptions.

NOTE B - COUNTY EMPLOYEES RETIREMENT SYSTEM

1. Pension Plan

Changes in benefit terms: There were no changes in benefit terms for fiscal years 2015 through 2023, except for the following:

- 2021 - For the measurement date of June 30, 2020, with the passage of House Bill 271, provisions were removed that reduced the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse.
- 2022 - For the measurement date of June 30, 2021, with the passage of Senate Bill 169, passed during the 2021 legislative session, increased the disability benefits for members who become "total and permanently disabled" in the line of duty or as a result of a duty-related disability.

Changes in assumptions:

- 2015 - For the measurement date of June 30, 2014, there was no change.
- 2016 - For the measurement date of June 30, 2015, the investment rate of return was changed from 7.75% to 7.5%. The projected salary increase was changed from 4.5% to 4%. The inflation rate was changed from 3.5% to 3.25%. The assumed rate of wage inflation was changed from 1% to 0.75%. The assumed rates of retirement, withdrawal, and disability were updated to more accurately reflect experience.
- 2017 - For the measurement date of June 30, 2016, there was no change.
- 2018 - For the measurement date of June 30, 2017, the investment rate of return was changed from 7.5% to 6.25%. The projected salary increase was changed from 4% to 3.05%. The inflation rate was changed from 3.25% to 2.3%. The payroll growth rate changed from 4% to 2%.
- 2019 - For the measurement date of June 30, 2018, there was no change.
- 2020 - For the measurement date of June 30, 2019, the projected salary increase was changed from 3.05% average to a range of 3.3% to 10.3%, depending on service.
- 2021 - For the measurement date of June 30, 2020, there was no change.
- 2022 - For the measurement date of June 30, 2021, there was no change.
- 2023 - For the measurement date of June 30, 2022, there was no change.

NOTE B - COUNTY EMPLOYEES RETIREMENT SYSTEM (CONCLUDED)

2. Medical Insurance Plan

Changes in benefit terms: There were no changes in benefit terms for fiscal years 2018 through 2023, except for the following:

- 2023 - House Bill (HB) 297 passed during the 2022 legislative session and included language allowing the Systems to provide health insurance coverage through the Kentucky Employees Health Plan (KEHP) for retired reemployed retirees who are Medicare-eligible and affected by the Medicare Secondary Payer Act. Senate Bill 209 increases the non-Medicare eligible subsidy by $5 for each year worked beyond the defined career threshold for members eligible for the fixed-dollar retiree health subsidy. The annual increase will only occur if the most recent actuarial valuation determines the funding level of the retiree health benefits is at least 90% and will remain at that level for the year. Additionally, the bill allows members eligible for the fixed-dollar health subsidy to be reimbursed for health insurance premiums other than those administered by KPPA.

Changes in assumptions:

- 2018 - For the measurement date of June 30, 2017, the investment rate of return was changed from 7.5% to 6.25%. The projected salary increase was changed from 4% to 3.05%. The inflation rate was changed from 3.25% to 2.3%. The payroll growth rate changed from 4% to 2%.
- 2019 - For the measurement date of June 30, 2018, the healthcare initial trend rates for those under age 65 changed from 7.25% to 7%, and the healthcare initial trend rates for those age 65 and over changed from 5.1% to 5%.
- 2020 - For the measurement date of June 30, 2019, the projected salary increase was changed from 3.05% average to a range of 3.3% to 10.3%, depending on service.
- 2021 - For the measurement date of June 30, 2020, the healthcare initial trend rates for those under age 65 changed from 7% to 6.4%, and the healthcare initial trend rates for those age 65 and over changed from 5% to 2.9%.
- 2022 - For the measurement date of June 30, 2021, the healthcare initial trend rates for those under age 65 changed from 6.4% to 6.3%, and the healthcare initial trend rates for those age 65 and over changed from 2.9% to 6.3%.
- 2023 - For the measurement date of June 30, 2022, the healthcare initial trend rates for those under age 65 changed from 6.3% to 6.2%, and the healthcare initial trend rates for those age 65 and over changed from 6.3% to 9.0%.

SUPPLEMENTARY INFORMATION

CLOVERPORT INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Capital Project Funds			Special Revenue Funds		Total
	Building Fund	Capital Outlay Fund	Construction Fund	District Activity Fund	Student Activity Fund	Total Nonmajor Governmental Funds
Assets						
Cash and cash equivalents	$ 63,019	$ 44,044	$ 37,964	$ 1,477	$ 79,548	$ 226,052
Total Assets	$ 63,019	$ 44,044	$ 37,964	$ 1,477	$ 79,548	$ 226,052
Fund Balances						
Restricted for capital projects	$ 63,019	$ 44,044	$ 37,964	$ -	$ -	$ 145,027
Restricted for student activities	-	-	-	1,477	79,548	81,025
Total Fund Balances	$ 63,019	$ 44,044	$ 37,964	$ 1,477	$ 79,548	$ 226,052

CLOVERPORT INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Capital Project Funds			Special Revenue Funds		Total
	Building Fund	Capital Outlay Fund	Construction Fund	District Activity Fund	Student Activity Fund	Total Nonmajor Governmental Funds
Revenues						
From local sources:						
Property taxes	$ 25,248	$ -	$ -	$ -	$ -	$ 25,248
Interest income	-	-	91	-	156	247
Other income	-	-	-	331	135,133	135,464
Intergovernmental - state	148,080	34,120	-	-	-	182,200
Total Revenues	173,328	34,120	91	331	135,289	343,159
Expenditures						
Current:						
Instruction	-	-	-	7,813	116,770	124,583
Support services:						
Instructional staff services	-		-	-	3,980	3,980
Total Expenditures	-	-	-	7,813	120,750	128,563
Excess of Revenues over Expenditures	173,328	34,120	91	(7,482)	14,539	214,596
Other Financing Sources (Uses)						
Operating transfers out	(140,599)	-	-	-	-	(140,599)
Total Other Financing Sources (Uses)	(140,599)	-	-	-	-	(140,599)
Net Changes in Fund Balances	32,729	34,120	91	(7,482)	14,539	73,997
Fund Balances - Beginning of Year	30,290	9,924	37,873	8,959	65,009	152,055
Fund Balances - End of Year	$ 63,019	$ 44,044	$ 37,964	$ 1,477	$ 79,548	$ 226,052

CLOVERPORT INDEPENDENT SCHOOLS
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Accounts:	Cash Balances July 1, 2022	Receipts	Disbursements	Transfers In (Out)	Cash Balances June 30, 2023	Fund Balances June 30, 2023
Ace Extra	$ 372	$ -	$ -	$ -	$ 372	$ 372
Aces Academic	1	-	-	40	41	41
Aces Baseball	-	9,406	3,044	-	6,362	6,362
Aces Pep Club	-	319	201	-	118	118
ACES Organization	1,666	1,197	867		1,996	1,996
Akridge Room	147	-	-	(147)	-	-
Archery	1,408	-	345	620	1,683	1,683
Athletic Account	15,947	33,621	39,955	6,537	16,150	16,150
Athletics Wall of Fame	79	-	-	-	79	79
Backpack Food Program	795	-	174	-	621	621
Band/Music	289	211	-	-	500	500
Beta Club	2,324	4,841	4,344	325	3,146	3,146
Bishop Room	74	90	173	9	-	-
Booty Room	-	-	204	212	8	8
Boys Will Be Boys	17	-	-	-	17	17
Clark Room	50	-	-	215	265	265
Cliburn Room	152	-	-	353	505	505
Community Education	663	-	-	-	663	663
Concession Stand	1,500	16,625	9,638	(6,987)	1,500	1,500
Cox Room	60	-	-	-	60	60
Cross Country	42	-	-	275	317	317
Dollar General Literacy	297	-	-	-	297	297
Dupont Room	-	-	60	165	105	105
Elementary Beta Club	146	530	390		286	286
Embry Room	45	-	45	-	-	-
Emmick Room	50	-	-	187	237	237
Family Resource	3,717	4,085	4,310		3,492	3,492
Flower Fund - Staff	86	220	150		156	156
G Cox	-	-	60	256	196	196
Freeman Room	35	95	217	296	209	209
Gifted/Talented	10	301	58	-	253	253
Girl Power	104	-	-	-	104	104
GRIT Team	298	190	129		359	359
High School Cheerleaders	86	3,412	2,867	40	671	671
High School Traditions	3,530	10,405	8,984	1,225	6,176	6,176
HS Boys Basketball	5,207	3,285	1,924	-	6,568	6,568
HS Girls Basketball	5,012	2,500	4,194	-	3,318	3,318
Humanitarian Scholarship	-	500	500	-	-	-
Junior Beta Club	21	3,963	3,585	390	789	789
Leadership	222	-	-	-	222	222
Learn a Latte	384		-	(384)	-	-
Library	168	2,365	2,365	-	168	168
Life Skills	1,857	540	548	232	2,081	2,081
Miss T Scholarship	-	5,650	-	-	5,650	5,650
Mitchell Butler Scholarship	-	500	500	-	-	-
Monarch Room	4	-	-	-	4	4
Moore Room	139	-	60	91	170	170
Morton Room	10	100	182	72	-	-
MS Boys Basketball	257	-	-	-	257	257
MS Cheerleaders	85	-	-	80	165	165
MS Girls Basketball	527	-	-	-	527	527
Operating Account	2,557	4,118	450	(4,748)	1,477	1,477
Physical Education	46	-	-	-	46	46
Powers Room	105	-	60	33	78	78
Project Graduation	1,413	11,002	11,895	57	577	577
Reading for Education	1,559	-	168	-	1,391	1,391
Smith Room	50	-	-	299	349	349
Special Education	9	-	-	(9)	-	-
Staff Generated	664	822	900		586	586
STLP	-	317	161		156	156
Student Rewards	6,461	-	2,960	(257)	3,244	3,244
Tennis	464	100	30	-	534	534
The Real Thing	-	3,694	2,522	(1,172)	-	-
Tindle Room	99	-	-	(99)	-	-
Track	684	-	202	-	482	482
Volleyball	999	1,021	280		1,740	1,740
Y Club	-	7,784	9,578	1,794	-	-
Yearbook	2,016	2,451	2,442	-	2,025	2,025
	$ 65,009	$ 136,260	$ 121,721	$ -	$ 79,548	$ 79,548

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*

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

Kentucky State Committee for School District Audits
Members of the Board of Education
Cloverport Independent School District
Cloverport, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cloverport Independent School District (District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 10, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain additional matters that we have reported to management in a separate letter dated November 10, 2023.

Cloverport Independent School District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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.

Drane & Company, PLLC

Drane & Company, PLLC
Certified Public Accountants

Hardinsburg, Kentucky

November 10, 2023

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

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

Kentucky State Committee for School District Audits
Members of the Board of Education
Cloverport Independent School District
Cloverport, Kentucky

Opinion on Each Major Federal Program

We have audited Cloverport Independent School District (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 District's major federal programs for the year ended June 30, 2023. Cloverport Independent 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, Cloverport Independent 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;[i] 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).[j] 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 Cloverport Independent 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 Cloverport Independent School District's compliance with the compliance requirements referred to above.

Reponsibilities 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 Cloverport Independent School District's federal programs.

Auditor's Reponsibilities 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 Cloverport Independent 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*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Cloverport Independent School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 Cloverport Independent 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 Cloverport Independent 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 Cloverport Independent 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Drane & Company, PLLC

Drane & Company, PLLC
Certified Public Accountants

Hardinsburg, Kentucky

November 10, 2023

CLOVERPORT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Living Number	Local Code	Grant or Pass-Through Number		Federal Expenditures
U.S. Department of Agriculture					
Passed Through Kentucky Department of Education:					
Child Nutrition Cluster:					
School Breakfast Program	10.553	208	7760005		$ 108,124
National School Lunch Program [Cash Assistance]	10.553	208	7760005		188,009
National School Lunch Program [Noncash Assistance]	10.555	208	7750002		19,978
Total Child Nutrition Cluster					316,111
Child and Adult Care Food Program	10.558	208	7800016		15,878
Adminstrative Expenses for Child Nutrition	10.560	208	7700001		437
Total U.S. Department of Agriculture					332,426
U.S. Department of Education					
Direct Programs:					
Small Rural School Achievement Program	84.358	346	3460003		25,620
Passed Through Kentucky Department of Education:					
Special Education Cluster (IDEA):					
Special Education - Grants to States	84.027A	337	3370003	$68,505	
Special Education - Preschool Grants	84.173X	343	3800003	15,696	
Total Special Education Cluster (IDEA)					84,201
Title I Grants to Local Educational Agencies	84.010	310	3100003		159,468
21st Century Community Learning Centers	84.287	550	5500003		26,329
Supporting Effective Instruction State Grants	84.367	401	4010003		12,332
Student Support and Academic Enrichment Program	84.424	552	5520003		8,462
Emergency Relief Fund (COVID-19)	84.425D	554	4200003		25,211
Adult Education (COVID-19)	84.425U	473	4300003		384,213
Total U.S. Department of Education					725,836
Total Expenditures of Federal Awards (All Programs)					$ 1,058,262

See accompanying notes to Schedule of Expenditures of Federal Awards.

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

NOTE A - BASIS OF PRESENTATION

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures on the Schedule are reported on the modified 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.

NOTE C - SUBRECIPIENTS

There were no subrecipients for federal awards during the fiscal year.

NOTE D - INDIRECT COST RATE

The District has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE E - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair value of the commodities received.

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

Section I: Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Any material weakness(es) identified?	☐ yes	☑ no
Any significant deficiency(ies) identified?	☐ yes	☑ none reported
Any noncompliance material to financial statements noted?	☐ yes	☑ no

Federal Awards

Internal control over major programs:

Any material weakness(es) identified?	☐ yes	☑ no
Any significant deficiency(ies) identified?	☐ yes	☑ none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

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

Identification of major federal programs:

Name of Federal Program or Cluster	Federal Assistance Living Number
• Child Nutrition Cluster	10.553,10.555
• Title I	84.010

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

Auditee qualified as low-risk auditee?	☐ yes	☑ no

Section II: Financial Statement Finding

None reported.

Section III: Federal Awards Findings and Questioned Costs

None reported.

CLOVERPORT INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

There were no prior audit findings.

MANAGEMENT LETTER POINTS

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Superintendent and
Members of the Board of Education
Cloverport Independent School District
Cloverport, Kentucky

In planning and performing our audit of the basic financial statements of Cloverport Independent School District (District) for the year ended June 30, 2023, we considered the District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal control and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those immaterial matters. A separate report dated November 10, 2023 contains our report on internal control. This letter does not affect our report dated November 10, 2023 on the basic financial statements of the Cloverport Independent School District.

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

Drane & Company, PLLC

Drane & Company, PLLC
Certified Public Accountants

Hardinsburg, Kentucky

November 10, 2023

PRIOR YEAR

CENTRAL OFFICE

Disbursements

Of 60 items tested, 5 invoices appeared to have been paid after the due date. Two disbursements were not supported by purchase orders and two purchase orders were prepared after-the-fact. 15 had no receiving report. We recommend that more effort be made to ensure invoices are paid by the due date and that all required support is present.

Management Response:

Staff who are reviewing expenses prior to check processing will make a greater effort to ensure receiving reports are properly signed. Timely payments of invoices will be addressed with staff.

SCHOOL ACTIVITY FUNDS

Cloverport Independent School

Receipts

Of 25 items tested, there were three multiple receipt forms with various issues, including students not signing their own names or omitting some names altogether. One ticket sale form contained incorrect beginning and ending ticket numbers, resulting in an error in the calculation. While some improvement was noted with the inventory worksheets, they continued to have errors. There are wide variations between recorded deliveries on the worksheet compared to the financial statement receipts. No worksheets were available for August through November, although the financial statement indicated collection activity. We recommend that more effort be made to adhere to the Redbook guidelines and the proper completion of forms.

Management Response:

Proper procedures for Multiple Receipt Forms will be reviewed with teachers and staff to ensure compliance with Redbook. While Inventory has improved, we will continue to work with staff to ensure compliance with Redbook.

Credit Cards

We noted 15 instances in which the Credit Card Sign-In/Out Form was not completed properly. In two cases, the individual signing out the card also witnessed its return. 13 instances involved date and/or time where the time of issuance was not documented or the recorded date and time of return is earlier than the issue date and time. One card was checked out for four days with no explanation of the extended possession. We recommend that more effort be made to adhere to the Redbook guidelines and the proper completion of forms.

Management Response:

Segregation of duties and proper procedures for Credit Cards will be reviewed with staff to ensure compliance with credit card procedures.