

GRAYSON COUNTY SCHOOL DISTRICT

***BASIC FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION***

Year Ended June 30, 2023

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Grayson County School District
Leitchfield, Kentucky

Kentucky State Committee for School District Audits
Frankfort, 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 Grayson County 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, 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 District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Kentucky Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits. 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 of 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements, Continued

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 on pages 3-7, the budgetary comparison schedules on pages 56-57, and the pension and other postemployment benefits schedules on pages 58-68 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying nonmajor governmental funds combining financial statements, the school activity fund schedules, 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 statement 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 nonmajor governmental funds combining financial statements, the school activity fund schedules, 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 7, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**GRAYSON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

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

Financial Highlights

- The beginning General Fund cash, cash equivalents, and investments balance was \$11.54 million. The ending balance was \$4.98 million. The difference is primarily due to an \$8M receivable due from the Special Revenue Fund for prepayments of federal grant expenditures.
- The general fund had \$41.2 million in revenue, which primarily consisted of the state program (SEEK), property, utilities and motor vehicle taxes. There were \$39.2 million in general fund expenditures.
- In April 2022, The District issued \$3,060,000 in School Building Revenue Bonds to partially fund a projected \$10.5 million project at the Grayson County Middle School that includes renovations to the gymnasium and locker rooms as well as HVAC system replacements and the addition of security vestibules, reception and attendance offices in the main lobby. ESSER II and ARP/ESSER III funds will be used to fund the HVAC system renovations. The project was in progress as of June 30, 2023 and expected to be completed in the 2023-2024 school year.
- In June 2023, The District issued \$4,245,000 in School Building Revenue Bonds to fund several projects including structural repairs at the Grayson County High School, structural repairs at Caneyville Elementary and to partially fund a new HVAC system at Caneyville Elementary. ESSER II and ARP/ESSER III funds will be used to fund the remaining portion of the HVAC system renovations. All projects were in progress at June 30, 2023.

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

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's financial activities, in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of activities. The statement of net position presents information about all of the District's assets, deferred outflows of resources, deferred inflows of resources and liabilities. The difference between assets plus deferred outflows of resources and deferred inflows of resources plus liabilities is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the Enterprise ERP (formerly, MUNIS) administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental and proprietary. The proprietary funds are food service operations (Fund 51), daycare operations (Fund 52) and culinary operations (Fund 53). All other activities of the District are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 10 through 16 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 17 through 55 of this report.

Government-wide financial statements

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, net position was \$23.4 million 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 and furniture and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

(Table 1)
Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$32,152,120	\$19,472,745	\$1,647,749	\$1,406,600	\$33,799,869	\$20,879,345
Capital assets	<u>53,656,927</u>	<u>43,869,383</u>	<u>640,842</u>	<u>586,300</u>	<u>54,297,769</u>	<u>44,455,683</u>
Total assets	<u>85,809,047</u>	<u>63,342,128</u>	<u>2,288,591</u>	<u>1,992,900</u>	<u>88,097,638</u>	<u>65,335,028</u>
Deferred outflows	<u>8,734,745</u>	<u>5,624,192</u>	<u>572,585</u>	<u>582,279</u>	<u>9,307,330</u>	<u>6,206,471</u>
Long-term liabilities	51,006,144	43,187,756	2,990,921	2,673,665	53,997,065	45,861,421
Other liabilities	<u>14,230,796</u>	<u>3,538,651</u>	<u>13,083</u>	<u>104,675</u>	<u>14,243,879</u>	<u>3,643,326</u>
Total liabilities	<u>65,236,940</u>	<u>46,726,407</u>	<u>3,004,004</u>	<u>2,778,340</u>	<u>68,240,944</u>	<u>49,504,747</u>
Deferred inflows	<u>5,866,646</u>	<u>8,172,034</u>	<u>304,450</u>	<u>619,007</u>	<u>6,171,096</u>	<u>8,791,041</u>
Net position						
Net investment in capital assets	27,543,547	20,600,294	640,842	586,300	28,184,389	21,186,594
Restricted	6,383,577	5,201,287	-	-	6,383,557	5,201,287
Unrestricted	<u>(10,486,918)</u>	<u>(11,733,702)</u>	<u>(1,088,120)</u>	<u>(1,408,468)</u>	<u>(11,575,038)</u>	<u>(13,142,170)</u>
Total net position	<u>\$23,440,206</u>	<u>\$14,067,879</u>	<u>\$(447,278)</u>	<u>\$(822,168)</u>	<u>\$22,992,928</u>	<u>\$13,245,711</u>

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

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Program revenues:						
Charges for services	\$432,669	\$325,372	\$175,546	\$86,995	\$608,215	\$412,367
Operating grants and contributions	10,158,855	10,261,940	3,831,561	3,679,951	13,990,416	13,941,891
Capital grants and contributions	7,545,604	1,400,732	-	-	7,545,604	1,400,732
General revenues:						
Taxes	11,065,587	10,385,777	-	-	11,065,587	10,385,777
State aid formula grants	18,155,812	17,466,688	-	-	18,155,812	17,466,688
Investment earnings	384,946	129,920	739	409	385,685	130,329
Gain (loss) on sale of capital assets	10,520	12,916	(14)	-	10,506	12,916
Miscellaneous	213,976	45,349	-	-	213,976	45,349
State on behalf payments	12,613,706	9,898,973	282,325	240,538	12,896,031	10,139,511
Transfers:	-	-	-	-	-	-
Total revenues and transfers	<u>60,581,675</u>	<u>49,927,667</u>	<u>4,290,157</u>	<u>4,007,893</u>	<u>64,871,832</u>	<u>53,935,560</u>
Program expenses:						
Instruction	31,962,687	29,144,764	-	-	31,962,687	29,144,764
Support services:						
Student	2,523,201	2,090,181	-	-	2,523,201	2,090,181
Instructional staff	2,601,211	2,178,399	-	-	2,601,211	2,178,399
District administration	1,211,005	1,157,612	-	-	1,211,005	1,157,612
School administration	2,703,882	2,591,356	-	-	2,703,882	2,591,356
Business	895,686	753,054	-	-	895,686	753,054
Facility operations/maintenance	4,460,220	4,392,657	-	-	4,460,220	4,392,657
Student transportation	3,546,376	3,158,756	-	-	3,546,376	3,158,756
Food service	-	-	-	-	-	-
Daycare	11,659	53,046	-	-	11,659	53,046
Community service activities	476,753	375,950	-	-	476,753	375,950
Other	-	2,360	-	-	-	2,360
Interest on long-term debt	816,668	752,344	-	-	816,668	752,344
Business-type activities:						
Food service	-	-	3,814,052	3,298,712	3,814,052	3,298,712
Daycare	-	-	99,174	11,716	99,174	11,716
Culinary	-	-	2,041	4,690	2,041	4,690
Total expenses and transfers	<u>51,209,348</u>	<u>46,650,479</u>	<u>3,915,267</u>	<u>3,315,118</u>	<u>55,124,615</u>	<u>49,965,597</u>
Increase/decrease in net position	<u>\$9,372,327</u>	<u>\$3,277,188</u>	<u>\$374,890</u>	<u>\$692,775</u>	<u>\$9,747,217</u>	<u>\$3,969,963</u>

The Statement of Activities shows the cost of program services and charges for services and grants offsetting those services. The following table shows, for government activities, the total cost of services and the net cost of services. It identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

	Governmental Activities			
	Total Cost of Services		Net Cost of Services	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Instruction	\$31,962,687	\$29,144,764	\$23,944,304	\$20,719,829
Support services	17,953,240	16,375,061	15,791,484	14,537,002
Non-instructional	476,753	375,950	65,368	51,632
Facilities acquisition/construction	-	2,360	(7,545,604)	(1,398,372)
Interest on long-term debt	<u>816,668</u>	<u>752,344</u>	<u>816,668</u>	<u>752,344</u>
Total expenses	<u>\$51,209,348</u>	<u>\$46,650,479</u>	<u>\$33,072,220</u>	<u>\$34,662,435</u>

Instruction comprised 62.5%, support services comprised 35.0% and expense for facilities acquisition and construction, interest and other items accounted for 2.5% of government expenses for the fiscal year 2023.

Business-Type Activities

The business-type activities include the food service, child care operations and a culinary program. These programs had total revenues of \$4.29 million and expenses of \$3.92 for the fiscal year 2023. Of the revenues, \$175,546 was charges for services, \$3.83 million was from State and Federal operating grants, \$739 was from investment earnings and \$282,325 in on-behalf payments. Business-type activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity. If it becomes necessary, the School District will make adjustments to the operations of this activity.

The School District's Funds

Information about the School District's major funds starts on page 10. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$64.8 million and expenditures and other financing uses of \$62.9 million. Revenue includes \$4,245,000 received from the 2023 Bond Series for construction projects.

General Fund-Budget Highlights

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

General Fund revenues were budgeted at \$28.1 million with actual revenues of \$41.2 million. Budgeted expenditures were \$39.8 million with actual expenditures of \$39.2 million. The most significant fluctuations for both revenues and expenses were primarily due to on-behalf payments of \$12.1 million, which are not budgeted items.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023, the School District had \$54.3 million invested in land, buildings and improvements, technology, vehicles and equipment. Of the total \$54.3 million invested, \$53.7 million is invested in governmental activities.

**Capital Assets at June 30
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$1,856,739	\$1,856,739	\$ -	\$ -	\$1,856,739	\$1,856,739
Land improvements	298,353	224,588	-	-	298,353	224,588
Buildings and improvements	33,366,225	34,783,735	-	-	33,366,225	34,783,735
Technology equipment	801,473	1,348,287	11,096	15,672	812,569	1,363,959
Vehicles	2,047,187	1,974,951	-	-	2,047,187	1,974,951
General equipment	3,568,303	2,018,371	629,746	570,628	4,198,049	2,588,999
Construction in progress	<u>11,718,647</u>	<u>1,662,712</u>	<u>-</u>	<u>-</u>	<u>11,718,647</u>	<u>1,662,712</u>
Total	<u>\$53,656,927</u>	<u>\$43,869,383</u>	<u>\$640,842</u>	<u>\$586,300</u>	<u>\$54,297,769</u>	<u>\$44,455,683</u>

Debt

At June 30, 2023, the School District had \$26.3 million in bonds outstanding. A total of \$1.59 million is due within one year.

In June 2023, The District issued \$4,245,000 in School Building Revenue Bonds to fund several projects including structural repairs at the Grayson County High School, structural repairs at Caneyville Elementary and to partially fund a new HVAC system at Caneyville Elementary. ESSER II and ARP/ESSER III funds will be used to fund the remaining portion of the HVAC system renovations. All projects were in progress at June 30, 2023.

Future Budgetary Implications

In Kentucky, the public school fiscal year is July 1 through June 30; other programs operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency. The District adopted a budget for the 2023-2024 school year with a 5.5% contingency. Significant Board action included in the budget are spending for wage increases for personnel, facility repairs and maintenance, transportation purchases and technology purchases.

Contacting the School District's Financial Management

This financial report is designed to provide a general overview of the financial position of the Grayson County Board of Education and to reflect management's accountability for the various funds. If you have questions about this report or the information provided within, contact the Finance Officer of the Grayson County Board of Education, PO Box 4009, Leitchfield, Kentucky 42755.

GRAYSON COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,435,082	\$ 1,545,994	\$ 6,981,076
Investments	16,162,210	-	16,162,210
Accounts receivable:			
Taxes	604,779	-	604,779
Other	216,896	8,691	225,587
Due from other governments	8,576,727	60,297	8,637,024
Inventory	-	32,767	32,767
Prepays and other current assets	105,281	-	105,281
Restricted cash and cash equivalents	1,051,145	-	1,051,145
Capital assets, net	<u>53,656,927</u>	<u>640,842</u>	<u>54,297,769</u>
Total assets	<u>85,809,047</u>	<u>2,288,591</u>	<u>88,097,638</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	356,815	-	356,815
Pension deferred outflows	1,874,446	336,320	2,210,766
Other postemployment benefits deferred outflows	<u>6,503,484</u>	<u>236,265</u>	<u>6,739,749</u>
Total deferred outflows of resources	<u>8,734,745</u>	<u>572,585</u>	<u>9,307,330</u>
LIABILITIES			
Accounts payable	2,062,784	6,244	2,069,028
Accrued salaries and benefits	145,939	249	146,188
Accrued interest payable	141,109	-	141,109
Unearned revenue	10,150,359	6,590	10,156,949
Long-term liabilities:			
Due within one year	1,730,605	-	1,730,605
Due in more than one year	25,153,967	-	25,153,967
Other liabilities due in more than one year:			
Net pension liability	13,630,896	2,351,730	15,982,626
Net other postemployment benefits liabilities	<u>12,221,281</u>	<u>639,191</u>	<u>12,860,472</u>
Total liabilities	<u>65,236,940</u>	<u>3,004,004</u>	<u>68,240,944</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferred inflows	185,629	57,315	242,944
Other postemployment benefits deferred inflows	<u>5,681,017</u>	<u>247,135</u>	<u>5,928,152</u>
Total deferred inflows of resources	<u>5,866,646</u>	<u>304,450</u>	<u>6,171,096</u>
NET POSITION			
Net investment in capital assets	27,543,547	640,842	28,184,389
Restricted for:			
Capital projects	5,578,116	-	5,578,116
Other	805,461	-	805,461
Unrestricted	<u>(10,486,918)</u>	<u>(1,088,120)</u>	<u>(11,575,038)</u>
Total net position	<u>\$ 23,440,206</u>	<u>\$ (447,278)</u>	<u>\$ 22,992,928</u>

See Notes to Financial Statements:

GRAYSON COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

Functions / Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
Instruction	\$ 31,962,687	\$ 520	\$ 8,017,863	\$ -	\$ (23,944,304)		\$ (23,944,304)
Support services:							
Student	2,523,201	419,426	639,334	-	(1,464,441)		(1,464,441)
Instructional staff	2,601,211	-	704,930	-	(1,896,281)		(1,896,281)
District administration	1,211,005	-	25,427	-	(1,185,578)		(1,185,578)
School administration	2,703,882	-	125,175	-	(2,578,707)		(2,578,707)
Business	895,686	-	-	-	(895,686)		(895,686)
Plant operation and maintenance	4,460,220	-	223,082	-	(4,237,138)		(4,237,138)
Student transportation	3,546,376	12,723	-	-	(3,533,653)		(3,533,653)
Daycare	11,659	-	11,659	-	-		-
Community services	476,753	-	411,385	-	(65,368)		(65,368)
Building renovations / additions	-	-	-	7,545,604	7,545,604		7,545,604
Interest on long-term liabilities	816,668	-	-	-	(816,668)		(816,668)
Total governmental activities	51,209,348	432,669	10,158,855	7,545,604	(33,072,220)		(33,072,220)
Business-type activities							
Food service	3,814,052	84,859	3,831,561	-	-	\$ 102,368	102,368
Daycare	99,174	89,136	-	-	-	(10,038)	(10,038)
Culinary	2,041	1,551	-	-	-	(490)	(490)
Total business-type activities	3,915,267	175,546	3,831,561	-	-	91,840	91,840
Total district	\$ 55,124,615	\$ 608,215	\$ 13,990,416	\$ 7,545,604	(33,072,220)	91,840	(32,980,380)
General revenues							
Property taxes					9,216,678	-	9,216,678
Utility taxes					1,848,909	-	1,848,909
State aid formula grants					18,155,812	-	18,155,812
On-behalf payments					12,613,706	282,325	12,896,031
Investment earnings					384,946	739	385,685
Gain (loss) on disposition of capital assets					10,520	(14)	10,506
Miscellaneous					213,976	-	213,976
Total general revenues and transfers					42,444,547	283,050	42,727,597
Change in net position					9,372,327	374,890	9,747,217
Net position, June 30, 2022					14,067,879	(822,168)	13,245,711
Net position, June 30, 2023					\$ 23,440,206	\$ (447,278)	\$ 22,992,928

GRAYSON COUNTY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2023

	General Fund	Special Revenue Fund	Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 21,222	\$ -	\$ 4,237,642	\$ 1,176,218	\$ 5,435,082
Investments	4,955,899	-	11,206,311	-	16,162,210
Accounts receivable					
Taxes	604,779	-	-	-	604,779
Other	172,521	-	41,448	2,927	216,896
Due from other governments	-	8,576,727	-	-	8,576,727
Due from other funds	8,061,100	-	-	-	8,061,100
Prepaid expenses	105,281	-	-	-	105,281
Restricted cash and cash equivalents	-	-	-	1,051,145	1,051,145
Total assets	\$ 13,920,802	\$ 8,576,727	\$ 15,485,401	\$ 2,230,290	\$ 40,213,220
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 180,526	\$ 8,749	\$ 1,873,509	\$ -	\$ 2,062,784
Due to other funds	-	8,061,100	-	-	8,061,100
Accrued salaries and benefits	140,671	5,268	-	-	145,939
Unearned revenue	-	150,359	10,000,000	-	10,150,359
Total liabilities	321,197	8,225,476	11,873,509	-	20,420,182
Deferred inflows of resources					
Unavailable revenue - delinquent property taxes	268,629	-	-	-	268,629
Fund balances					
Nonspendable	105,281	-	-	-	105,281
Restricted	210,188	351,251	3,611,892	2,210,246	6,383,577
Assigned	917,020	-	-	20,044	937,064
Unassigned	12,098,487	-	-	-	12,098,487
Total fund balances	13,330,976	351,251	3,611,892	2,230,290	19,524,409
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,920,802	\$ 8,576,727	\$ 15,485,401	\$ 2,230,290	\$ 40,213,220

GRAYSON COUNTY SCHOOL DISTRICT

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

June 30, 2023

Total fund balances - governmental funds	\$	19,524,409
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		53,656,927
Certain assets are not available to pay for current period expenditures:		
Taxes receivable	\$	268,629
		268,629
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds:		
Bonds payable	\$	(26,275,000)
Issuance premiums		(336,765)
Issuance discounts		141,570
Deferred charges on refunding		356,815
Compensated absences		(414,377)
Net pension liability - CERS		(13,630,896)
Net OPEB liability - CERS		(3,723,281)
Net OPEB liability - TRS		(8,498,000)
Accrued interest payable		(141,109)
		(52,521,043)
Certain amounts related to the net pension and OPEB liabilities are not reported in the governmental funds, but are deferred in the statement of net position:		
Pension and OPEB deferred outflows	\$	8,377,930
Pension and OPEB deferred inflows		(5,866,646)
		2,511,284
Net position of governmental activities	\$	<u>23,440,206</u>

GRAYSON COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 8,189,003	\$ -	\$ -	\$ 885,067	\$ 9,074,070
Utility taxes	1,848,909	-	-	-	1,848,909
Tuition and fees	520	-	-	-	520
Earnings on investments	112,376	134	247,759	24,677	384,946
Other local revenue	336,624	28,335	-	296,778	661,737
State aid	30,446,090	1,969,877	-	1,819,049	34,235,016
Federal aid	254,243	13,880,389	-	88,717	14,223,349
Total revenues	41,187,765	15,878,735	247,759	3,114,288	60,428,547
Expenditures:					
Instruction	24,278,558	7,962,140	-	284,833	32,525,531
Support services:					
Student	2,019,397	375,091	-	-	2,394,488
Instructional staff	1,852,865	704,932	-	-	2,557,797
District administration	1,092,288	9,987	-	-	1,102,275
School administration	1,931,315	125,174	-	-	2,056,489
Business	879,673	15,439	-	-	895,112
Plant operation and maintenance	3,497,989	223,083	-	-	3,721,072
Student transportation	3,589,516	-	-	-	3,589,516
Daycare	-	11,659	-	-	11,659
Community services	64,159	411,385	-	-	475,544
Architectural / engineering	-	-	2,104,363	-	2,104,363
Building renovations / additions	-	-	9,112,739	-	9,112,739
Debt service:					
Principal	-	-	-	1,550,000	1,550,000
Interest	-	-	-	792,845	792,845
Bond issuance costs	-	-	43,780	-	43,780
Total expenditures	39,205,760	9,838,890	11,260,882	2,627,678	62,933,210
Excess (deficiency) of revenues over expenditures	1,982,005	6,039,845	(11,013,123)	486,610	(2,504,663)
Other financing sources (uses)					
Proceeds from the issuance of bonds	-	-	4,245,000	-	4,245,000
Premium on bonds issued	-	-	109,824	-	109,824
Proceeds from sale of capital assets	10,520	-	-	-	10,520
Operating transfers in	-	80,338	7,314,919	2,208,388	9,603,645
Operating transfers out	(1,379,268)	(6,015,989)	-	(2,208,388)	(9,603,645)
Total other financing sources (uses)	(1,368,748)	(5,935,651)	11,669,743	-	4,365,344
Net change in fund balances	613,257	104,194	656,620	486,610	1,860,681
Fund balance, June 30, 2022	12,717,719	247,057	2,955,272	1,743,680	17,663,728
Fund balance, June 30, 2023	\$ 13,330,976	\$ 351,251	\$ 3,611,892	\$ 2,230,290	\$ 19,524,409

See Notes to Financial Statements

GRAYSON COUNTY SCHOOL DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2023

Net change in fund balances - total governmental funds	\$	1,860,681
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlays	\$ 12,640,948	
Depreciation expense	<u>(2,853,404)</u>	9,787,544
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:		
Decrease in taxes receivable		130,367
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of certain items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:		
Principal payments on bonds	\$ 1,550,000	
Proceeds from issuance of bonds	(4,245,000)	
Premium on bonds issued	(109,824)	
Amortization of premiums on bonds	38,297	
Amortization of discounts on bonds	(17,763)	
Amortization of deferred charges on refunding	<u>(60,001)</u>	(2,844,291)
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Decrease in compensated absences liability	\$ 102,677	
Decrease in pension expense - CERS	255,015	
Increase in OPEB expense - CERS	(331,080)	
Decrease in OPEB expense - TRS	395,770	
Decrease in accrued interest payable	<u>15,644</u>	438,026
Change in net position of governmental activities	\$	<u><u>9,372,327</u></u>

GRAYSON COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2023

	Enterprise Funds			
	Food Service Fund	Daycare Fund	Culinary Fund	Total
ASSETS				
Current assets:				
Cash	\$ 1,518,169	\$ 27,137	\$ 688	\$ 1,545,994
Accounts receivable				
Operating	-	8,669	22	8,691
Due from other governments	60,297	-	-	60,297
Inventory	32,767	-	-	32,767
Total current assets	<u>1,611,233</u>	<u>35,806</u>	<u>710</u>	<u>1,647,749</u>
Noncurrent assets				
Capital assets	1,721,009	-	-	1,721,009
Less accumulated depreciation	(1,080,167)	-	-	(1,080,167)
Total noncurrent assets	<u>640,842</u>	<u>-</u>	<u>-</u>	<u>640,842</u>
Total assets	<u>2,252,075</u>	<u>35,806</u>	<u>710</u>	<u>2,288,591</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferred outflows	311,181	25,139	-	336,320
Other postemployment benefits deferred outflows	230,769	5,496	-	236,265
Total deferred outflows of resources	<u>541,950</u>	<u>30,635</u>	<u>-</u>	<u>572,585</u>
LIABILITIES				
Current liabilities:				
Accounts payable	6,049	195	-	6,244
Accrued salaries and benefits	249	-	-	249
Unearned revenue	6,590	-	-	6,590
Total current liabilities	<u>12,888</u>	<u>195</u>	<u>-</u>	<u>13,083</u>
Non-current liabilities				
Net pension liability	2,263,605	88,125	-	2,351,730
Net other postemployment benefits liability	617,337	21,854	-	639,191
Total liabilities	<u>2,893,830</u>	<u>110,174</u>	<u>-</u>	<u>3,004,004</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferred inflows	57,315	-	-	57,315
Other postemployment benefits deferred inflows	243,063	4,072	-	247,135
Total deferred inflows of resources	<u>300,378</u>	<u>4,072</u>	<u>-</u>	<u>304,450</u>
NET POSITION				
Net investment in capital assets	640,842	-	-	640,842
Unrestricted	(1,041,025)	(47,805)	710	(1,088,120)
Total net position	<u>\$ (400,183)</u>	<u>\$ (47,805)</u>	<u>\$ 710</u>	<u>\$ (447,278)</u>

See Notes in Financial Statements

GRAYSON COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

Year Ended June 30, 2023

	Enterprise Funds			
	Food Service Fund	Daycare Fund	Culinary Fund	Total
Operating revenues:				
Charges for services	\$ 84,461	\$ 89,136	\$ 1,166	\$ 174,763
Other local revenue	-	-	385	385
Other operating revenues	398	-	-	398
Total operating revenues	84,859	89,136	1,551	175,546
Operating expenses:				
Salaries and wages	1,011,254	52,674	-	1,063,928
Employee benefits	633,795	18,903	-	652,698
Professional and technical services	2,500	900	-	3,400
Property services	40,567	-	-	40,567
Other purchased services	5,912	2,369	-	8,281
Supplies and materials	1,967,882	7,577	2,041	1,977,500
Property	28,017	-	-	28,017
Miscellaneous	16,962	16,751	-	33,713
Depreciation	107,163	-	-	107,163
Total operating expenses	3,814,052	99,174	2,041	3,915,267
Operating income (loss)	(3,729,193)	(10,038)	(490)	(3,739,721)
Nonoperating revenues (expenses):				
Federal government grants	3,567,031	-	-	3,567,031
State government grants	22,759	-	-	22,759
Donated commodities	241,771	-	-	241,771
On-behalf payments	278,914	3,411	-	282,325
Gain (loss) on disposition of capital assets	(14)	-	-	(14)
Interest income	739	-	-	739
Total nonoperating revenues (expenses)	4,111,200	3,411	-	4,114,611
Income before transfers	382,007	(6,627)	(490)	374,890
Transfers out	-	-	-	-
Change in net position	382,007	(6,627)	(490)	374,890
Net position, June 30, 2022	(782,190)	(41,178)	1,200	(822,168)
Net position, June 30, 2023	\$ (400,183)	\$ (47,805)	\$ 710	\$ (447,278)

GRAYSON COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2023

	Enterprise Funds			Total
	Food Service Fund	Daycare Fund	Culinary Fund	
Cash flows from operating activities:				
Cash received from:				
Charges for services	\$ (9,672)	\$ 80,467	\$ 1,166	\$ 71,961
Other operating revenues	398	-	385	783
Cash paid to / for:				
Employees	(1,632,885)	(71,099)	-	(1,703,984)
Supplies	(1,721,051)	(7,577)	(2,041)	(1,730,669)
Other services	(93,889)	(20,544)	-	(114,433)
Net cash provided by (used in) operating activities	<u>(3,457,099)</u>	<u>(18,753)</u>	<u>(490)</u>	<u>(3,476,342)</u>
Cash flows from noncapital financing activities:				
Federal government grants	3,801,302	-	-	3,801,302
State government grants	22,759	-	-	22,759
On-behalf payments	278,914	3,411	-	282,325
Net cash provided by noncapital financing activities	<u>4,102,975</u>	<u>3,411</u>	<u>-</u>	<u>4,106,386</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(161,719)	-	-	(161,719)
Net cash used in capital and related financing activities	<u>(161,719)</u>	<u>-</u>	<u>-</u>	<u>(161,719)</u>
Cash flows from investing activities:				
Interest income	739	-	-	739
Net cash provided by investing activities	<u>739</u>	<u>-</u>	<u>-</u>	<u>739</u>
Net increase in cash and cash equivalents	<u>484,896</u>	<u>(15,342)</u>	<u>(490)</u>	<u>469,064</u>
Cash and cash equivalents:				
Beginning of year	1,033,273	42,479	1,178	1,076,930
End of year	<u>\$ 1,518,169</u>	<u>\$ 27,137</u>	<u>\$ 688</u>	<u>\$ 1,545,994</u>
Reconciliation of operating loss to net cash used in operating activities:				
Operating income (loss)	\$ (3,729,193)	\$ (10,038)	\$ (490)	\$ (3,739,721)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	107,163	-	-	107,163
Commodities used	241,771	-	-	241,771
Changes in assets and liabilities:				
Accounts receivable - operating	-	(8,669)	-	(8,669)
Inventory	2,313	-	-	2,313
Accounts payable	2,816	(524)	-	2,292
Accrued salaries and benefits	249	-	-	249
Net other postemployment benefits liability and deferrals	51,862	2,079	-	53,941
Net pension liability and deferrals	(39,947)	(1,601)	-	(41,548)
Unearned revenue	(94,133)	-	-	(94,133)
Net cash provided by (used in) operating activities	<u>\$ (3,457,099)</u>	<u>\$ (18,753)</u>	<u>\$ (490)</u>	<u>\$ (3,476,342)</u>
Noncash noncapital financing activities:				
Food commodities from the U.S. Department of Agriculture	<u>\$ 241,771</u>			

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

1. Reporting Entity

The Grayson County Board of Education (Board) is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Grayson County School District (District). Board members are elected by the public and have decision making authority for the District.

The financial statements of the District include the financial activities of the Board and its blended component unit in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board, as described below.

Grayson County School District Finance Corporation – The Grayson County School District Finance Corporation (Corporation) serves as an agent of the Board in financing the acquisition, construction, and equipping of school buildings and related facilities, including the issuance of bonds. Members of the Board serve as the board of directors for the Corporation. The Corporation has no financial activity, and transactions related to bond issues in which the Corporation acts as an agent are recorded in the District's government-wide financial statements.

2. Summary of Significant Accounting Policies

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. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation 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

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

2. Summary of Significant Accounting Policies, Continued

Basis of Presentation, Continued

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 reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

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 and the modified accrual basis of accounting. 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 net total assets.

Proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The statement of cash flows provides information about how the District finances the cash flow needs of its proprietary activities.

The District reports the following funds:

Governmental Funds:

General Fund:

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 of the District.

Special Revenue Funds:

Special Revenue Fund:

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

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

2. Summary of Significant Accounting Policies, Continued

Basis of Presentation, Continued

District Activity Fund:

The District Activity Fund is used to account for funds to support co-curricular and extra-curricular activities not raised or expended by student groups.

Student Activity Fund:

The Student Activity Fund is used to account for funds raised and expended by student groups for co-curricular and extra-curricular activities.

Capital Projects Funds:

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).

SEEK Capital Outlay Fund:

The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.

FSPK Building Fund:

The Facility Support Program of Kentucky (FSPK) Building Fund accounts for funds generated by the building tax levy required to participate in the Kentucky School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.

Construction Fund:

The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction or renovation. This is a major fund of the District.

Debt Service Fund:

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

Proprietary Funds (Enterprise):

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs of providing goods or services be financed or recovered primarily through user charges.

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

2. Summary of Significant Accounting Policies, Continued

Basis of Presentation, Continued

Food Service 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). Revenues are primarily charges for meals. Amounts have been recorded for in-kind contributions of commodities from the USDA. This is a major fund of the District.

Daycare Fund:

The Daycare Fund is used to account for daycare operations established to provide supervised activities for students after dismissal. Revenues are primarily charges for childcare.

Culinary Fund:

The Culinary Fund is used to account for culinary activities of the District.

Basis of Accounting

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

Revenues – Exchange and Non-Exchange Transactions:

Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of the fiscal year end.

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

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

2. Summary of Significant Accounting Policies, Continued

Basis of Accounting, Continued

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

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position as an expense, with a like amount reported as donated commodities revenue. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy is to first apply restricted resources.

The measurement focus of governmental fund accounting is on changes in net financial resources or expenditures rather than revenues or 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.

Budgetary Principles

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary), as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary), as opposed to when the obligation is incurred (GAAP).

Encumbrance Accounting

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are included in assigned fund balance. For budgetary purposes, appropriations lapse at fiscal year-end and do not constitute expenditures or liabilities because the commitments will be reappropriated in the next year.

Cash and Cash Equivalents

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

Investments

Investments are measured at fair value on a recurring basis.

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

2. Summary of Significant Accounting Policies, Continued

Accounts Receivable

Receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include federal and state funding and taxes. Balances deemed uncollectible are written off; therefore, the District does not record an allowance for doubtful accounts.

Inventory

Inventory in the Food Service Fund consists of purchased food valued at cost, and donated commodities valued by the U.S. Department of Agriculture at fair value on the date of donation, using the specific identification method.

Prepaid Expenses

Expenditures for insurance and similar services extending over more than one accounting period are allocated between or among accounting periods in the governmental funds.

Restricted Cash and Cash Equivalents

Certain resources set aside for repayment of school building revenue bonds are classified as restricted cash and cash equivalents on the government-wide statement of net position and the governmental funds balance sheet.

Capital Assets

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

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

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

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

2. Summary of Significant Accounting Policies, Continued

Capital Assets, Continued

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25-50 years
Technology equipment	5 years
Vehicles	5-10 years
General equipment	10-20 years
Food service equipment	12 years

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and personal property in the District. Taxes are due in one installment on December 1 and become delinquent by January 1 following the levy date.

The assessed value of the tax roll on January 1, 2022, on which the levy for the 2023 fiscal year was based, totaled \$1,770,134,097. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund.

The tax rates assessed for the year ended June 30, 2023, to finance General Fund and FSPK Building Fund operations were 46.40 cents and 5.9 cents per \$100 valuation, respectively, for a total of 52.3 cents per \$100 valuation. In addition, the tax rate assessed for motor vehicles totaled 46.3 cents per \$100 valuation.

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

Unearned Revenue

The District reports unearned revenue on its government-wide and fund financial statements. Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period (fund financial statements). Unearned revenues also arise when resources are unearned by the District and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized.

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

2. Summary of Significant Accounting Policies, Continued

Interfund Receivables and Payables

Each fund is a distinct fiscal and accounting entity, and thus interfund transactions are recorded in each fund affected by a transaction. During the year, the General Fund receives and disburses funds that relate to other funds or activities. Transfers are then made between the various funds to more properly reflect the nature of the transactions.

Bonds and Related Premiums, Discounts, and Issuance Costs

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

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

Pension and Other Postemployment Benefits

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

2. Summary of Significant Accounting Policies, Continued

Deferred Outflows/Inflows of Resources, Continued

In addition to liabilities, the statement of financial position and/or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position

The District classifies net position in the government-wide financial statements as follows:

- Net investment in capital assets includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.
- Unrestricted net position typically includes unrestricted liquid assets. The Board of Education has the authority to revisit or alter this designation.

Fund Balance Classification

The District reports fund balances in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance—amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance—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 fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Education). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

2. Summary of Significant Accounting Policies, Continued

Fund Balance Classification, Continued

- Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Education delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The Board of Education establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Education through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

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 certain reported amounts and disclosures. Actual results could differ from those estimates.

New Accounting Standard

In May of 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), to improve accounting and financial reporting for SBITAs for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The Statement is effective for reporting periods beginning after June 15, 2022. Management has determined that the impact of the standard was immaterial to the District and, therefore, has not implemented the standard.

3. Deposits and Investments

Kentucky Revised Statutes (KRS) permit the District to invest money subject to its control in obligations of the United States and its agencies, certificates of deposit or other interest-bearing accounts, bankers acceptances, commercial paper, bonds of the commonwealth of Kentucky and its agencies, securities issued by a state or local government, mutual funds, exchange-traded funds, individual equity securities, and individual corporate bonds, as more fully described in Kentucky Revised Statute (KRS) KRS 66.480.

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

3. Deposits and Investments, Continued

Deposits

The District's deposits (demand deposits accounts) are carried at cost, which approximates fair value. At June 30, 2023, the book balance of the District's bank deposits was \$6,981,076 and the bank balances were \$8,142,496. Of the bank balances, \$561,814 was covered by federal depository insurance and \$7,580,682 was collateralized by securities held by the pledging financial institution. There were no uninsured or uncollateralized balances.

Investments

At June 30, 2023, the District had the following investments and maturities:

Type	Fair Value	Maturities in Years	
		Less Than 1	1-5
Fixed income:			
Bank certificates of deposit	\$ 16,162,210	\$ 15,932,879	\$ 229,331

Credit Risk

The risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy complies with KRS 66.480, which requires that investments be rated in one of the three highest categories by a competent rating agency. U.S. Government securities or obligations carry the explicit guarantee of the U.S. government and, therefore, are not considered to have credit risk exposure.

Custodial Credit Risk

The risk that an entity will not be able to recover the value of its investments that are in the possession of an outside party if the counterparty fails. The District averts this risk by maintaining all investments in the entity's name.

Interest Rate Risk

The risk that changes in market interest rates will adversely affect the fair value of an investment. The District's policy provides for coordinating investment maturities to closely match cash flow needs, and complies with KRS 66.480, which requires that corporate bonds, if any, have a maturity of no more than 10 years.

Concentration of Credit Risk

The risk of loss attributed to an over concentration in the portfolio of a security type or issuer. The District's policy is in compliance with KRS 66.480, which requires that amounts invested in individual equity securities may not exceed 25% of total equity securities in the portfolio;

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

3. Deposits and Investments, Continued

Concentration of Credit Risk, Continued

amounts invested in any one type of investment may not exceed 20% of the total portfolio; amounts invested in mutual funds, exchange traded funds, individual equity securities, and corporate bonds may not aggregately exceed 40% of the total portfolio; and amounts invested in any one issuer may not exceed 5% of the portfolio.

At year end, 100% of the District's investments were held in certificates of deposit at three financial institutions, which is allowable under KRS 66.480 (2)(d)2.

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: 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 does not have any investments that are measured using Level 2 or 3 inputs. The fair value measurements of the District's investments at June 30, 2023, are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Fixed income:		
Bank certificates of deposit	\$ <u>16,162,210</u>	\$ <u>16,162,210</u>

The following is a description of the valuation methodologies used for the fair value measurements.

Interest bearing cash and bank certificates of deposit: The carrying amount approximated fair value due to the short-term highly-liquid nature.

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

3. Deposits and Investments, Continued

Investment Earnings

Investment earnings for the year ended June 30, 2023, consisted of:

Governmental activities:		
Interest income	\$	384,946
Business-type activities:		
Interest income		<u>739</u>
	\$	<u>385,685</u>

4. Restricted Assets

Certain of the District's assets are restricted for the following purpose:

Cash and cash equivalents:		
Debt Service Fund:		
Debt service	\$	<u>1,051,145</u>

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

5. Capital Assets

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

	Balance June 30, 2022	Additions	Disposals	Balance June 30, 2023
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 1,856,739	\$ -	\$ -	\$ 1,856,739
Construction in progress	1,662,712	11,217,102	(1,161,167)	11,718,647
Total capital assets, not being depreciated	<u>3,519,451</u>	<u>11,217,102</u>	<u>(1,161,167)</u>	<u>13,575,386</u>
Capital assets, being depreciated:				
Land improvements	247,362	89,708	-	337,070
Buildings and improvements	61,398,370	121,894	-	61,520,264
Technology equipment	5,141,481	-	(416,338)	4,725,143
Vehicles	6,144,036	545,045	(248,267)	6,440,814
General equipment	4,873,823	1,828,366	-	6,702,189
Total capital assets, being depreciated	<u>77,805,072</u>	<u>2,585,013</u>	<u>(664,605)</u>	<u>79,725,480</u>
Less accumulated depreciation:				
Land improvements	(22,774)	(15,943)	-	(38,717)
Buildings and improvements	(26,614,635)	(1,539,404)	-	(28,154,039)
Technology equipment	(3,793,194)	(546,814)	416,338	(3,923,670)
Vehicles	(4,169,085)	(472,809)	248,267	(4,393,627)
General equipment	(2,855,452)	(278,434)	-	(3,133,886)
Total accumulated depreciation	<u>(37,455,140)</u>	<u>(2,853,404)</u>	<u>664,605</u>	<u>(39,643,939)</u>
Total capital assets, being depreciated, net	<u>40,349,932</u>	<u>(268,391)</u>	<u>-</u>	<u>40,081,541</u>
Governmental activities: Capital assets, net	<u>\$ 43,869,383</u>	<u>\$ 10,948,711</u>	<u>\$ (1,161,167)</u>	<u>\$ 53,656,927</u>
<u>Business-type activities:</u>				
Capital assets, being depreciated:				
Technology equipment	37,580	-	-	37,580
General equipment	1,604,798	161,719	(83,088)	1,683,429
Total capital assets, being depreciated	<u>1,642,378</u>	<u>161,719</u>	<u>(83,088)</u>	<u>1,721,009</u>
Less accumulated depreciation:				
Technology equipment	(21,908)	(4,576)	-	(26,484)
General equipment	(1,034,170)	(102,587)	83,074	(1,053,683)
Total accumulated depreciation	<u>(1,056,078)</u>	<u>(107,163)</u>	<u>83,074</u>	<u>(1,080,167)</u>
Business-type activities: Capital assets, net	<u>\$ 586,300</u>	<u>\$ 54,556</u>	<u>\$ (14)</u>	<u>\$ 640,842</u>

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

5. Capital Assets, Continued

Depreciation expense was charged to governmental functions, as follows:

Instruction	\$ 468,885
Support services:	
Student	74,926
Instructional staff	71,450
District administration	104,784
School administration	661,922
Plant operation and maintenance	1,017,307
Student transportation	454,130
Total depreciation expense	\$ <u>2,853,404</u>

6. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023, was as follows:

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Governmental activities:					
Long-term debt:					
School building revenue bonds	\$ 23,580,000	\$ 4,245,000	\$ (1,550,000)	\$ 26,275,000	\$ 1,585,000
Deferred amounts:					
For issuance premiums	265,238	109,824	(38,297)	336,765	-
For issuance discounts	(159,333)	-	17,763	(141,570)	-
Total long-term debt	23,685,905	4,354,824	(1,570,534)	26,470,195	1,585,000
Compensated absences:					
Accrued sick leave	517,054	91,533	(194,210)	414,377	145,605
Total governmental activities	\$ <u>24,202,959</u>	\$ <u>4,446,357</u>	\$ <u>(1,764,744)</u>	\$ <u>26,884,572</u>	\$ <u>1,730,605</u>

Compensated absences are expected to be liquidated by the funds which incurred the related salary and wage costs.

School Building Revenue Bonds

The District is obligated to make payments in amounts equal to annual debt service requirements on bonds issued by the Grayson County School District Finance Corporation and the Kentucky School Facilities Construction Commission (Commission) to construct or renovate school facilities. The District has an option to purchase the properties at any time by retiring the bonds outstanding. These payments are recorded in the Debt Service Fund.

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

6. Long-Term Liabilities, Continued

School Building Revenue Bonds, Continued

In addition, the District has entered into participation agreements with the Commission. The Commission was created by the Kentucky Legislature for the purpose of assisting local school districts in meeting school construction needs.

A summary of District and Commission bond activity for the year ended June 30, 2023, is as follows:

		<u>District</u>	<u>Commission</u>		<u>Total</u>
Balance, June 30, 2022	\$	19,920,177	\$ 3,659,823	\$	23,580,000
Issued		4,245,000	-		4,245,000
Retired		<u>(1,293,938)</u>	<u>(256,062)</u>		<u>(1,550,000)</u>
Balance, June 30, 2023	\$	<u>22,871,239</u>	<u>\$ 3,403,761</u>	\$	<u>26,275,000</u>

A summary of the interest rates, maturities, and balances is as follows:

	Range of Interest Rates	Final Maturity	<u>Balance, June 30, 2023</u>		
			<u>District</u>	<u>Commission</u>	<u>Total</u>
2011A Issue	4.90%	2026	\$ 1,920,000	\$ -	\$ 1,920,000
2013 Issue	2.00 – 4.000%	2034	4,180,436	1,029,564	5,210,000
2015 Issue	1.30 – 3.500%	2035	505,662	379,338	885,000
2016R Issue	1.00 – 3.000%	2029	6,369,615	650,385	7,020,000
2017R Issue	2.25 – 3.000%	2028	1,590,000	-	1,590,000
2018 Issue	2.50 – 4.000%	2039	829,105	515,895	1,345,000
2020 Issue	2.85%	2040	1,035,000	-	1,035,000
2022 Issue	2.20 – 5.000%	2042	2,196,421	828,579	3,025,000
2023 Issue	3.75-5.000%	2044	4,245,000	-	4,245,000
			<u>\$ 22,871,239</u>	<u>\$ 3,403,761</u>	<u>\$ 26,275,000</u>

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 and amounts to be paid by the Commission at June 30, 2023, for debt service (principal and interest) are as follows:

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

6. Long-Term Liabilities, Continued

School Building Revenue Bonds, Continued

Year Ending June 30,	Grayson County School District			Kentucky School Facility Construction Commission			Total
	Principal	Interest	District Total	Principal	Interest	Commission Total	
2024	\$ 1,320,642	\$ 650,010	\$ 1,970,652	\$ 264,358	\$ 207,874	\$ 472,232	\$ 2,442,884
2025	1,373,145	689,478	2,062,623	271,855	200,377	472,232	2,534,855
2026	3,604,913	644,624	4,249,537	280,087	145,106	425,193	4,674,730
2027	1,806,180	592,320	2,398,500	288,820	89,334	378,154	2,776,654
2028	1,852,065	539,400	2,391,465	297,935	80,217	378,152	2,769,617
2029- 2033	6,040,560	1,876,566	7,917,126	1,154,440	265,592	1,420,032	9,337,158
2034- 2038	4,886,432	878,293	5,764,725	593,568	97,123	690,691	6,455,416
2039- 2043	1,787,302	173,866	1,961,168	252,698	21,693	274,391	2,235,559
2044	200,000	4,125	204,125	-	-	-	204,125
	<u>\$ 22,871,239</u>	<u>\$ 6,048,682</u>	<u>\$ 28,919,921</u>	<u>\$ 3,403,761</u>	<u>\$ 1,107,316</u>	<u>\$ 4,511,077</u>	<u>\$ 33,430,998</u>

Generally, all bonds issued are secured by a statutory mortgage lien on the respective school buildings and appurtenant properties, including any subsequent additions thereto. The agreements contain a provision that in the event of default, action can be taken to compel specific performance. The amount of interest expense on bonds for the year ended June 30, 2023, totaled \$816,668, of which \$694,579 was incurred by the District, and \$122,089 was paid by the Commission.

In connection with the American Recovery and Reinvestment Act of 2009 (Act), the District issued the Series 2011A Qualified Zone Academy Bonds. Under the Act, state and local governments were authorized to issue taxable bonds to finance capital expenditures for which they could otherwise issue tax-exempt bonds, and receive from the IRS a direct interest subsidy totaling 100% of the total coupon interest paid to investors. The interest subsidy for fiscal year 2023 totaled \$88,717 (coupon interest of \$94,080, less a reduction of \$5,363, due to sequestration). Remaining interest subsidies through maturity of the bonds, assuming no further sequestration reductions, are as follows:

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

6. Long-Term Liabilities, Continued

School Building Revenue Bonds, Continued

Year Ending June 30:		
2024	\$	94,080
2025		94,080
2026		<u>47,040</u>
	\$	<u>235,200</u>

Compensated Absences

Upon retirement, as defined by the Teachers' Retirement System of the State of Kentucky or the County Employees Retirement System, certified and classified employees received an amount equal to 30% of the value of accumulated sick leave based on the individual final salary. This liability totaled \$414,377 at June 30, 2023, and is recorded as a long-term liability in the district-wide financial statements. Unused accumulated vacation leave does not vest and, therefore, is not recorded as a liability in the financial statements.

For governmental fund financial statements, the amount of compensated absences recorded as a liability would be the amount expected to be paid using expendable available resources. These obligations for June 30, 2023, were paid prior to fiscal year end and, therefore, no amount has been accrued in the governmental fund financial statements.

7. Interfund Receivables and Payables

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 8,061,100	\$ -
Special Revenue Fund	<u>-</u>	<u>8,061,100</u>
	\$ <u>8,061,100</u>	\$ <u>8,061,100</u>

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

8. Pension Benefits – Teachers' Retirement System of the State of Kentucky

Plan Description

Teaching-certified employees of the Kentucky School District are provided pensions through the Teachers' Retirement System of the State of Kentucky (TRS)—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

8. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

Plan Description, Continued

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>.

Benefits Provided

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

1. Attain age fifty-five (55) and complete five (5) years of Kentucky service, or
2. Complete 27 years of Kentucky service.

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002, receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002, will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is less than ten years. New members after July 1, 2002, who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, members who retire July 1, 2004, and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for members hired on or after that date. Effective January 1, 2022, the System again amended the benefit structure for members hired on or after that date.

Final average salary is defined as the member’s five (5) highest annual salaries for those with less than 27 years of service. Members at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS also provides disability benefits for vested members at the rate of sixty (60) percent of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing members and \$5,000 for retired or disabled members.

Cost of living increases are one and one-half (1.5) percent annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

8. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

Contributions

Contribution rates are established by Kentucky Revised Statutes. Members in tiers 1, 2 and 3 are required to contribute 12.855% of their salaries to TRS for the year ended June 30, 2023. Beginning January 1, 2022, members in tier 4 are required to contribute 14.75% of their salaries. The State, as a non-employer contributing entity, contributes 13.105% of the salaries of school district members who joined before July 1, 2008, 14.105 % for those who joined between July 1, 2008 and December 31, 2021, and 10.75% for those joining thereafter. For local school district TRS members whose salaries are federally funded, the District contributes the applicable percentage of salaries based on the employee’s tier.

If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member’s request.

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

Because the State, as a non-employer contributing entity, is required by Kentucky Revised Statutes to contribute 100% of the District’s contractually required contributions, the District reports no pension liabilities, pension expenses, deferred outflows of resources, or deferred inflows of resources related to TRS.

The portion of the TRS net pension liability that was associated with the District recognized at June 30, 2023, was as follows:

District’s proportionate share of the net pension liability	\$ -
State’s proportionate share of the net pension liability associated with the District	<u>80,325,143</u>
Total	<u>\$ 80,325,143</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The net pension liability associated with the District was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2022, the measurement date, the District’s proportion of the TRS net pension liability was .4741%, an increase of .0120% from its proportion measured as of June 30, 2021, of .4621%.

For the year ended June 30, 2023, the District recognized on-behalf pension expense and revenue of \$7,328,953 for contributions provided by the State.

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

8. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

Actuarial Assumptions

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

Inflation	2.50%
Salary increases, including inflation	3.00 to 7.50%
Long-term investment rate of return, net of pension plan investment expense, including inflation	7.10%
Municipal Bond Index Rate:	
Prior Measurement Date	2.13%
Measurement Date	3.37%
Single Equivalent Interest Rate, net of pension plan investment expense, including inflation:	
Prior Measurement Date	7.10%
Measurement Date	7.10%
Post-Retirement Benefit Increases	1.50% annually

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 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.

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

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

8. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

Actuarial Assumptions, Continued

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)%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability (TPL) 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 67. TRS assumed that Plan member contributions will be made at the current contribution rates and that employer contributions will be made at the actuarially determined contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the State’s Proportionate Share of the District’s Net Pension Liability to Changes in the Discount Rate

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

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

8. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

Sensitivity of the State’s Proportionate Share of the District’s Net Pension Liability to Changes in the Discount Rate, Continued

	Discount rate	State’s proportionate share of net pension liability associated with the District
1% decrease	6.10%	\$102,509,124
Current discount rate	7.10%	\$80,325,143
1% increase	8.10%	\$61,828,676

Plan Fiduciary Net Position

Detailed information about the TRS fiduciary net position is available in the publicly available financial report.

Payable to the Pension Plan

Because the State is required by statute to contribute 100% of the District’s contractually required pension contributions, the District reports no payable for such pension contributions at June 30, 2023.

9. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky

Medical Insurance Plan (MIP)

Plan description – In addition to the pension benefits described in Note 6, Kentucky Revised Statute 161.675 requires TRS to provide post-employment healthcare benefits to eligible members and dependents. The MIP 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. The MIP offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. TRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member’s supplement is based on a contribution supplement table approved by the TRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

9. **Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued**

Medical Insurance Plan (MIP), Continued

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

At June 30, 2023, the District reported a liability for its proportionate share of the collective net OPEB MIP liability and the related deferred outflows or deferred inflows.

Life Insurance Plan (LIP)

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

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

Contributions – In order to fund the post-retirement life insurance benefit, three hundredths of one percent (.03%) of the gross annual payroll of members is contributed by the State. Employers do not contribute to the LIP.

At June 30, 2023, the District did not report a liability for a proportionate share of the collective net OPEB LIP liability, nor any related deferred outflows or deferred inflows, because the State of Kentucky provides the OPEB LIP support directly to TRS on behalf of the District, and the District does not contribute to the LIP.

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

At June 30, 2023, the District reported a liability of \$8,498,000 for its proportionate share of the collective net MIP OPEB liability that reflected a reduction for state MIP OPEB support provided to the District. The collective net MIP OPEB liability was measured as of June 30,

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

9. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

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

2022, and the total MIP OPEB liability used to calculate the collective net MIP OPEB liability was based on a projection of the District’s long-term share of contributions to the MIP OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At the June 30, 2022 measurement date, the District’s proportion was .342308 %, an increase of 0.095802% from its proportion measured as of June 30, 2021 of 0.246506%.

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

	MIP	LIP
District’s proportionate share of the net OPEB liability	\$ 8,498,000	\$ -
State’s proportionate share of the net OPEB liability associated with the District	2,792,000	139,000
Total	\$ 11,290,000	\$ 139,000

For the year ended June 30, 2023, the District recognized MIP OPEB expense of \$(160,087). In addition, on-behalf MIP and LIP OPEB revenue and expense for support provided by the State totaled \$149,211 and \$10,598 for the year ended June 30, 2023. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the MIP OPEB from the following sources:

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

9. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

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

	MIP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,572,000
Changes of assumptions	1,726,000	-
Net difference between projected and actual earnings on plan investments	452,000	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,523,000	709,000
District contributions subsequent to the measurement date	445,945	-
Total	\$ 5,146,945	\$ 4,281,000

Of the total amount reported as deferred outflows of resources related to the MIP OPEB, \$445,945 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net MIP OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MIP OPEB will be recognized in the District’s MIP OPEB expense as follows:

Year ended June 30,	
2024	\$ (256,000)
2025	(199,000)
2026	(134,000)
2027	426,000
2028	385,000
2029	198,000
	\$ 420,000

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

9. **Other Postemployment Benefits – Teachers' Retirement System of the State of Kentucky, Continued**

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

Actuarial assumptions – The total MIP and LIP OPEB liabilities in the June 30, 2021, actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Salary increases, including wage inflation	3.00 – 7.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation:	
MIP	7.10%
LIP	7.10%
Municipal Bond Index Rate	3.37%
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation (Discount rate):	
MIP	7.10%
LIP	7.10%
MIP Health Care Cost Trends:	
Under 65	7.00% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2032
Ages 65 and Older	5.125% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2025
Medicare Part B Premiums	6.97% for FY 2022 with an ultimate rate of 4.50% by 2034

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

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

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

9. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2021 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation. The health care cost trend assumption was updated for the June 30, 2021 valuation and was shown as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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

The 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		30 Year Expected Geometric Real Rate of Return	
	MIP	LIP	MIP	LIP
Global Equity	58.0%	-%	5.1%	-
U.S. Equity	-	40.0	-	4.4%
International Equity	-	23.0	-	5.6%
Fixed Income	9.0	18.0	(0.1%)	(0.1%)
Real Estate	6.5	6.0	4.0%	4.0%
Private Equity	8.5	5.0	6.9%	6.9%
High Yield	8.0	-	1.7%	-
Additional Categories	9.0	6.0	2.2%	2.1%
Cash (LIBOR)	1.0	2.0	(0.3)%	(0.3)%
Total	100%	100%		

Discount rate - The discount rate used to measure the total MIP and LIP OPEB liabilities was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the MIP employer

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

9. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

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

contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plans’ fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liabilities.

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

	1% decrease (6.10%)	Current discount rate (7.10%)	1% increase (8.10%)
Net MIP OPEB liability	\$ 10,662,000	\$ 8,498,000	\$ 6,706,000

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

	1% decrease	Current trend rate	1% increase
Net MIP OPEB liability	\$ 6,371,000	\$ 8,498,000	\$ 11,144,000

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

Payable to the OPEB Plans

The District had no payables of MIP and LIP OPEB contributions due to the Plans at June 30, 2023.

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

10. Pension and Other Postemployment Benefits – County Employees Retirement System

Plan Description

The District contributes to the County Employees Retirement System (CERS), which is a cost-sharing multiple-employer defined benefit pension/OPEB plan administered by the Kentucky Public Pensions Authority (KPPA) that covers members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in CERS. KPPA issues a publicly available financial report that can be obtained at www.kyret.ky.gov.

Benefits Provided

CERS provides for retirement, disability, and death benefits to system members through its Pension Fund, as well as other postemployment benefits (OPEB) for hospital and medical insurance through its Insurance Fund.

Retirement benefits may be extended to beneficiaries of members under certain circumstances. Retirement benefits are determined using a formula which considers the member's final compensation; benefit factors set by statute which vary depending upon the type/amount of service, participation date, and retirement date; and years of service as fully described in the plan documents.

Other postemployment benefits provided by CERS consist of prescribed contributions for whole or partial payments of required premiums to purchase hospital and medical insurance.

Contributions

State statute requires active members to contribute 5% of creditable compensation. For members participating on or after September 1, 2008, an additional 1% of creditable compensation is required. This amount is credited to the Insurance Fund and is non-refundable to the member. Employers contribute at the rate determined by the KPPA Board to be necessary for the actuarial soundness of the systems, as required by KRS 61.565 and KRS 78.635.

The District's actuarially determined contribution rates and contribution amounts applicable to fiscal year 2023 were based on annual creditable compensation for the year ended June 30, 2022, were as follows:

	<u>Contribution Rates</u>	<u>Contributions</u>
Pension	23.40%	\$ 1,589,243
OPEB	3.39	230,237
Total	<u>26.79%</u>	<u>\$ 1,819,480</u>

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

10. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued

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

The net pension and OPEB liabilities reported as of June 30, 2023, were measured as of June 30, 2022, and the total pension and OPEB liabilities used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the liabilities was based on a projection of the District's long-term share of contributions to the plan relative to the projected contributions of all participating entities, actuarially determined. Changes in the District's pension and OPEB proportions as of the measurement dates were as follows:

	<u>Pension</u>	<u>OPEB</u>
June 30, 2021	0.218107%	0.218056%
Decrease	<u>0.002983</u>	<u>0.002995</u>
June 30, 2022	<u>0.221090%</u>	<u>0.221051%</u>

The District's pension and OPEB liabilities and expense as of and for the year ended June 30, 2023, were as follows:

	<u>Net Pension Liability</u>	<u>Net OPEB Liability</u>
Proportionate Share	\$ <u>15,982,626</u>	\$ <u>4,362,472</u>
Pension/OPEB Expense	\$ <u>1,301,638</u>	\$ <u>616,555</u>

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

	<u>Pension</u>		<u>OPEB</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 17,087	\$ 142,332	\$ 439,119	\$ 1,000,416
Changes of assumptions	-	-	689,955	568,519
Net difference between projected and actual earnings on plan investments	409,737	-	177,062	-
Changes in proportion and differences between contributions and proportionate share of contributions	186,762	92,675	56,431	78,217
Contributions subsequent to the measurement date	<u>1,589,243</u>	<u>-</u>	<u>230,237</u>	<u>-</u>
Total	\$ <u>2,202,829</u>	\$ <u>235,007</u>	\$ <u>1,592,804</u>	\$ <u>1,647,152</u>

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

10. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued

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

The \$1,589,243 and \$230,237 of deferred outflows of resources resulting from the District's pension and OPEB contributions subsequent to the measurement date will be recognized as a reduction of the net pension and OPEB liabilities in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension and OPEB expense as follows:

Year ending June 30,	Pension	OPEB
2024	\$ (14,499)	\$ (15,020)
2025	73,355	(25,234)
2026	(134,309)	(272,273)
2027	454,032	27,942
	\$ 378,579	\$ (284,585)

Actuarial Assumptions

The total pension/OPEB liabilities in the June 30, 2021, actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Healthcare payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varies by service
Net investment rate	6.25%
Healthcare trend rates (OPEB)	Pre-65: Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. Post-65: Initial trend starting at 9.00% in 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

10. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued

Actuarial Assumptions, Continued

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

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 allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth		
Public equity	50.00	4.45%
Private equity	10.00	10.15%
	60.00	
Fixed income		
Core fixed income	10.00	0.28%
Specialty credit	10.00	2.28%
Cash	0.00	(0.91)%
	20.00	
Inflation protected		
Real estate	7.00	3.67%
Real return	13.00	4.07%
	20.00	
Total	100.00%	

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

10. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued

Discount Rate

The discount rates used to measure the total pension/OPEB liabilities at the measurement dates and changes since the prior year were as follows:

	<u>Pension</u>	<u>OPEB</u>
Discount rate, June 30, 2021	6.25%	5.20%
Increase	-	0.50
Discount rate, June 30, 2022	<u>6.25%</u>	<u>5.70%</u>

The discount rate of 6.25% used to measure the total pension liability was based on the expected rate of return on pension plan investments. The discount rate of 5.70% used to measure the total OPEB liability was 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.

The projection of cash flows used to determine the pension discount rate assumed that the funds would receive the required employer contributions in each future year, as determined by the current funding policy established in Statute last amended by House Bill 362 (passed in 2018). The projection of cash flows used to determine the OPEB discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation in accordance with the current funding policy.

Sensitivity of the District’s Proportionate Share of the Liabilities to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension/OPEB liabilities, as well as what the District’s proportionate share of the net pension/OPEB liabilities would be if they were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	District’s Proportionate Share			
	<u>Discount Rate</u>	<u>Net pension Liability</u>	<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease	5.25%	\$ 19,976,299	4.70%	\$ 5,831,929
Current discount rate	6.25%	\$ 15,982,626	5.70%	\$ 4,362,472
1% increase	7.25%	\$ 12,679,527	6.70%	\$ 3,147,720

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

10. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>Healthcare Cost Trend Rates</u>		<u>District’s Proportionate Share of Net OPEB Liability</u>
1% decrease	5.20% Pre-65 and 8.00% Post-65	\$	3,243,401
Current healthcare cost trend rates	6.20% Pre-65 and 9.00% Post-65	\$	4,362,472
1% increase	7.20% Pre-65 and 10.00% Post-65	\$	5,706,265

Plan Fiduciary Net Position

Detailed information about the CERS fiduciary net position is available in the separately issued KPPA Annual Comprehensive Financial Report.

Payables to the Pension/OPEB Plans

The District reported the following payables for the outstanding amount of pension/OPEB contributions due to CERS for the year ended June 30, 2023.

	<u>Pension</u>		<u>OPEB</u>
	\$ -		\$ -

11. On-Behalf Payments

Payments are made by the Commonwealth of Kentucky for various purposes on behalf of the District. These on-behalf payments are budgeted and recorded as revenue and expense in the governmental and proprietary funds of the District, and are comprised of the following for the year ended June 30, 2023:

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

11. On-Behalf Payments, Continued

TRS:	
Pension	\$ 7,328,953
Retiree health insurance	149,211
Retiree life insurance	10,598
Health insurance	4,571,194
HRA and administrative fees	338,860
State life insurance	7,338
Technology	111,726
KSFCC debt service	<u>378,151</u>
	\$ <u>12,896,031</u>

12. Deferred Compensation

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

13. Fund Balance Classification

The composition of the fund balance classifications at June 30, 2023, are as follows:

	Major Governmental Funds			Total Major Governmental Funds
	General Fund	Special Revenue Fund	Construction Fund	
Fund balances:				
Nonspendable				
Prepaid				
expenses	\$ 105,281	\$ -	\$ -	\$ 105,281
	<u>105,281</u>	<u>-</u>	<u>-</u>	<u>105,281</u>
Restricted for				
Future capital				
needs	-	-	3,611,892	3,611,892
Sick leave	207,188	-	-	207,188
Other	3,000	-	-	3,000
Technology	-	351,251	-	351,251
	<u>210,188</u>	<u>351,251</u>	<u>3,611,892</u>	<u>4,173,331</u>
Assigned:				
Site based				
carryforward	39,953	-	-	39,953
Purchase				
obligations	718,802	-	-	718,802
Other	158,265	-	-	158,265
	<u>917,020</u>	<u>-</u>	<u>-</u>	<u>917,020</u>
Unassigned	12,098,487	-	-	12,098,487
Total fund				
balances	\$ <u>13,330,976</u>	\$ <u>351,251</u>	\$ <u>3,611,892</u>	\$ <u>17,294,119</u>

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

13. Fund Balance Classification, Continued

	Nonmajor Governmental Funds					Total Non-major Govt Funds	Total
	District Activity Fund	School Activity Fund	SEEK Capital Outlay Fund	FSPK Building Fund	Debt Service Fund		
Fund balances							
Nondisposable							
Prepaid expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,281
	-	-	-	-	-	-	105,281
Restricted for							
Future capital needs	-	-	382,560	529,592	1,054,072	1,966,224	5,578,116
Sick leave	-	-	-	-	-	-	207,188
Other	-	244,022	-	-	-	244,022	247,022
Technology	-	-	-	-	-	-	351,251
	-	244,022	382,560	529,592	1,054,072	2,210,246	6,383,577
Assigned							
Site based carryforward	-	-	-	-	-	-	39,953
Purchase obligations	-	-	-	-	-	-	718,802
Other	20,044	-	-	-	-	20,044	178,309
	20,044	-	-	-	-	20,044	937,064
Unassigned	-	-	-	-	-	-	12,098,487
Total fund balances	\$ 20,044	\$ 244,022	\$ 382,560	\$ 529,592	\$ 1,054,072	\$ 2,230,290	\$ 19,524,409

The District had no committed fund balances at June 30, 2023.

The District has \$1,742,736 of encumbrances of operating funds in major and nonmajor funds at June 30, 2023, rolled over into the next fiscal year.

14. Net Position Deficit

The net position deficits reported by the Food Service Fund and Daycare Fund in the amounts of \$(400,183) and \$(47,805), respectively, resulted from the recording of the net pension and other post employment benefits liabilities.

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

15. Transfers

Interfund transfers for the year ended June 30, 2023, consisted of the following:

	Transfers in:				
	Major Governmental Fund		Nonmajor Governmental Fund		
	Special Revenue Fund	Construction Fund	Debt Service Fund		Total
<u>Transfers out:</u>					
Major Governmental Funds:					
General Fund	\$ 80,338	\$ 1,298,930	\$ -		\$ 1,379,268
Special Revenue Fund	-	6,015,989	-		<u>6,015,989</u>
					<u>7,395,257</u>
Nonmajor Governmental Funds:					
FSPK Building Fund	-	-	2,208,388		<u>2,208,388</u>
					<u>2,208,388</u>
	<u>\$ 80,338</u>	<u>\$ 7,314,919</u>	<u>\$ 2,208,388</u>		<u>\$ 9,603,645</u>

Transfers are used to: 1) move revenues from the funds with collection authorization to the funds where budgetary authorizations exist for disbursement; and 2) to move unrestricted General Fund revenues to programs accounted for in other funds for which the General Fund provides subsidies or matching funds.

16. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

17. Contingencies

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

18. Commitments

During fiscal year 2023, the District entered into construction contracts totaling \$16,856,849 for various facility improvements. Remaining commitments under these contracts totaled \$7,897,352 at June 30, 2023, of which \$1,664,495 was included in accounts payable in the Construction Fund.

19. Accounting Standard Effective in Future Period

The following recently issued accounting standards are expected to impact the financial statements of the District in future periods:

GASBS No. 101 *Compensated Absences*

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, *Compensated Absences*. The Statement was issued to update the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The District is currently evaluating the impact that the Statement will have on its financial statements.

20. Impact of COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The District provided in-person instruction, nontraditional instruction, and hybrid in-person instruction throughout the next two school years. The District was awarded significant federal funds to address the needs and extra costs of the pandemic. Although the District is now back to regular operations, the additional federal funds are still being expended.

GRAYSON COUNTY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 7,734,000	\$ 7,534,000	\$ 8,189,003	\$ 655,003
Utility taxes	1,800,000	1,700,000	1,848,909	148,909
Tuition and fees	-	-	520	520
Earnings on investments	50,000	50,000	112,376	62,376
Other local revenue	32,000	32,000	336,624	304,624
State aid	17,900,000	18,614,544	30,446,090	11,831,546
Federal aid	150,000	150,000	254,243	104,243
Total revenues	27,666,000	28,080,544	41,187,765	13,107,221
Expenditures:				
Instruction	18,074,563	18,089,704	24,278,558	(6,188,854)
Support services:				
Student	1,755,030	1,754,930	2,019,397	(264,467)
Instructional staff	1,613,645	1,623,855	1,852,865	(229,010)
District administration	1,269,179	1,268,679	1,092,288	176,391
School administration	1,468,760	1,468,760	1,931,315	(462,555)
Business	756,800	761,300	879,673	(118,373)
Plant operation and maintenance	4,655,375	4,713,747	3,497,989	1,215,758
Student transportation	3,683,110	4,199,496	3,589,516	609,980
Community services	54,110	54,110	64,159	(10,049)
Debt service	210,000	210,000	-	210,000
Contingency	2,092,059	2,604,791	-	2,604,791
Building renovations / additions	3,643,000	3,000,000	-	3,000,000
Total expenditures	39,275,631	39,749,372	39,205,760	543,612
Excess (deficiency) of revenues over expenditures	(11,609,631)	(11,668,828)	1,982,005	13,650,833
Other financing sources (uses):				
Proceeds from sale of capital assets	5,000	5,000	10,520	5,520
Operating transfers in	120,000	120,000	-	(120,000)
Operating transfers out	(232,209)	(33,149)	(1,379,268)	(1,346,119)
Total other financing sources (uses)	(107,209)	91,851	(1,368,748)	(1,460,599)
Net change in fund balance	(11,716,840)	(11,576,977)	613,257	12,190,234
Fund balance, June 30, 2022	12,717,719	12,717,719	12,717,719	-
Fund balance, June 30, 2023	\$ 1,000,879	\$ 1,140,742	\$ 13,330,976	\$ 12,190,234

GRAYSON COUNTY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Earnings on investments	\$ -	\$ -	\$ 134	\$ 134
Other local revenue	-	10,000	28,335	18,335
State aid	2,034,473	2,149,340	1,969,877	(179,463)
Federal aid	3,342,889	3,396,749	13,880,389	10,483,640
Total revenues	5,377,362	5,556,089	15,878,735	10,322,646
Expenditures:				
Instruction	4,169,291	4,228,683	7,962,140	(3,733,457)
Support services:				
Student	176,684	208,039	375,091	(167,052)
Instructional staff	382,940	518,109	704,932	(186,823)
District administration	7,599	7,599	9,987	(2,388)
School administration	113,875	113,875	125,174	(11,299)
Business	-	-	15,439	(15,439)
Plant operation and maintenance	154,760	154,760	223,083	(68,323)
Daycare	-	-	11,659	(11,659)
Community services	405,362	405,362	411,385	(6,023)
Total expenditures	5,410,511	5,636,427	9,838,890	(4,202,463)
Excess (deficiency) of revenues over expenditures	(33,149)	(80,338)	6,039,845	6,120,183
Other financing sources (uses):				
Operating transfers in	33,149	80,338	80,338	-
Operating transfers out	-	-	(6,015,989)	(6,015,989)
Total other financing sources (uses)	33,149	80,338	(5,935,651)	(6,015,989)
Net change in fund balance	-	-	104,194	104,194
Fund balance, June 30, 2022	247,057	247,057	247,057	-
Fund balance, June 30, 2023	\$ 247,057	\$ 247,057	\$ 351,251	\$ 104,194

GRAYSON COUNTY SCHOOL DISTRICT

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

Last 10 Fiscal Years *

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the plan total net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	<u>80,325,143</u>	<u>60,133,145</u>	<u>71,048,973</u>	<u>70,347,566</u>	<u>69,266,079</u>	<u>143,273,245</u>	<u>156,906,059</u>	<u>122,563,516</u>	<u>112,419,575</u>
Total	\$ <u>80,325,143</u>	\$ <u>60,133,145</u>	\$ <u>71,048,973</u>	\$ <u>70,347,566</u>	\$ <u>69,266,079</u>	\$ <u>143,273,245</u>	\$ <u>156,906,059</u>	\$ <u>122,563,516</u>	\$ <u>112,419,575</u>
District's covered payroll	\$ 15,139,045	\$ 14,585,272	\$ 16,667,568	\$ 16,922,400	\$ 16,962,251	\$ 17,124,859	\$ 17,138,893	\$ 16,756,423	\$ 16,448,790
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	56.41%	65.59%	58.27%	58.80%	59.30%	39.83%	35.22%	42.49%	45.59%

* Presented for those years for which the information is available

GRAYSON COUNTY SCHOOL DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Last 10 Fiscal Years *

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 14,864,739	\$ 15,139,045	\$ 14,585,272	\$ 16,667,568	\$ 16,922,400	\$ 16,962,251	17,124,859	\$ 17,138,893	\$ 16,756,423
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%

* Presented for those years for which the information is available.

GRAYSON COUNTY SCHOOL DISTRICT

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITIES
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY**

	Last 10 Fiscal Years *					
	2023	2022	2021	2020	2019	2018
<u>MEDICAL INSURANCE PLAN (MIP)</u>						
District's proportion of the plan total net MIP OPEB liability	0.342308%	0.246506%	0.268496%	0.275063%	0.235742%	0.281352%
District's proportionate share of the net MIP OPEB liability associated with the District	\$ 8,498,000	\$ 5,289,000	\$ 6,776,000	\$ 8,051,000	\$ 9,491,000	\$ 10,032,000
State's proportionate share of the net MIP OPEB liability associated with the District	2,792,000	4,296,000	5,428,000	6,501,000	8,180,000	8,195,000
Total	\$ 11,290,000	\$ 9,585,000	\$ 12,204,000	\$ 14,552,000	\$ 17,671,000	\$ 18,227,000
District's covered payroll	\$ 15,139,045	\$ 14,585,272	\$ 16,667,568	\$ 16,922,400	\$ 16,962,251	\$ 17,124,859
District's proportionate share of the net MIP OPEB liability as a percentage of its covered payroll	56.13%	36.26%	40.65%	47.58%	55.95%	58.58%
Plan fiduciary net position as a percentage of the total MIP OPEB liability	47.75%	51.74%	39.05%	32.58%	25.50%	21.18%
<u>LIFE INSURANCE PLAN (LIP)</u>						
District's proportion of the plan total net LIP OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net LIP OPEB liability associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net LIP OPEB liability associated with the District	139,000	57,000	164,000	471,000	419,000	327,000
Total	\$ 139,000	\$ 57,000	\$ 164,000	\$ 471,000	\$ 419,000	\$ 327,000
District's covered payroll	\$ 15,139,045	\$ 14,585,272	\$ 16,667,568	\$ 16,922,400	\$ 16,962,251	\$ 17,124,859
District's proportionate share of the net LIP 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 LIP OPEB liability	73.97%	89.15%	71.57%	73.40%	75.00%	79.99%

* Presented for those years for which the information is available

GRAYSON COUNTY SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Last 10 Fiscal Years *

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MEDICAL INSURANCE PLAN (MIP)</u>						
District's contractually required contributions	\$ 445,945	\$ 454,175	\$ 437,550	\$ 500,027	\$ 507,672	\$ 508,846
District's contributions in relation to the contractually required contributions	<u>(445,945)</u>	<u>(454,175)</u>	<u>(437,550)</u>	<u>(500,027)</u>	<u>(507,672)</u>	<u>(508,846)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 14,864,739	\$ 15,139,045	\$ 14,585,272	\$ 16,667,568	\$ 16,922,400	\$ 16,962,251
Contributions as a percentage of covered payroll	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<u>LIFE INSURANCE PLAN (LIP)</u>						
District's contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 14,864,739	\$ 15,139,045	\$ 14,585,272	\$ 16,667,568	\$ 16,922,400	\$ 16,962,251
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* Presented for those years for which the information is available.

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Year Ended June 30, 2023

PENSION

Changes of Benefit Terms

2023	None
2022	None
2021	None
2020	None
2019	None
2018	None
2017	None
2016	None

Changes of Assumptions

2023	The municipal bond index rate increased from 2.13% to 3.37%.
2022	The inflation rate decreased from 3.00% to 2.50%. The salary increases changed from 3.50%-7.30% to 3.00%-7.50%. The long-term investment rate of return decreased from 7.50% to 7.10%. The municipal bond index rate decreased from 2.19% to 2.13%. The discount rate decreased from 7.50% to 7.10%.
2021	The municipal bond index rate decreased from 3.50% to 2.19%.
2020	The municipal bond index rate decreased from 3.89% to 3.50%.
2019	The municipal bond index rate increased from 3.56% to 3.89%. The discount rate increased from 4.49% to 7.50%.
2018	None
2017	The municipal bond index rate decreased from 3.82% to 3.01%. The discount rate decreased from 4.88% to 4.20%.
2016	None

MEDICAL INSURANCE PLAN (MIP)

Changes of Benefit Terms

2023	None
2022	None
2021	None
2020	None
2019	None
2018	With the passage of Kentucky House bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010, is restored, but the State will only finance, via its KEHP "shared responsibility" calculations, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

Changes of Assumptions

2023	The municipal bond index rate increased from 2.13% to 3.37%. Health Care Cost Trends for Ages 65 and Older increased from 5.0% to 5.125%. Health Care Cost Trends for Medicare Part B Premiums increased from 4.40% to 6.97%.
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GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY, CONTINUED

Year Ended June 30, 2023

Changes of Assumptions, Continued

2022	The inflation rate decreased from 3.00% to 2.50%. The real wage growth rate decreased from .50% to .25%. The wage inflation rate decreased from 3.50% to 2.75%. The salary increases changed from 3.50%-7.20% to 3.00%-7.50%. The long-term investment rate of return decreased from 8.00% to 7.10%. The municipal bond index rate decreased from 2.19% to 2.13%. The discount rate decreased from 8.00% to 7.10%. Health Care Cost Trends for Under Age 65 decreased from 7.25% to 7.00%. Health Care Cost Trends for Ages 65 and Older decreased from 5.25% to 5.00%. Health Care Cost Trends for Medicare Part B Premiums decreased from 6.49% to 4.40%.
2021	The municipal bond index rate decreased from 3.50% to 2.19%. Health Care Cost Trends for Under Age 65 decreased from 7.50% to 7.25%. Health Care Cost Trends for Ages 65 and Older decreased from 5.50% to 5.25%. Health Care Cost Trends for Medicare Part B Premiums increased from 2.63% to 6.49%.
2020	The municipal bond index rate decreased from 3.89% to 3.50%. Health Care Cost Trends for Under Age 65 decreased from 7.75% to 7.50%. Health Care Cost Trends for Ages 65 and Older decreased from 5.75% to 5.50%. Health Care Cost Trends for Medicare Part B Premiums increased from 0.00% to 2.63%.
2019	The municipal bond index rate increased from 3.56% to 3.89%. Health Care Cost Trends for Medicare Part B Premiums decreased from 1.02% to 0.00%.
2018	None

LIFE INSURANCE PLAN (LIP)

Changes of Benefit Terms

2022	None
2021	None
2020	None
2019	None
2018	None

Changes of Assumptions

2022	The inflation rate decreased from 3.00% to 2.50%. The real wage growth rate decreased from .50% to .25%. The wage inflation rate decreased from 3.50% to 2.75%. The salary increases changed from 3.50%-7.20% to 3.00%-7.50%. The long-term investment rate of return decreased from 7.50% to 7.10%. The municipal bond index rate decreased from 2.19% to 2.13%. The discount rate decreased from 7.50% to 7.10%.
2021	The municipal bond index rate decreased from 3.50% to 2.19%.
2020	The municipal bond index rate decreased from 3.89% to 3.50%.
2019	The municipal bond index rate increased from 3.56% to 3.89%.
2018	None

GRAYSON COUNTY SCHOOL DISTRICT

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM
PENSION FUND**

Last 10 Fiscal Years *

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.221090%	0.218107%	0.222560%	0.218247%	0.219444%	0.219247%	0.222807%	0.223167%	0.225779%
District's proportionate share of the net pension liability	\$ 15,982,626	\$ 13,906,032	\$ 17,070,168	\$ 15,349,409	\$ 13,364,808	\$ 12,833,201	\$ 10,970,143	\$ 9,595,109	\$ 7,325,000
District's covered payroll	\$ 6,169,517	\$ 5,586,206	\$ 5,709,425	\$ 5,525,683	\$ 5,438,710	\$ 5,338,123	\$ 5,313,593	\$ 5,225,887	\$ 5,537,363
District's proportionate share of the net pension liability as a percentage of its covered payroll	259.06%	248.94%	298.98%	277.78%	245.73%	240.41%	206.45%	183.61%	132.28%
Plan fiduciary net position as a percentage of the total pension liability	52.42%	57.33%	47.81%	50.45%	53.54%	55.30%	55.50%	59.97%	66.80%

* Presented for those years for which the information is available

GRAYSON COUNTY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM
PENSION FUND

Last 10 Fiscal Years *

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,589,243	\$ 1,305,976	\$ 1,078,138	\$ 1,101,919	\$ 896,265	\$ 787,525	\$ 744,669	\$ 659,948	\$ 666,299
Contributions in relation to the contractually required contributions	<u>(1,589,243)</u>	<u>(1,305,976)</u>	<u>(1,078,138)</u>	<u>(1,101,919)</u>	<u>(896,265)</u>	<u>(787,525)</u>	<u>(744,669)</u>	<u>(659,948)</u>	<u>(666,299)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,792,005	\$ 6,169,517	\$ 5,586,206	\$ 5,709,425	\$ 5,525,683	\$ 5,438,710	\$ 5,338,123	\$ 5,313,593	\$ 5,225,887
Contributions as a percentage of covered payroll	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

* Presented for those years for which the information is available

GRAYSON COUNTY SCHOOL DISTRICT

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM
INSURANCE FUND**

Last 10 Fiscal Years *

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.221051%	0.218056%	0.222496%	0.218190%	0.219435%	0.219247%
District's proportionate share of the net OPEB liability	\$ 4,362,472	\$ 4,174,573	\$ 5,372,602	\$ 3,669,858	\$ 3,896,025	\$ 4,407,615
District's covered payroll	\$ 6,169,517	\$ 5,586,206	\$ 5,709,425	\$ 5,525,683	\$ 5,438,710	\$ 5,338,123
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	70.71%	74.73%	94.10%	66.41%	71.64%	82.57%
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%	62.91%	51.67%	60.44%	57.62%	52.4%

* Presented for those years for which the information is available.

GRAYSON COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM
INSURANCE FUND

Last 10 Fiscal Years *

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 230,237	\$ 356,568	\$ 265,903	\$ 271,769	\$ 290,650	\$ 255,619
Contributions in relation to the contractually required contributions	<u>(230,237)</u>	<u>(356,568)</u>	<u>(265,903)</u>	<u>(271,769)</u>	<u>(290,650)</u>	<u>(255,619)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,792,005	\$ 6,169,517	\$ 5,586,206	\$ 5,709,425	\$ 5,525,683	\$ 5,438,710
Contributions as a percentage of covered payroll	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%

* Presented for those years for which the information is available.

GRAYSON COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES RETIREMENT SYSTEM

Year Ended June 30, 2023

Changes of Benefit Terms

2023 None
2022 None
2021 None
2020 None
2019 None
2018 None
2017 None
2016 None

Changes of Assumptions

2023 OPEB:

The single discount rate changed from 5.20% to 5.70%.
Healthcare Trend Rates for Pre - 65 decreased from 6.30% to 6.20%.
Healthcare Trend Rates for Post - 65 increased from 6.30% to 9.00%.

2022 OPEB:

The single discount rate changed from 5.34% to 5.20%.

2021 OPEB:

The single discount rate changed from 5.68% to 5.34%.

2020 Pension and OPEB:

The salary increases assumption was changed from 3.05% to 3.30% - 10.30%.

OPEB:

The single discount rate changed from 5.85% to 5.68%.

2019 Pension and OPEB:

The salary increases assumption was changed from 2.00% to 3.05%.

OPEB:

The single discount rate changed from 5.84% to 5.85%.

2018 Pension and OPEB:

The assumed investment return was changed from 7.50% to 6.25%.
The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service.
The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%.

OPEB:

The single discount rate changed from 6.89% to 5.84%.

2017 None

2016 Pension:

The assumed investment rate of return was decreased from 7.75% to 7.50%.
The assumed rate of inflation was reduced from 3.50% to 3.25%.
The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
Payroll growth assumption was reduced from 4.50% to 4.00%.
The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

GRAYSON COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2023

	Special Revenue		Capital Projects			Total Nonmajor Governmental Funds
	District Activity Fund	School Activity Fund	SEEK Capital Outlay Fund	FSPK Building Fund	Debt Service Fund	
ASSETS						
Cash and cash equivalents	\$ 20,044	\$ 244,022	\$ 382,560	\$ 529,592	\$ -	\$ 1,176,218
Accounts receivable:						
Other	-	-	-	-	2,927	2,927
Due from other funds	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	1,051,145	1,051,145
Total assets	\$ 20,044	\$ 244,022	\$ 382,560	\$ 529,592	\$ 1,054,072	\$ 2,230,290
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-	-
Deferred inflows of resources	-	-	-	-	-	-
Fund balances						
Restricted	-	244,022	382,560	529,592	1,054,072	2,210,246
Assigned	20,044	-	-	-	-	20,044
Total fund balances	20,044	244,022	382,560	529,592	1,054,072	2,230,290
Total liabilities, deferred inflows of resources, and fund balances	\$ 20,044	\$ 244,022	\$ 382,560	\$ 529,592	\$ 1,054,072	\$ 2,230,290

GRAYSON COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2023

	Special Revenue		Capital Projects			Total Nonmajor Governmental Funds
	District Activity Fund	School Activity Fund	SEEK Capital Outlay Fund	FSPK Building Fund	Debt Service Fund	
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ 885,067	\$ -	\$ 885,067
Earnings on investments	-	-	-	487	24,190	24,677
Other local revenue	16,323	280,455	-	-	-	296,778
State aid	-	-	382,560	1,058,338	378,151	1,819,049
Federal aid	-	-	-	-	88,717	88,717
Total revenues	<u>16,323</u>	<u>280,455</u>	<u>382,560</u>	<u>1,943,892</u>	<u>491,058</u>	<u>3,114,288</u>
Expenditures						
Instruction	2,528	282,305	-	-	-	284,833
Support services						
Student	-	-	-	-	-	-
Instructional staff	-	-	-	-	-	-
District administration	-	-	-	-	-	-
School administration	-	-	-	-	-	-
Business	-	-	-	-	-	-
Plant operation and maintenance	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-
Food service	-	-	-	-	-	-
Daycare	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Architectural / engineering	-	-	-	-	-	-
New building construction	-	-	-	-	-	-
Building renovations / additions	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	1,550,000	1,550,000
Interest	-	-	-	-	792,845	792,845
Total expenditures	<u>2,528</u>	<u>282,305</u>	<u>-</u>	<u>-</u>	<u>2,342,845</u>	<u>2,627,678</u>
Excess (deficiency) of revenues over expenditures	<u>13,795</u>	<u>(1,850)</u>	<u>382,560</u>	<u>1,943,892</u>	<u>(1,851,787)</u>	<u>486,610</u>
Other financing sources (uses)						
Operating transfers in	-	-	-	-	2,208,388	2,208,388
Operating transfers out	-	-	-	(2,208,388)	-	(2,208,388)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,208,388)</u>	<u>2,208,388</u>	<u>-</u>
Net change in fund balances	<u>13,795</u>	<u>(1,850)</u>	<u>382,560</u>	<u>(264,496)</u>	<u>356,601</u>	<u>486,610</u>
Fund balance, June 30, 2022	6,249	245,872	-	794,088	697,471	1,743,680
Fund balances, June 30, 2023	<u>\$ 20,044</u>	<u>\$ 244,022</u>	<u>\$ 382,560</u>	<u>\$ 529,592</u>	<u>\$ 1,054,072</u>	<u>\$ 2,230,290</u>

GRAYSON COUNTY SCHOOL DISTRICT

COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

SCHOOL ACTIVITY FUND

Year Ended June 30, 2023

	<u>Cash</u> <u>June 30, 2022</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash</u> <u>June 30, 2023</u>	<u>Accounts</u> <u>Receivable</u>	<u>Inventory</u>	<u>Accounts</u> <u>Payable</u>	<u>Fund Balance</u> <u>June 30, 2023</u>
Caneyville Elementary	\$ 24,362	\$ 12,893	\$ 10,901	\$ 26,354	\$ -	\$ -	\$ -	\$ 26,354
Clarkson Elementary	39,568	69,726	73,846	35,448	-	-	-	35,448
Oran P. Lawler Elementary	7,372	61,515	40,005	28,882	-	-	-	28,882
H.W. Wilkey Elementary	25,387	21,582	32,380	14,589	-	-	-	14,589
Grayson County Middle	53,544	5,568	7,504	51,608	-	-	-	51,608
Grayson County High	96,080	111,770	120,709	87,141	-	-	-	87,141
	<u>\$ 246,313</u>	<u>\$ 283,054</u>	<u>\$ 285,345</u>	<u>\$ 244,022</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 244,022</u>

GRAYSON COUNTY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE
GRAYSON COUNTY HIGH SCHOOL
Year Ended June 30, 2023

	Cash June 30, 2022	Receipts	Disbursements	Transfers	Cash June 30, 2023	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2023
FCA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HIGGS SCHOLARSHIP	5,605	-	-	-	5,605	-	-	-	5,605
JOURNALISM	3,653	775	1,412	-	3,016	-	-	-	3,016
YEARBOOK	25,762	10,807	6,245	(402)	29,922	-	-	-	29,922
BETA CLUB	1,481	1,959	2,359	-	1,081	-	-	-	1,081
FFA	13,986	43,472	39,370	(480)	17,608	-	-	-	17,608
FCCLA	1,440	17,313	17,355	300	1,698	-	-	-	1,698
JR HISTORICAL SOCIETY	1,541	2,092	3,207	-	426	-	-	-	426
PROM	19,354	11,662	16,807	-	14,209	-	-	-	14,209
POSTER MACHINE	132	-	132	-	-	-	-	-	-
DECA	603	417	1,055	582	547	-	-	-	547
HOSA	2,156	1,550	1,900	-	1,806	-	-	-	1,806
CARPENTRY	475	-	(345)	-	820	-	-	-	820
AUTO MECHANICS	2,551	402	2,847	-	106	-	-	-	106
MACHINING	91	-	-	-	91	-	-	-	91
WELDING	377	-	282	-	95	-	-	-	95
SENIOR CLASS	-	13,932	13,932	-	-	-	-	-	-
PEP CLUB	1,290	-	-	-	1,290	-	-	-	1,290
ART CLUB	916.00	615	1,125	-	406	-	-	-	406
RENAISSANCE	273	-	-	-	273	-	-	-	273
DISC GOLF	258.00	320	360	-	218	-	-	-	218
Rodeo Club	1,642	2,763	965	-	3,440	-	-	-	3,440
Memorial Walk	1,395	-	-	-	1,395	-	-	-	1,395
SCHOLARSHIP FUND	516	-	-	-	516	-	-	-	516
CHORUS	872	-	872	-	-	-	-	-	-
ADMINISTRATION	6,986	291	6,059	-	1,218	-	-	-	1,218
SWEEP ACCT PARKING	-	1,480	1,480	-	-	-	-	-	-
PASSESTEACHER'S LOUNGE	1,381	95	1,089	-	387	-	-	-	387
STUDENT ACTIVITIES	1,345	1,825	2,200	-	970	-	-	-	970
	<u>\$ 96,081</u>	<u>\$ 111,770</u>	<u>\$ 120,708</u>	<u>\$ -</u>	<u>\$ 87,143.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,143</u>

GRAYSON COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2023

Grantor / Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Fund Number	Project Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Agriculture</u>						
Passed through Kentucky Department of Agriculture						
Food Donation	10.555	057502-02	51	-	\$ 241,771	\$ -
Child Nutrition Cluster:						
School Breakfast Program	10.553	7760005-22	51	-	185,324	-
School Breakfast Program	10.553	7760005-23	51	-	647,219	-
National School Lunch Program	10.555	7750002-22	51	-	488,200	-
National School Lunch Program	10.555	7750002-23	51	-	1,691,738	-
Supply Chain Assistance (COVID-19)	10.555	9980000-22	51	205XA	191,779	-
Supply Chain Assistance (COVID-19)	10.555	9980000-23	51	205XA	43,397	-
Summer Food Service Program for Children	10.559	7690024-22	51	209X	1,822	-
Summer Food Service Program for Children	10.559	7690024-23	51	209X	5,037	-
Summer Food Service Program for Children	10.559	7740023-22	51	209X	17,468	-
Summer Food Service Program for Children	10.559	7740023-23	51	209X	48,207	-
Total Child Nutrition Cluster					3,320,191	-
Passed through State Department of Education						
Child and Adult Care Food Program	10.558	7790021-22	51	208XA	219,894	-
Child and Adult Care Food Program	10.558	7800016-22	51	208XA	16,181	-
					236,075	-
Pandemic EBT Administrative Costs (COVID-19)	10.649	9990000-23			6,376	-
State Administrative	10.560	7700001-21			4,389	-
Total U.S. Department of Agriculture					\$ 3,808,802	\$ -
<u>U.S. Department of the Treasury</u>						
Direct Program						
Emergency Connectivity Fund Program (COVID-19)	32.009	-	7	5591	\$ 398,603	-
Total U.S. Department of the Treasury					\$ 398,603	\$ -
<u>U.S. Department of Education</u>						
Passed through Kentucky Department of Education						
Title I Grants to Local Educational Agencies						
Title I - Local Educational Agencies	84.010A	3100002-20	2	310G/GM	\$ 9,798	-
Title I - Local Educational Agencies	84.010A	3100002-21	2	310I/JM	373,049	-
Title I - Local Educational Agencies	84.010A	3100002-22	2	310J/JM	1,778,048	-
					2,160,895	-
Special Education Cluster						
Special Education - Grants to States						
IDEA, Part B	84.027A	3810002-21	2	337J/JP	935,884	-
ARPA IDEA, Part B (COVID-19)	84.027X	4910002-21	2	478I	220,121	-
					1,156,005	-
Special Education - Preschool Grants						
IDEA Preschool	84.173A	3800002-21	2	343J/JP	34,360	-
ARPA IDEA Preschool (COVID-19)	84.173X	4900002-21	2	488I	30,817	-
					65,177	-
Total Special Ed Cluster					1,221,182	-
Career and Technical Education - Basic Grants to States						
Perkins - Part C (Carry-over)	84.048	3710002-20	2	3481A	6,055	-
Perkins - Part C	84.048	3710002-21	2	348I	3,933	-
Perkins - Part C	84.048	3710002-21	2	348J	75,341	-
					85,329	-
Rural & Low Income School Program						
Title V Rural & Low Income	84.358B	3140002-21	2	350J	110,938	-
					110,938	-
Improving Teacher Quality State Grants						
Title II	84.367A	3230002-21	2	401I/IP	215,282	-
					215,282	-

GRAYSON COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

Year Ended June 30, 2023

Grantor / Program Title	Assistance	Pass-Through	Fund	Project	Federal	Expenditures	Expenditures
	Listing	Entity Identifying					
	Number	Number	Number	Number			
<u>U.S. Department of Education, Continued</u>							
Passed through Kentucky Department of Education, Continued							
Student Support and Academic Enrichment Program							
Title IV, Part A	84 424A	3420002-21	2	5521/JP	16,015	-	-
Title IV, Part A	84 424A	3420002-22	2	5521/JP	179,915	-	-
					<u>195,930</u>	-	-
Education Stabilization Fund (COVID-19)							
Elementary and Secondary School Emergency Relief Fund	84 425D	4000002-20	2	613F/FP	127,792	-	-
Elementary and Secondary School Emergency Relief Fund II	84 425D	4200002-21	2	554G/554GD	1,728,377	-	-
2021-2022 Digital Learning Coaches	84 425D	4200003-21	2	554GL	5,021	-	-
FY21 American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84 425U	4300002-21	2	473G/473GL	7,600,203	-	-
2022-2023 Kentucky Virtual Library Reimbursement	84 425U	4300003-21	2	473GB	4,121	-	-
2022-2024 Digital Learning Coaches	84 425U	4300005-21	2	473GD	575	-	-
FY22 American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84 425W	4980002-21	2	476IC	4,483	-	-
					<u>9,470,572</u>	-	-
Total U.S. Department of Education					\$ 13,460,128	\$ -	\$ -
<u>U.S. Department of Health and Human Services</u>							
Passed through Kentucky Cabinet for Health and Family Services							
Child Care and Development Block Grant							
CRRSA Child Care Aid (COVID-19)	93 575	672G	2	672G	\$ 11,659	-	-
Child Care Facility Repairs Grant (COVID-19)	93 575	553I	2	553I	10,000	-	-
					<u>21,659</u>	-	-
Total U.S. Department of Health and Human Services					\$ 21,659	\$ -	\$ -
Total Federal Awards					\$ 17,689,192	\$ -	\$ -

Notes to Schedule of Expenditures of Federal Awards

Note A Basis of Presentation

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

Note B Summary of Significant Accounting Policies

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

Note C Indirect Cost Rate

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

Note D Nonmonetary assistance for the Food Distribution Program is reported in the Schedule at the fair value of the commodities received.



**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**

Members of the Board of Education
Grayson County School District
Leitchfield, Kentucky

Kentucky State Committee for School District Audits
Frankfort, 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 Grayson County 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 7, 2023.

Report on Internal Control Over Financial Reporting

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

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

Report on Internal Control Over Financial Reporting, Continued

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

Report on Compliance and Other Matters

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

In addition, the results of our tests disclosed no material instances of noncompliance with specific statutes or regulations identified in the *Kentucky Public School District's Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits.

We noted certain matters other than significant deficiencies and material weaknesses that we reported to management of the District in a separate letter dated November 7, 2023.

Purpose of this Report

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

Owensboro, Kentucky
November 7, 2023





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

Members of the Board of Education
Grayson County School District
Leitchfield, Kentucky

Kentucky State Committee for School District Audits
Frankfort, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance, and, therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting

Auditor's Responsibilities for the Audit of Compliance, Continued

material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Owensboro, Kentucky
November 7, 2023

GRAYSON COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Grayson County School District (District) were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*. No material weaknesses were reported.
3. No instances of noncompliance material to the financial statements of the District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were reported in the Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses were reported.
5. The auditor's report on compliance for the major federal award programs for the District expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose any findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were:
 - Education Stabilization Fund:
 - 84.425D – Elementary and Secondary School Emergency Relief Fund
 - 84.425U – American Rescue Plan Elementary and Secondary School Emergency Relief Fund
 - 84.425W – American Rescue Plan Elementary and Secondary School Emergency Relief Fund – Homeless Children and Youth
 - Special Education Cluster:
 - 84.027 – IDEA, Part B
 - 84.173 – IDEA Preschool
 - 84.010 – Title I Grants to Local Educational Agencies
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The District was determined to be a low-risk auditee.

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2023

No audit findings were reported in the schedule of findings and questioned costs for the year ended June 30, 2022.