LEWIS COUNTY
SCHOOL DISTRICT

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits
Members of the Board of Education
Lewis County School District
Vanceburg, Kentucky

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 Lewis County School District (the "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, and the respective budgetary comparison schedules for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 information on pages 6 through 9 and the Schedule of District's Proportionate Share of the Net Pension Liability, Schedule of Pension Contributions, Schedule of District's Proportionate Share of the Net OPEB Liability, Schedule of OPEB Contributions on pages 52 through 63 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 combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 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.

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
November 13, 2023

LEWIS COUNTY SCHOOL DISTRICT
VANCEBURG, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)
FOR THE YEAR ENDED JUNE 30, 2023

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

FINANCIAL HIGHLIGHTS

- The beginning fund balance for the General Fund was $2,533,502 and the ending balance was $2,749,066 an increase of $215,564 for the year.

- The General Fund had $21,830,841 in revenue, which consisted primarily of the State program (SEEK), and property, utilities, and motor vehicle taxes. Excluding interfund transfers, there was $22,157,589 in General Fund expenditures. General fund on-behalf payments totaled $6,822,804.

- Bonds are issued as the District renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. The District's total debt, net of discounts, increased by $140,322 during the current fiscal year.

- Net pension liabilities required to be recorded under GASB No. 68 decreased during the year. Non-professional staff members are covered by the Kentucky County Employee Retirement System. Under this system, the District's share of the pension liability was $8,130,978 as of June 30, 2022, which represents an increase of $964,596 from the June 30, 2021 balance of $7,166,382. The Kentucky Teachers Retirement System covers the District's professional staff members. The District's allocated pension liability as of June 30, 2022 was $45,456,619, which represents a increase of $11,294,431 from the June 30, 2021 balance of $34,162,188. However, this pension liability is the responsibility of the Commonwealth of Kentucky.

- There are two sources of OPEB liabilities with which the District has to contend. The Kentucky Teachers Retirement System (KTRS) Medical Insurance Plan and Life Insurance Plan covers the District's professional staff members. The District's allocated OPEB liability as of June 30, 2022 for KTRS Medical Insurance Plan was $6,419,000 with the District's responsibility being $4,832,000 and the Commonwealth of Kentucky's responsibility being $1,587,000. The liability for the KTRS Life Insurance Plan is the responsibility of the Commonwealth of Kentucky and the District's allocated amount as of June 30, 2022 was $79,000. Non-professional staff members are covered by the County Employee Retirement System Insurance Fund. Under this fund the District's share of OPEB liability was $2,219,354 as of June 30, 2022.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

The statement of activities presents information showing how the 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 (government activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt are also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 10 and 11 of this report.

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

The basic fund financial statements can be found on pages 12 through 20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 51 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by approximately $4,051,000 as of June 30, 2023.

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

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

Net Position for the year ending June 30, 2023 and 2022

	2023	2022
Current Assets	$ 21,758,485	$ 17,692,415
Noncurrent Assets	60,438,911	49,850,877
Total Assets	82,197,396	67,543,292
Deferred Outflows	4,912,307	3,481,111

Current Liabilities	12,774,335	5,909,721
Noncurrent Liabilities	67,181,258	61,336,118
Total Liabilities	79,955,593	67,245,839
Deferred Inflows	3,103,245	4,405,071
Net Position		
Net investment in capital assets	14,137,213	9,669,731
Restricted	(261,639)	(482,324)
Unrestricted Fund Balance	(9,824,709)	(9,813,914)
Total Net Position	$ 4,050,865	$ (626,507)

The following table presents a summary of all governmental activities and business-type activities revenues and expenses for the fiscal year ended June 30, 2023, with a comparison to 2022.

	2023	2022
Revenues:		
Local Revenue Sources	$ 5,218,699	$ 4,548,610
State and Federal Revenue Sources	29,550,536	17,219,839
Total Revenues	34,769,235	21,768,449
Expenses:		
Instruction	13,682,408	6,483,392
Student Support Services	2,748,078	2,236,810
Instructional Support	420,044	333,866
District Administration	837,400	715,295
School Administration	1,589,212	1,463,147
Business and Other Support Services	957,341	821,685
Plant Operations	2,524,780	2,483,809
Student Transportation	3,758,359	2,966,662
Community Services	262,214	231,922
Food services	179	45,295
Interest Expense	1,213,626	1,472,594
Food Service	2,098,222	1,512,443
Total Expenses	30,091,863	20,766,920
Revenues Over (Under) Expenses	$ 4,677,372	$ 1,001,529

Governmental Funds Revenue

The majority of revenue was derived from state and federal funding making up 85% of total revenue. Local revenues make up 15% of total revenue (21% in 2022).

District-Wide Support Allocation

District-wide support services expenses were Transportation 10%, Maintenance & Operations 8%, and Business Functions 3% (as compared to 12%, 13%, and 4% in 2022, respectively).

Comments on Budget Comparisons

- The District's total governmental funds revenues for the fiscal year ended June 30, 2023, net of interfund transfers, bond proceeds, and gain on sale of assets were $34,667,200, compared with $28,284,543 in 2022.

- The General fund budget compared to actual expenditures varied from line item to line item with the ending actual balance being $1,015,127 more than budget (excluding contingency amounts) or approximately 5.39%. Revenues were $1,945,459 more than budget or 9.78%.

- The total cost of all programs and services for governmental funds for the fiscal year ending June 30, 2023 was $43,246,877, compared with $43,624,907 in 2022.

Capital Assets

At the end of June 30, 2023, the District's investment in capital assets for its governmental and business-type activities was $60,438,911, representing an increase of $10,588,034, net of depreciation, from the prior year.

Debt Service

At year-end, the District had approximately $51.7 million in outstanding debt, net of discounts, compared to $51.6 million last year. The District continues to maintain favorable debt ratings from Moody's and Standard & Poor's.

Budgetary Implications

In Kentucky the public school fiscal year is July 1 - June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the District overall budget. By law the budget must have a minimum 2% contingency. The general fund cash balance for beginning the next fiscal year is $1,471,540.

The Lewis County School District's current and estimated grant notifications are not anticipated to make a year-to-year material impact upon the remaining funds. Award notifications and estimates are fairly in line with budgeted amounts.

Questions regarding this report should be directed to Joe Kennedy, Director of Finance/Treasurer at (606) 796-2811 or by mail at PO. Box 159, Vanceburg, Kentucky 41179.

LEWIS COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 7,684,806	$ 922,342	$ 8,607,148
Investments	10,206,069	-	10,206,069
Receivables (net of allowances for uncollectibles):			
Property taxes	161,301	-	161,301
Other	177,072	8,959	186,031
Intergovernmental	1,949,069	-	1,949,069
Prepaid expenditures	618,057	-	618,057
Inventories	-	30,810	30,810
Capital assets, not being depreciated	17,477,041	-	17,477,041
Capital assets, being depreciated, net	42,395,168	566,702	42,961,870
Total assets	80,668,583	1,528,813	82,197,396
Deferred Outflows of Resources			
Deferred savings from refunding bonds	77,637	-	77,637
Deferred outflows - pension related	803,651	172,253	975,904
Deferred outflows - OPEB related	3,718,149	140,617	3,858,766
Total deferred outflows of resources	4,599,437	312,870	4,912,307
Liabilities			
Accounts payable	2,240,656	(718)	2,239,938
Unearned revenue	10,155,522	-	10,155,522
Interest payable	404,139	-	404,139
Portion due or payable within one year:			
Debt obligations	2,315,000	-	2,315,000
KISTA obligations	413,055	-	413,055
Accrued sick leave	29,743	-	29,743
Noncurrent liabilities:			
Portion due or payable after one year:			
Debt obligations, net of discount	47,546,091	-	47,546,091
Accrued sick leave	220,375	-	220,375
KISTA obligations	1,449,398	-	1,449,398
Net pension liability	6,767,877	1,363,101	8,130,978
Net OPEB liability	6,676,809	374,545	7,051,354
Total liabilities	78,218,665	1,736,928	79,955,593
Deferred Inflows of Resources			
Deferred inflows - pension related	59,629	12,781	72,410
Deferred inflows - OPEB related	2,937,003	93,832	3,030,835
Total deferred inflows of resources	2,996,632	106,613	3,103,245
Net Position			
Net investment in capital assets	13,570,511	566,702	14,137,213
Restricted for:			
Capital projects	-	-	-
Other purposes	306,921	(568,560)	(261,639)
Unrestricted	(9,824,709)	-	(9,824,709)
Total net position	$ 4,052,723	$ (1,858)	$ 4,050,865

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

LEWIS COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Primary government:							
Governmental activities:							
Instruction	$ 13,682,408	$ 25,278	$ 3,538,311	$ -	$ (10,118,819)	$ -	$ (10,118,819)
Support services:							
Students	2,748,078	-	232,735	-	(2,515,343)	-	(2,515,343)
Instructional staff	420,044	-	248,530	-	(171,514)	-	(171,514)
District administration	837,400	-	91,865	-	(745,535)	-	(745,535)
School administration	1,589,212	-	37,454	-	(1,551,758)	-	(1,551,758)
Business and other support services	957,341	-	119,545	-	(837,796)	-	(837,796)
Operation and maintenance of plant	2,524,780	-	226,198	-	(2,298,582)	-	(2,298,582)
Student transportation	3,758,359	32,319	740,999	-	(2,985,041)	-	(2,985,041)
Food service operations	179	-	-	-	(179)	-	(179)
Community services	262,214	-	252,862	-	(9,352)	-	(9,352)
Interest expense	1,213,626	-	-	3,128,451	1,914,825	-	1,914,825
Total governmental activities	27,993,641	57,597	5,488,499	3,128,451	(19,319,094)	-	(19,319,094)
Business-type activities:							
Food service	2,098,222	154,053	2,153,109	-	-	208,940	208,940
Total business-type activities	2,098,222	154,053	2,153,109	-	-	208,940	208,940
Total primary government	$ 30,091,863	$ 211,650	$ 7,641,608	$ 3,128,451	$ (19,319,094)	$ 208,940	$ (19,110,154)

	Governmental Activities	Business-Type Activities	Total
General revenues:			
Taxes:			
Property taxes, levied for general purposes	$ 2,832,038	$ -	$ 2,832,038
Motor vehicle	504,602	-	504,602
Utilities	602,946	-	602,946
Intergovernmental revenues:			
State	18,545,483	-	18,545,483
Investment earnings	226,831	2,422	229,253
Gain (loss) on disposal of assets	5,741	-	5,741
Other local revenues	1,067,463	-	1,067,463
Transfers	84,417	(84,417)	-
Total general revenues and transfers	23,869,521	(81,995)	23,787,526
Change in net position	4,550,427	126,945	4,677,372
Net position, June 30, 2022	(497,704)	(128,803)	(626,507)
Net position, June 30, 2023	$ 4,052,723	$ (1,858)	$ 4,050,865

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

LEWIS COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 1,471,540	$ -	$ 5,881,081	$ 332,185	$ 7,684,806
Investments	-	-	10,206,069	-	10,206,069
Receivables (net of allowances for uncollectibles):					
Property taxes	161,301	-	-	-	161,301
Other	177,072	-	-	-	177,072
Intergovernmental - state	-	1,949,069	-	-	1,949,069
Interfund receivable	1,767,505	-	-	-	1,767,505
Prepaid expenditures	618,057	-	-	-	618,057
Total assets	$ 4,195,475	$ 1,949,069	$ 16,087,150	$ 332,185	$ 22,563,879
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 1,446,409	$ 26,042	$ 742,941	$ 25,264	$ 2,240,656
Interfund payable	-	1,767,505	-	-	1,767,505
Unearned revenue	-	155,522	10,000,000	-	10,155,522
Total liabilities	1,446,409	1,949,069	10,742,941	25,264	14,163,683
Fund balances:					
Non-spendable	618,057	-	-	-	618,057
Restricted	-	-	5,344,209	306,921	5,651,130
Committed	16,098	-	-	-	16,098
Assigned	58,033	-	-	-	58,033
Unassigned	2,056,878	-	-	-	2,056,878
Total fund balances	2,749,066	-	5,344,209	306,921	8,400,196
Total liabilities and fund balances	$ 4,195,475	$ 1,949,069	$ 16,087,150	$ 332,185	$ 22,563,879

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

LEWIS COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Fund balances - total governmental funds		$ 8,400,196
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 funds		59,872,209
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the governmental funds		
Deferred savings from refunding bonds		77,637
Deferred outflows and (inflows) of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows - pension related	803,651	
Deferred inflows - pension related	(59,629)	744,022
Deferred outflows and (inflows) of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows - OPEB related	3,718,149	
Deferred inflows - OPEB related	(2,937,003)	781,146
Some liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the governmental funds financial statements.		
Net pension liability	(6,767,877)	
Net OPEB liability	(6,676,809)	
Bonds payable	(49,861,091)	
KISTA obligations	(1,862,453)	
Accrued interest payable	(404,139)	
Accrued sick leave	(250,118)	(65,822,487)
Net position of governmental activities		$ 4,052,723

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

LEWIS COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
From local sources:					
Taxes -					
Property	$ 2,149,756	$ -	$ -	$ 682,282	$ 2,832,038
Motor vehicles	504,602	-	-	-	504,602
Utility	602,946	-	-	-	602,946
Tuition fees	25,278	-	-	-	25,278
Transportation fees	32,319	-	-	-	32,319
Interest income	10,858	-	215,973	-	226,831
Other local revenues	239,254	18,365	-	828,209	1,085,828
Intergovernmental - State	18,117,495	1,117,961	-	3,128,451	22,363,907
Intergovernmental - Indirect federal	-	6,845,118	-	-	6,845,118
Intergovernmental - Direct federal	148,333	-	-	-	148,333
Total revenues	21,830,841	7,981,444	215,973	4,638,942	34,667,200
Expenditures:					
Current:					
Instruction	11,429,172	3,538,311	-	-	14,967,483
Support services:					
Students	1,755,179	232,735	-	760,379	2,748,293
Instructional staff	171,514	248,530	-	-	420,044
District administration	741,812	91,865	-	-	833,677
School administration	1,552,686	37,454	-	-	1,590,140
Business and other support services	837,446	119,545	-	-	956,991
Operation and maintenance of plant	2,266,290	226,198	-	-	2,492,488
Student transportation	2,885,889	740,999	-	-	3,626,888
Food service operations	179	-	-	-	179
Community services	9,459	252,862	-	-	262,321
Facilities acquisition and construction	-	-	11,494,664	-	11,494,664
Debt service	507,963	-	36,030	3,334,980	3,878,973
Total expenditures	22,157,589	5,488,499	11,530,694	4,095,359	43,272,141
Excess (deficiency) of revenues over (under) expenditures	(326,748)	2,492,945	(11,314,721)	543,583	(8,604,941)
Other financing sources (uses):					
Proceeds from issuance of debt	-	-	2,870,000	-	2,870,000
Discount on bonds	-	-	(57,634)	-	(57,634)
Gain on disposal of assets	24,705	-	-	-	24,705
Transfers in	561,196	42,563	2,535,508	1,786,155	4,925,422
Transfers out	(43,589)	(2,535,508)	-	(2,261,908)	(4,841,005)
Total other financing sources and uses	542,312	(2,492,945)	5,347,874	(475,753)	2,921,488
Net change in fund balances	215,564	-	(5,966,847)	67,830	(5,683,453)
Fund balances, June 30, 2022	2,533,502	-	11,311,056	239,091	14,083,649
Fund balances, June 30, 2023	$ 2,749,066	$ -	$ 5,344,209	$ 306,921	$ 8,400,196

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

LEWIS COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds		$ (5,683,453)
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 are allocated over their estimated useful lives and reported as depreciation expense.		
Loss on disposal of assets	(18,964)	
Capital outlay	12,674,294	
Depreciation expense	(2,041,386)	10,613,944
Bond and KISTA proceeds, including related premiums and discounts, are recognized as revenues in the fund financial statement, but are increases in liabilities in the statement of net position.		
Bond and KISTA proceeds		(2,870,000)
Discount on bond issuance		57,634
Generally, expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred for the following:		
Long-term portion of accrued sick leave		(124,617)
Amortization of deferred savings from refunding bonds		(13,383)
Amortization of discounts and premiums		518
Accrued interest payable		6,686
Governmental funds report pension and OPEB contributions as expenditures when paid. However, in the Statement of Activities, pension and OPEB expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions and OPEB, and investment experience.		
KTRS on-behalf revenue	(2,213,290)	
KTRS on-behalf pension	2,489,544	
CERS pension and OPEB contributions	17,208	
Pension and OPEB expense	(401,890)	(108,428)
Bond and KISTA payments are recognized as expenditures of current financial resources in the fund financial statements, but are reductions of liabilities in the statement of net position.		2,671,526
Change in net position of governmental activities		$ 4,550,427

LEWIS COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

	Food Service Fund
Assets	
Current assets:	
Cash and cash equivalents	$ 922,342
Accounts receivable	8,959
Inventories	30,810
Total current assets	962,111
Noncurrent assets:	
Capital assets, net of accumulated depreciation	566,702
Total noncurrent assets	566,702
Total assets	1,528,813
Deferred Outflows of Resources	
Deferred outflows - pension related	172,253
Deferred outflows - OPEB related	140,617
Total deferred outflows of resources	312,870
Total assets and deferred outflows	$ 1,841,683
Liabilities	
Current liabilities:	
Accounts payable	$ (718)
Total current liabilities	(718)
Long-term liabilities:	
Net pension liability	1,363,101
Net OPEB liability	374,545
Total liabilities	1,736,928
Deferred Inflows of Resources	
Deferred inflows - pension related	12,781
Deferred inflows - OPEB related	93,832
Total deferred inflows of resources	106,613
Net Position	
Net investment in capital assets	566,702
Restricted	(568,560)
Total net position	(1,858)
Total liabilities, deferred inflows, and net position	$ 1,841,683

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

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

	Food Service Fund
Operating revenues:	
Lunchroom sales	$ 154,053
Revenue from state sources (on-behalf)	140,395
Total operating revenues	294,448
Operating expenses:	
Salaries and wages	584,671
Employee benefits	317,547
Materials and supplies	1,065,603
Depreciation	60,280
Other operating expenses	70,121
Total operating expenses	2,098,222
Operating income (loss)	(1,803,774)
Nonoperating revenues (expenses):	
Federal grants	1,925,362
Investment income	2,422
Donated commodities	75,211
Transfers in	1,026
Transfers out	(85,443)
State grants	12,141
Total nonoperating revenues (expenses)	1,930,719
Increase in net position	126,945
Net position, June 30, 2022	(128,803)
Net position, June 30, 2023	$ (1,858)

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

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

	Food Service Fund
Cash flows from operating activities:	
Cash received from:	
Lunchroom sales	$ 162,084
Cash paid to/for:	
Payments to suppliers and providers of goods and services	(992,029)
Payments to employees	(778,077)
Other payments	(70,121)
Net cash used for operating activities	(1,678,143)
Cash flows from noncapital financing activities:	
Government grants	1,928,544
Transfers out	(85,443)
Transfers in	1,026
Net cash provided by noncapital and related financing activities	1,844,127
Cash flows from capital and related financing activities:	
Purchases of capital assets	(34,370)
Net cash used for capital and related financing activities	(34,370)
Cash flows from investing activities:	
Interest received on investments	2,422
Net cash provided by investing activities	2,422
Net increase in cash and cash equivalents	134,036
Cash and cash equivalents, June 30, 2022	788,306
Cash and cash equivalents, June 30, 2023	$ 922,342
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (1,803,774)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	60,280
Donated commodities	75,211
Net pension adjustment	5,331
Net OPEB adjustment	(13,554)
Change in assets and liabilities:	
Inventory	-
Accounts payable	(1,637)
Net cash provided by (used for) operating activities	$ (1,678,143)
Non-cash items:	
Donated commodities	$ 75,211
On-behalf payments	140,395

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

LEWIS COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Taxes -				
Property	$ 1,840,300	$ 1,840,300	$ 2,149,756	$ 309,456
Motor vehicles	400,000	400,000	504,602	104,602
Utilities	550,000	550,000	602,946	52,946
Tuition fees	19,000	19,000	25,278	6,278
Transportation fees	35,000	35,000	32,319	(2,681)
Interest income	20,000	10,000	10,858	858
Other local revenues	110,732	120,302	239,254	118,952
Intergovernmental - State	13,783,894	16,751,173	18,117,495	1,366,322
Intergovernmental - Direct federal	158,550	159,607	148,333	(11,274)
Total revenues	16,917,476	19,885,382	21,830,841	1,945,459
Expenditures:				
Current:				
Instruction	9,279,704	11,219,130	11,429,172	(210,042)
Support services:				
Students	1,277,475	1,570,714	1,755,179	(184,465)
Instructional staff	217,018	217,818	171,514	46,304
District administration	586,675	592,337	741,812	(149,475)
School administration	1,370,094	1,493,285	1,552,686	(59,401)
Business and other support services	569,960	696,260	837,446	(141,186)
Operation and maintenance of plant	1,898,142	2,065,048	2,266,290	(201,242)
Student transportation	2,166,917	2,426,062	2,885,889	(459,827)
Food service operations	-	-	179	(179)
Community services	13,025	14,775	9,459	5,316
Property	-	326,753	-	326,753
Debt service	520,280	520,280	507,963	12,317
Contingency	1,382,887	1,696,755	-	1,696,755
Total expenditures	19,282,177	22,839,217	22,157,589	681,628
Excess (deficiency) of revenues over (under) expenditures	(2,364,701)	(2,953,835)	(326,748)	2,627,087
Other financing sources (uses):				
Gain on disposal of assets	20,000	20,000	24,705	4,705
Transfers in	344,701	393,321	561,196	167,875
Transfers out	-	(40,883)	(43,589)	(2,706)
Total other financing sources and uses	364,701	372,438	542,312	169,874
Net change in fund balances	(2,000,000)	(2,581,397)	215,564	2,796,961
Fund balances, June 30, 2022	2,000,000	2,581,397	2,533,502	(47,895)
Fund balances, June 30, 2023	$ -	-	$ 2,749,066	$ 2,749,066

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

LEWIS COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Interest income	$ -	$ -	$ -	$ -
Other local revenues	-	-	18,365	18,365
Intergovernmental - State	963,592	974,337	1,117,961	143,624
Intergovernmental - Indirect federal	2,063,301	9,609,049	6,845,118	(2,763,931)
Total revenues	3,026,893	10,583,386	7,981,444	(2,601,942)
Expenditures:				
Current:				
Instruction	2,311,061	4,869,360	3,538,311	1,331,049
Support services:				
Students	144,640	522,574	232,735	289,839
Instructional staff	149,785	200,398	248,530	(48,132)
District administration	116,237	118,658	91,865	26,793
School administration	2,000	2,000	37,454	(35,454)
Business	33,696	46,802	119,545	(72,743)
Operation and maintenance of plant	49,179	49,632	226,198	(176,566)
Student transportation	-	-	740,999	(740,999)
Food service operations	-	-	-	-
Community services	220,295	221,498	252,862	(31,364)
Total expenditures	3,026,893	6,030,922	5,488,499	542,423
Excess (deficiency) of revenues over expenditures	-	4,552,464	2,492,945	(2,059,519)
Other financing sources (uses):				
Transfers in	-	40,883	42,563	1,680
Transfers out	-	(4,607,397)	(2,535,508)	2,071,889
Total other financing sources and uses	-	(4,566,514)	(2,492,945)	2,073,569
Net change in fund balances	-	(14,050)	-	14,050
Fund balances, June 30, 2022	-	-	-	-
Fund balances, June 30, 2023	$ -	$ (14,050)	$ -	$ 14,050

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

(1) REPORTING ENTITY

The Lewis County School District (District) is the basic level of government, which has financial accountability and control over all activities related to the public school education within the jurisdiction of the Lewis County School District. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. Board members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and have primary financial accountability for fiscal matters. The District is not included in any other governmental "reporting entity" as defined by GASB pronouncements. In accordance with GASB Standard 14, financial transactions of the following component unit are incorporated in the accompanying financial statements.

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

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Lewis County School District substantially comply with accounting principles generally accepted in the United States and the rules prescribed by the Kentucky Department of Education for local school districts.

Basis of Presentation

District-wide Financial Statements:

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

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

Fund Financial Statements:

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

Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures or expenses as appropriate. The various funds are summarized by type in the financial statements. The District uses the following funds:

Governmental Fund Types:

General Fund - The General Fund is the primary operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. This is a major fund of the District.

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

1. The Special Revenue Fund includes federal financial programs where unused balances are returned to the grantor, at the close of specified project periods, as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

2. The District Activity Funds is a special revenue fund used to account for funds collected at individual schools for operational cost of the school or school district that allows for more flexibility in the expenditure of those funds.

3. The School Activity Fund is a special revenue fund used to account for funds collected at individual schools for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the *Uniform Program of Accounting for School Activity 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 the Proprietary Fund).

1. The Construction Fund is used to account for all resources including proceeds from bond sales for the authorized acquisition and construction of capital facilities. This is a major fund of the District.

2. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives $100 per the District's adjusted average daily attendance restricted for use in financing projects as identified in the District's facility plan.

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

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and for the payment of interest on general obligation notes payable, as required by Kentucky Law.

Proprietary Fund Type

The District utilizes the proprietary fund type to account for the major fund: Food Service. The Food Service Fund is used to account for school food service activities, including the National School Lunch Program and the National School Breakfast Program, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of

USDA commodities on the financial statements.

Measurement Focus

The accounting and reporting treatment applied to a fund is determined by its measurement focus. The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund 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. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds include 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 and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

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 that are presented in the fund financial statements use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

Exchange and Non-exchange transactions - There are two types of transactions: exchange and non-exchange. The method of determining revenue recognition (i.e., accrual v. modified accrual) depends upon the type of exchange as well as source of revenue. Exchange transactions occur when each party receives essentially equal value. Non-exchange transactions occur when one party receives value without directly giving equal value in return.

Modified Accrual - Revenue from non-exchange transactions (e.g., grants, entitlements and donations) must be available to be recognized. These sources of revenue are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under the modified accrual basis of accounting, revenues from exchange transactions are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For the District, "available" means within sixty days of June 30. Property tax revenue is recognized in the fiscal year for which the taxes are levied. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. Under the modified accrual basis of accounting, 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.

Accrual - Under the accrual basis of accounting, revenues are recorded when an exchange takes place. Expenses are recognized at the time they are incurred.

Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Kentucky Law, appropriations lapse at fiscal year-end. Encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

In-Kind

The District receives commodities from the USDA. The amounts of such commodities are recorded in the accompanying financial statements at their estimated fair market values.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the proprietary fund type considers highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Inventories

Supplies and materials are charged to expenditures when purchased with the exception of the Proprietary Funds, which records inventory using the accrual basis of accounting. Inventories are stated at the lower of cost or market, on the first-in, first-out basis.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the governmental and business-type activities columns of the statements of net position.

Budgetary Process

The District is required by state law to adopt annual budgets. Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Per Board policy, only amendments that aggregate greater than $50,000 require Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major difference between the budgetary basis and the GAAP basis is that the direct financing capital lease obligation was not budgeted in the General Fund.

Fund Balances

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance-amounts that are not in a 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 decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint;
- Assigned fund balance-amounts the District intends to use for a specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority;
- Unassigned fund balance-amounts that are available for any purpose; unassigned amounts are reported only in the General Fund.

Bond Issuance Costs

Debt issuance costs are expensed in the period they are incurred.

Net Position

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, those revenues are primarily charges for meals provided by the various schools and on-behalf revenues for operating expenses. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials, labor and direct overhead. Other expenses are nonoperating.

Interfund Activity

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

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Pension

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles, (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* ("GASB 96"). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. The 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. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. GASB 96 was effective for the District beginning with its year ending June 30, 2023. The adoption of this standard did not have a material effect on the District's financial statements.

In May 2022, the GASB issued Statement No. 99, *Omnibus 2022* ("GASB 99"), to provide guidance addressing various accounting and financial reporting issues identified during the implementation and application of certain GASB pronouncements or during the due process on other pronouncements. GASB 99 addresses, among other matters:

- Accounting and financial reporting for exchange or exchange-like financial guarantees;
- Clarification of certain provisions of Statement No.:
    - 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments,
    - 87, Leases,
    - 94, Public-Private and Public-Public Partnership and Availability Payment Arrangements,
    - 96, Subscription-Based Information Technology Arrangements (SBITA);
- Replacing the original deadline for use of the London Interbank Offered Rate (LIBOR) as a benchmark interest rate for hedges of interest rate risk of taxable debt with a deadline for when LIBOR ceases to be determined by the ICE Benchmark Administration using the methodology in place as of December 31, 2021;
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP);
- Disclosures related to non-monetary transactions; and
- Pledges of future revenues when resources are not received by the pledging government.

Requirements that relate to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures for non-monetary transactions, pledges of future revenues by pledging governments, clarifications of certain provisions in Statement No. 34, and terminology updates were effective upon issuance. Requirements related to leases, public-public and public-private partnerships (PPPs), and SBITAs were effective for the District beginning with its year ending June 30, 2022. Requirements related to other requirements related to derivative instruments will be effective for the District for fiscal years beginning after June 15, 2023, and for all reporting periods thereafter. Adoption of the provisions required thru the year ending June 30, 2023, did not have a material effect on the District's financial statements. Management is currently evaluating the impact of the remaining provisions of this Statement on its financial statements.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections (an amendment of GASB Statement No. 62)* ("GASB 100"), which has as its primary objective to provide more straightforward guidance that is easier to understand and is more reliable, relevant, consistent, and comparable across governments for making decisions and assessing accountability. Improving the clarity of accounting and financial reporting requirements for accounting changes and error corrections will mean greater consistency in the application of these requirements in general.

GASB 100 prescribes accounting and financial reporting for each category of accounting change and error corrections, requiring that:

- Changes in accounting principle and error corrections be reported retroactively by restating prior periods;
- Changes in accounting estimate be reported prospectively by recognizing the change in the current period; and
- Changes to and within the financial reporting entity be reported by adjusting beginning balances of the current period.
- Requires that governments disclose the effects of each accounting change and error correction on beginning balances in a tabular format.

The requirements of GASB 100 will be effective for accounting changes and error corrections made by the District beginning with its year ending June 30, 2024. Management is currently evaluating the impact of this Statement on its financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* ("GASB 101"), which supersedes the guidance in Statement No. 16, *Accounting for Compensated Absences*, issued in 1992. GASB 101 aligns recognition and measurement guidance for all types of compensated absences under a unified model. It also requires that a liability for specific types of compensated absences not be recognized until the leave is used. Additionally, it establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. For example, a liability for leave that has not been used would be recognized if the leave:

- Is attributable to services already rendered;
- Accumulates; and
- Is more likely than not to be used for time off or otherwise paid or settled. Some exceptions to this general rule include parental leave, military leave and jury duty leave for which a liability would not be recognized until the leave commences.

Additionally, GASB 101 (1) provides an alternative to the existing requirement to disclose the gross annual increases and decreases in long-term liability for compensated absences, allowing governments to disclose only the net annual change in the liability as long as it is identified as such; and (2) removes the disclosure of the government funds used to liquidate the liability for compensated absences. The requirements of GASB 101 will be effective for the District beginning with its year ending June 30, 2025. Management is currently evaluating the impact of this Statement on its financial statements.

(3) CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents consist of amounts deposited in interest bearing accounts. The depository bank deposits for safekeeping and trust with the District's third party agent approved pledged securities to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At June 30, 2023, the carrying amount of the District's combined deposits (cash and cash equivalents) was $8,607,148 and the combined bank balances totaled $8,642,818. The bank balances were covered by the combination of FDIC insurance and collateral held by the District's agent in the District's name at June 30, 2023.

Custodial credit risk is the risk that in the event of a depository institution failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). All deposits meet current guidelines.

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1	Deposits that are insured or collateralized with securities held by the District or by its agent in the District's name.
Category 2	Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
Category 3	Deposits which are not collateralized or insured.

Based on these three levels of risk, all of the District's cash deposits are classified as Category 2.

Due to the nature of the accounts and certain limitations imposed on the use of funds, each bank account within the following funds is considered to be restricted: SEEK Capital Outlay Fund, Facility Support Program (FSPK) Fund, Education Building Fund, Special Revenue (Grant) Funds, Bond and Interest Redemption Fund, School Food Service Funds, and School Activity Funds.

Investments

During the year, the District invested excess cash into short-term United States Government obligations. In compliance with Kentucky Statutes, the District's investment policy 04.6 specifies that the District's investment objectives, in order of priority, are the following:

1. Legality
2. Safety of principal
3. Liquidity to enable the District to meet all operating requirements
4. Return on Investment

Credit Risk–Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. In an effort to minimize the likelihood that an issuer will default, the District has limited the number of permissible investments under its investment policy to certain highly rated investments. In accordance with this policy, the District is authorized to invest in the following:

a. Obligations of the United States and of its agencies, national corporations, and instrumentalities, including repurchase agreements

b. Certificates of deposit issued by banks or savings and loan institutions

c. Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and municipalities

d. Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, but only if fully defeased by direct obligations of or guaranteed by the United States of America

e. Interest bearing deposits in national and state banks chartered in Kentucky and insured by an agency of the United States up to the amount so insured, and in larger amounts providing such bank shall pledge as security obligations having a current quoted market value at least equal to any uninsured deposits.

The complete investment policy 04.6 is available at http://policy.ksba.org/Chapter.aspx?distid=156. Investments consist of U.S. Government obligations and money market funds and are stated at fair value. As of June 30, 2023, the District had the following investments:

Investment		Fair Value	Maturity	Interest	Moody's Rating
U.S Treasury Notes	$	8,120,270	September 30, 2023	0.25%	Aaa
Money Market Funds	$	2,085,799	WAM – 19 days	4.68%	Aaa-mf

Fair Value Measurements - The District's investments are measured and reported at fair value and are classified according to the following hierarchy:

Level 1: Investments reflect prices quoted in active markets.

Level 2: Investments reflect prices that are based on similar observable assets either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3: Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. Investments in U.S. Treasury notes and money market funds are valued based on quoted market prices (Level 1 inputs). The District does not have any investments that are measured using Level 2 or Level 3 inputs.

The following table sets forth by level, within the fair value hierarchy, the District's investments at fair value as of June 30, 2023:

Investment	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	$ 8,120,270	$ -	$ -	$ 8,120,270
Money Market Funds	2,085,799	-	-	2,085,799
Total	$ 10,206,069	$ -	$ -	$ 10,206,069

(4) PROPERTY TAXES

Revenues and other governmental fund financial resource increments (.i.e. bond issue proceeds) are recognized in the accounting period in which they become susceptible to accrual; that is, when they become measurable and available to finance expenditures of the fiscal periods. Property taxes collected are recorded as revenues in the fund for which they were levied. The assessment date of the property taxes is January 1 of each year. The levy is normally set during the September board meeting. Assuming property tax bills are timely mailed, collection date is the period from November 1 through December 31. Collections from the period November 1 through November 30 receive a two percent discount. The due date is the period from December 1 through December 31 in which no discount is allowed. Property taxes received subsequent to December 31 are considered to be delinquent and subject to a lien filed by the County Attorney.

The property tax rates assessed for the year ended June 30, 2023, to finance the General Fund operations were $.468 per $100 valuation for real property, $.470 per $100 valuation for business personal property and $.490 per $100 valuation for motor vehicles. In addition, the District assessed a nickel levy in the amount of $.064 per $100 valuation for construction purposes, only.

(5) CAPITAL ASSETS

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

All capital assets are capitalized at cost or estimated historical cost and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Life in Years
Buildings and Improvements	40
Land Improvements	20
Technology Equipment	5
Vehicles	5-14
Food Service Equipment	7
Furniture and Fixtures	7
Other	10

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

Governmental Activities	Balance at June 30, 2022	Additions	Deductions	Balance at June 30, 2023
Non-depreciable:				
Land	$ 272,556	$ -	$ -	$ 272,556
Construction in progress	20,620,734	11,637,278	15,053,527	17,204,485
Depreciable:				
Land improvements	1,956,875	20,642	-	1,977,517
Buildings and improvements	41,169,728	15,053,527	-	56,223,255
Technology equipment	2,702,447	138,484	168,616	2,672,315
General equipment	585,800	26,067	3,447	608,420
Vehicles	5,440,683	851,823	-	6,292,506
Totals	72,748,823	27,727,821	15,225,590	85,251,054
Less: accumulated depreciation				
Land improvements	1,597,549	49,477	-	1,647,026
Buildings and improvements	17,138,247	1,273,302	-	18,411,549
Technology equipment	1,466,507	251,949	149,652	1,568,804
General equipment	377,443	28,968	3,447	402,964
Vehicles	2,910,812	437,690	-	3,348,502
Total accumulated depreciation	23,490,558	2,041,386	153,099	25,378,845
Governmental Activities Capital Assets - Net	$ 49,258,265	$ 25,686,435	$ 15,072,491	$ 59,872,209
Business-Type Activities				
Food service and equipment	$ 970,774	$ 34,370	$ -	$ 1,005,144
Technology equipment	16,144	-	1,798	14,346
	986,918	34,370	1,798	1,019,490
Less: accumulated depreciation				
Food service equipment	384,077	58,922	-	442,999
Technology equipment	10,229	1,358	1,798	9,789
	394,306	60,280	1,798	452,788
Business-Type Activities Capital Assets - Net	$ 592,612	$ (25,910)	$ -	$ 566,702

Depreciation expense was allocated to governmental functions as follows:

Instruction	$ 1,545,098
District administration	3,954
School administration	496
Business support services	988
Plant operation & maintenance	35,500
Student transportation	455,349
	$ 2,041,386

(6) LIABILITY FOR COMPENSATED ABSENCES

Certified employees are awarded a maximum of 10 days of sick leave annually, based upon employment contract terms and District policy. Sick leave is accrued without limitation. Upon retirement from the school system, a certified and classified employee receives from the District an amount equal to 30% of the value of accumulated sick leave at the current daily rate of pay. At June 30, 2023, the estimate for those employees over the age of 55 with 5 or more years of service is $250,118, of which $29,743 is estimated to be short term and $220,375 is long-term, both recorded on the District-wide financial statements.

(7) LONG-TERM DEBT

The District is required to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Lewis County School District Finance Corporation to construct school facilities. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund in accordance with state law.

The maturity date, original amounts of the issue and interest rates are summarized below:

Issue	Original Amount	Interest Rates
Issue of 2012	$ 1,110,000	1.00-3.375%
Issue of 2012R	2,070,000	1.10-2.25%
Issue of 2015R	1,480,000	2.00-2.50%
Issue of 2016R	1,095,000	1.15-2.50%
Issue of 2016R2	2,225,000	2.00-2.50%
Issue of 2017	920,000	2.00-3.70%
Issue of 2017B	15,430,000	1.00-3.45%
Issue of 2021	14,875,000	0.40-1.70%
Issue of 2021B	16,300,000	0.42-2.22%
Issue of 2023A	2,870,000	
	$ 58,375,000	

The District has entered into "participation agreements" with the School Facilities Construction Commission (the "Commission"). The Kentucky General Assembly created the Commission for the purposes of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bonds issued. The liability for the total bond amount remains with the District and, as such, the total principal outstanding. The District is liable for all issues; however, School Facilities Construction Commission participates by contributing those portions of debt that are appropriated in the State's biennial budget.

A summary of activity in bond obligations and other debts is as follows:

Description	Balance at June 30, 2022	Additions	Reductions	Balance at June 30, 2023	Due Within One Year
General obligation bonds- $58,375,000 originally issued with interest rates ranging from 0.4% to 3.70%	$ 49,210,000	$ 2,870,000	$ 2,220,000	$ 49,860,000	$ 2,315,000
Premium (Discount) on bonds	59,243	(57,634)	518	1,091	-
KISTA Leases	2,313,979	-	451,526	1,862,453	413,055
Accumulated unpaid sick leave benefits	125,497	124,621	-	250,118	29,743
	$ 51,708,719	$ 2,936,987	$ 2,672,044	$ 51,973,662	$ 2,757,798

Bondholders are protected against default by a mechanism whereby the Commonwealth of Kentucky would withhold state SEEK payments and remit required debt service payments directly to the debt service paying agent.

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

	LEWIS COUNTY SCHOOL DISTRICT		SCHOOL FACILITIES CONSTRUCTION		
YEAR	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL
2024	$ 1,210,149	$ 769,990	$ 1,104,851	$ 444,469	$ 3,529,459
2025	1,231,243	719,548	1,093,757	421,985	3,466,533
2026	1,259,571	693,619	1,100,429	399,359	3,452,978
2027	1,286,896	664,840	1,058,104	375,522	3,385,362
2028	1,318,119	633,638	1,036,881	350,683	3,339,321
2029-2033	7,076,804	2,676,837	5,358,196	1,371,275	16,483,112
2034-2038	7,993,689	1,761,806	5,631,311	701,169	16,087,975
2039-2043	8,945,388	729,682	3,089,612	138,750	12,903,432
2044	65,000	2,763	-	-	67,763
	$ 30,386,859	$ 8,652,723	$ 19,473,141	$ 4,203,212	$ 62,715,935

Future minimum debt service on KISTA lease obligations, at June 30, 2023, is as follows:

YEAR	PRINCIPAL	INTEREST	TOTAL
2024	$ 413,055	$ 40,480	$ 453,535
2025	388,766	30,203	418,969
2026	294,328	21,503	315,831
2027	255,609	14,616	270,225
2028	238,191	8,811	247,002
2029-2031	272,504	4,970	277,474
	$ 1,862,453	$ 120,583	$ 1,983,036

Net Pension Liability

The net pension liability is $6,767,877 and $1,363,101 for governmental activities and business-type activities, respectively, at June 30, 2023. See Note (8) for more detailed information.

Net OPEB Liability

The net OPEB liability is $6,676,809 and $374,545 for governmental activities and business-type activities, respectively, at June 30, 2023. See Note (9) for more detailed information.

(8) RETIREMENT PLANS

Kentucky Teachers Retirement System

Plan description: Teaching-certified employees of the Kentucky School District are provided pensions through the Teachers' Retirement System of the State of Kentucky (KTRS), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. KTRS 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). KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

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.

Non-university members receive monthly payments equal to 2% (service prior to July 1, 1983) and 2.5% (service after July 1, 1983) of their final average salaries for each year of credited service. Non-university members who became members on or 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 10 years. New members after July 1, 2002, who retire with 10 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 10 years. In addition, non-university members who retire July 1, 2004, and later with more than 30 years of service will have a multiplier for all years over 30 of 3%.

The final average salary is the member's five highest annual salaries except members at least age 55 with 27 or more years of service may use their three highest annual salaries. For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. The minimum annual service allowance for all members is $440 multiplied by credited service.

For Members On or After July 1, 2008, and Before Jan. 1, 2022: Members become vested when they complete five years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

1.) Attain age 60 and complete five years of Kentucky service, or
2.) Complete 27 years of Kentucky service, or
3.) Attain age 55 and complete ten years of Kentucky service.

The annual retirement allowance for non-university members is equal to: (a) 1.7% of final average salary for each year of credited service if their service is 10 years or less; (b) 2% of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) 2.3% of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) 2.5% of final average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; (e) 3% of final average salary for years of credited service greater than 30 years.

The final average salary is the member's five highest annual salaries except members at least age 55 with 27 or more years of service may use their three highest annual salaries. For all members, the annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

For Members On or After Jan. 1, 2022: To qualify for monthly retirement benefits, payable for life, members must either:

1.) Attain age 57 and complete ten years of Kentucky service, or
2.) Attain age 65 and complete five years of Kentucky service.

Foundational Benefit - The annual foundational benefit for members is equal to service times a multiplier times final average salary. The final average salary is the member's five highest annual salaries. The annual foundational benefit is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 30 years of service.

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.

Contributions: Contribution rates are established by Kentucky Revised Statutes (KRS). For members who began participating before Jan. 1, 2022, non- university members are required to contribute 12.855% of their salaries to the system; university members are required to contribute 10.4% of their salaries. KRS 161.565 allows each university to reduce the contribution of its members by 2.215%; therefore, university members contribute 8.185% of their salary to TRS. For members employed by local school districts, the state (as a non-employer contributing entity) contributes 13.105% of salary for those who joined before July 1, 2008, and 14.105% for those who joined on or after July 1, 2008, and before Jan. 1, 2022. Other participating employers are required to contribute the percentage contributed by members plus an additional 3.25% of members' gross salaries.

For members who began participating on or after Jan. 1, 2022, non-university members contribute 14.75% and university members contribute 9.775% of their salaries to the system. Employers of non-university members, including the state (as a non- employer contributing entity), contribute 10.75% of salary. University employers contribute 9.775% of member's salary to the system.

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

At June 30, 2023, the District did not report a liability for its proportionate share of the net pension liability because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the

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

District's proportionate share of the net Pension liability	$ -
Commonwealth's proportionate share of the Net Pension liability associated with the District	45,456,619
	$ 45,456,619

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. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2022, the District's proportion was 0.2683%.

For the year ended June 30, 2023, the District recognized pension expense of $1,657,974 and revenue of $1,657,974 for support provided by the State.

Actuarial Methods and Assumptions: The total pension liability was determined by applying procedures to the actuarial valuation as of June 30, 2021. The financial reporting actuarial valuation as of June 30, 2022, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	21.9 years
Asset Valuation Method	5-year smoothed market value
Single Equivalent Interest Rate	7.10%
Municipal Bond Index Rate	3.37%
Inflation	2.5%
Salary Increase	3.0-7.5%, including inflation
Investment Rate of Return	7.1%, net of pension plan investment expense, including inflation
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 five-year period ending June 30, 2020 adopted by the Board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.5% to 7.1% and the price inflation assumption was lowered from 3% to 2.5%. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S. equity	37.4%	4.2%
Small cap U.S. equity	2.6%	4.7%
Developed international equity	16.5%	5.3%
Emerging markets equity	5.5%	5.4%
Fixed Income	15.0%	(0.1)%
High yield bonds	2.0%	1.7%
Other Additional Categories	5.0%	2.2%
Real Estate	7.0%	4.0%
Private Equity	7.0%	6.9%
Cash	2.0%	(0.3)%
Total	100.0%	

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

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

	1% Decrease (6.10%)	Current discount rate (7.10%)	1% Increase (8.10%)
Commonwealth's proportionate share of the Net Pension liability associated with the District	$ 58,011,000	$ 45,456,619	$ 34,990,000

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued KTRS financial report which is publicly available at http://www.ktrs.ky.gov/.

County Employees Retirement System

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

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

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

Contributions: Funding for CERS is provided by members, who contribute 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2023, employers were required to contribute 26.79% (23.40% - pension, 3.39% - insurance) of the member's salary. During the year ending June 30, 2023, the District contributed $680,353 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2022. At June 30 2022, the District's proportion was 0.112477%.

For the year ended June 30, 2023, the District recognized pension expense of approximately $757,767. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,693	$ 72,410
Changes of assumptions	-	-
Net difference between projected and actual earnings on investments	208,447	-
Changes in proportion and differences between District contributions and proportionate share of contributions	78,411	-
District contributions subsequent to the measurement date	680,353	-
	$ 975,904	$ 72,410

The $680,353 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized over the average service life of all members. These will be recognized in pension expense as follows:

Year	
2024	$ 48,421
2025	12,067
2026	(68,328)
2027	230,981
	$ 223,141

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2021. The financial reporting actuarial valuation as of June 30, 2022, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of pay
Remaining Amortization Period	29 years, closed
Payroll Growth	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected market value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%, net of pension plan investment expense, including inflation

The mortality table used for active members is PUB-2010 General Mortality Table projected with ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For non-disable retired members, 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 is utilized. For disabled members, the mortality table used is the 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 rates of return for each major asset class, as provided by CERS's investment consultant, are summarized in the following table:

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

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

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

	1% Decrease (5.25%)	Current discount rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	$ 10,162,713	$ 8,130,978	$ 6,450,564

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

Payables to the pension plan: At June 30, 2023, there were no payables to the pension plan.

(9) OTHER POSTEMPLOYMENT BENEFIT ("OPEB") PLANS

Kentucky Teachers Retirement System OPEB Plans

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

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

Medical Insurance Plan

Plan description: In addition to the OPEB benefits described above, Kentucky Revised Statute 161.675 requires TRS to provide post-employment healthcare benefits to eligible members and dependents. The TRS Medical Insurance benefit is a cost-sharing multiple employer defined benefit plan 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 TRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. TRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the TRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

Contributions: In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three and three quarters 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.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to KTRS Medical Insurance Plan

At June 30, 2023, the District reported a liability of $4,832,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2021. An expected total OPEB liability as of June 30, 2022 was determined using standard roll-forward techniques. The total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 0.258595%.

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

District's proportionate share of the net OPEB liability	$ 4,832,000
Commonwealth's proportionate share of the Net OPEB liability associated with the District	1,587,000
	$ 6,419,000

For the year ended June 30, 2023, the District recognized OPEB expense of $98,000 and revenue of $84,847 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,031,000
Changes of assumptions	981,000	-
Net difference between projected and actual earnings on investments	257,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,550,000	179,000
District contributions subsequent to the measurement date	274,096	-
	$ 3,062,096	$ 2,210,000

Of the total amount reported as deferred outflows of resources related to OPEB, $274,096 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year	
2024	$ (75,000)
2025	(34,000)
2026	3,000
2027	299,000
2028	273,000
Thereafter	112,000
	$ 578,000

Actuarial methods and assumptions: The total OPEB liability was determined by applying procedures to the actuarial valuation as of June 30, 2021. The financial reporting actuarial valuation as of June 30, 2022, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Investment rate of return	7.1%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.0 – 7.5%, including wage inflation
Inflation rate	2.5%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal bond index rate	3.37%
Discount rate	7.1%
Single equivalent interest rate	7.1%, net of OPEB plan investment expense, including price inflation
Healthcare cost trend rates	
Under 65	7% for FY 2022 decreasing to an ultimate rate of 4.5% by FY 2032
Ages 65 and Older	5.125% for FY 2022* decreasing to an ultimate rate of 4.5% by FY 2025
Medicare Part B Premiums	6.97% for FY 2022 with an ultimate rate of 4.5% by 2034

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

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

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of 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	Long-Term Expected Real Rate of Return
Global Equity	58.0%	5.1%
Fixed Income	9.0%	(0.1)%
Real Estate	6.5%	4.0%
Private Equity	8.5%	6.9%

Additional categories: high yield	8.0%	1.7%
Other Additional Categories	9.0%	2.2%
Cash	1.0%	(0.3)%
Total	100.0%	

Discount rate: The discount rate used to measure the TOL as of the measurement date was 7.1%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 75. The projection's basis was an actuarial valuation performed as of June 30, 2021. In addition to the actuarial methods and assumptions of the June 30, 2021, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.
- The pre-65 retiree health care costs for members retired on or after July 1, 2010 were assumed to be paid by either the State or the retirees themselves.
- As administrative expenses, other than the administrative fee of $8.00 PMPM paid to KEHP by TRS, were assumed to be paid in all years by the employer as they come due, they were not considered.
- Cash flows occur mid-year.
- Future contributions to the Health Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1)(c).3 and 161.550(5), when the Health Trust achieves a sufficient prefunded status, as determined by the retirement system's actuary, the following Health Trust statutory contributions are to be decreased, suspended, or eliminated:
    - Employee contributions
    - School District/University Contributions
    - State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010.

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

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

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

The FNP projections are based upon the health trust's financial status on the valuation date, the indicated set of methods and assumptions, and the requirements of GASB Statement No. 75. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing basis, reflecting the impact of future members. Therefore, the results of these tests do not necessarily indicate whether or not the health trust will actually run out of money, the financial condition of the trust, or the trust's ability to make benefit payments in future years.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.1%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.1%) or 1-percentage-point higher (8.1%) than the current rate:

	1% Decrease (6.1%)	Current discount rate (7.1%)	1% Increase (8.1%)
District's proportionate share of the net OPEB liability	$ 6,063,000	$ 4,832,000	$ 3,813,000

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

	1% Decrease	Current trend rate	1% Increase
District's proportionate share of the net OPEB liability	$ 3,623,000	$ 4,832,000	$ 6,337,000

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

Life Insurance Plan

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

Benefits provided: 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.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to KTRS Life Insurance Plan

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

District's proportionate share of the net OPEB liability	$ -
Commonwealth's proportionate share of the Net OPEB liability associated with the District	79,000
	$ 79,000

The net OPEB liability was measured as of June 30, 2022, and the total pension liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. An expected total OPEB liability as of June 30, 2022 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability was based on the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2022, the District's proportion was 0.253873%. For the year ended June 30, 2023, the District recognized OPEB expense of $-0- and revenue of $6,026 for support provided by the State.

Actuarial methods and assumptions: The total OPEB liability was determined by applying procedures to the actuarial valuation as of June 30, 2021. The financial reporting actuarial valuation as of June 30, 2022, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Investment rate of return	7.1%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.0 – 7.5%, including wage inflation
Inflation rate	2.5%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	2.13%
Discount Rate	7.1%
Single Equivalent Interest Rate	7.1%, net of OPEB plan investment expense, including price inflation

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

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

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

	Target Allocation	Expected Geometric Real Rate of Return
U.S. Equity	40.0%	4.4%
International Equity	23.0%	5.6%
Fixed Income	18.0%	(0.1)%
Real Estate	6.0%	4.0%
Private Equity	5.0%	6.9%
Additional Categories	6.0%	2.1%
Cash	2.0%	(0.3)%
Total	100.0%	

Discount rate: The discount rate used to measure the total OPEB liability as of the measurement date was 7.1%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 75. The projection's basis was an actuarial valuation performed as of June 30, 2021. In addition to the actuarial methods and assumptions of the June 30, 2021, actuarial valuation, the following actuarial methods and assumptions were used in the projection of the life insurance cash flows:

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

Based on these assumptions, the Life Insurance Trust's fiduciary net position was not projected to be depleted. The FNP projections are based upon the Life Insurance Trust's financial status on the valuation date, the indicated set of methods and assumptions, and the requirements of GASB Statement No. 75. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing basis, reflecting the impact of future members. Therefore, the results of these tests do not necessarily indicate whether the Life Insurance Trust actually will run out of money, the financial condition of the trust, or the trust's ability to make benefit payments in future years.

The following table presents the Commonwealth's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.1%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.1%) or 1-percentage-point higher (8.1%) than the current rate:

	1% Decrease (6.1%)	Current discount rate (7.1%)	1% Increase (8.1%)
Commonwealth's proportionate share of the net OPEB liability	$ 122,009	$ 79,000	$ 44,149

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

County Employees Retirement System Insurance Fund

Plan description: The County Employees Retirement System ("CERS") Insurance Fund was established to provide post-employment healthcare benefits to eligible members and dependents. The CERS Insurance Fund is a cost-sharing, multiple employer defined benefit plan administered by the Kentucky Retirement Systems' (KRS) board of trustees.

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

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

Percentage of contribution ranges from 0% for less than 4 years of service to 100% for 20 years or more of service. For members who initiated participation in the CERS system after July 1, 2003 until August 31, 2008, members must have 120 months of service in a state-administered retirement system to qualify for participation in the KRS health plans. Members who began participating with KRS on or after September 1, 2008, must have 180 months of service upon retirement to participate in the KRS health plans. Non-hazardous retirees receive $10 toward the monthly premium for each full year of service.

Contributions: CERS allocates a portion of the employer contributions to the health insurance benefit plans. For the year ending June 30, 2023, CERS allocated 3.39% of the 26.79% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1.00% of the contributions by employees hired after September 1, 2008 are allocated to the health insurance plan. During the year ending June 30, 2023, the District contributed $98,564 to the CERS Insurance Fund. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

Implicit Subsidy: The fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. This implicit subsidy is included in the calculation of the total OPEB liability.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. District's proportion of the net OPEB liability was based on contributions to CERS during the fiscal year ended June 30, 2022. At June 30 2022, the District's proportion was 0.112457%.

For the year ended June 30, 2023, the District recognized OPEB expense of approximately $336,684, including an implicit subsidy of $71,790. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 223,397	$ 508,949
Changes of assumptions	351,006	289,227
Net difference between projected and actual earnings on investments	90,078	-
Changes in proportion and differences between District contributions and proportionate share of contributions	33,625	22,659
District contributions subsequent to the measurement date	98,564	-
	$ 796,670	$ 820,835

Of the total amount reported as deferred outflows of resources related to OPEB, $98,564 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2024.

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB are amortized over the average service life of all members. These will be recognized in OPEB expense as follows:

Year		
2024	$	(4,051)
2025		(928)
2026		(127,118)
2027		9,368
	$	(122,729)

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	29 Years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.20% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Post-65	Initial trend starting at 9.00% in 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-Hazardous Systems, and the PUB- 2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013- 2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

The single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2021, valuation process and was updated to better reflect the plan's anticipated long-term healthcare costs. There were no other material assumption changes.

Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003, by $5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees.

Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA. The total OPEB liability as of June 30, 2022, is determined using these updated benefit provisions. There were no other material plan provision changes.

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 rates of return for each major asset class, as provided by CERS's investment consultant, are summarized in the following table:

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

Discount rate - The discount rate used to measure the total OPEB liability was 5.70%. The discount rate determination used an expected rate of return 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. However, the cost associated with the implicit employer subsidy was not included in the calculation of the KRS' actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KRS' trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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

	1% Decrease (4.70%)	Current discount rate (5.70%)	1% Increase (6.70%)
District's proportionate share of the net OPEB liability	$ 2,966,923	$ 2,219,354	$ 1,601,364

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

	1% Decrease	Current trend rate	1% Increase
District's proportionate share of the net OPEB liability	$ 1,650,041	$ 2,219,354	$ 2,902,993

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

Payables to the OPEB plan: At June 30, 2023, there were no payables to the OPEB plan.

(10) INSURANCE AND RELATED ACTIVITIES

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

(11) COMMITMENTS AND CONTINGENCIES

The District receives funding from Federal and State government agencies. These funds are to be used for designated purposes only. For Government agency grants, if based on the grantor's review the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies advanced, or refuse to reimburse the District for its disbursements.

The District has outstanding construction commitments in the amount of approximately $7.7 million at June 30, 2023.

(12) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky Employer's Mutual Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. Contributions to the Workers' Compensation Fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four (24) months after the expiration of the self-insurance term. The Liability Insurance Fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving ninety (90) days notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro rata basis.

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.

(13) COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. It is management's opinion that the District is in compliance with the COBRA requirements.

(14) INTERFUND TRANSACTIONS

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Fund	$ 1,767,505

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Operating	General Fund	Food Service	Operations	$ 1,026
Operating	Food Service	General Fund	Indirect Cost	85,443
Debt Service	Building (FSPK)	Debt Service	Bond Payments	1,583,475
Operating	Capital Outlay	Debt Service	Bond Payments	202,680
Operating	General Fund	Special Revenue	Technology Match	42,563
Operating	Special Revenue	Construction	Construction	2,535,508
Operating	Building (FSPK)	General Fund	Debt Service	475,753

(15) ON-BEHALF PAYMENTS

For the year ended June 30, 2023, total payments of $8,512,024 were made by the Commonwealth of Kentucky on behalf of the District for life insurance, health insurance, and KTRS matching and administrative fees, and SFCC debt service. These payments were recognized as on-behalf payments and are recorded in the appropriate revenue and expense accounts on the Statement of Activities and the Government Funds Statement of Revenue, Expenditures, and Changes in Fund Balance.

On-behalf payments at June 30, 2023 consisted of the following:

Teacher Retirement	$ 4,147,518
Teacher Retirement – Health & Life	90,873
Health Insurance	2,669,230
Life Insurance	4,185
Administrative Fee	33,408
HRA/Dental/Vision	145,600
Federal Reimbursement	(228,135)
Technology	100,520
SFCC Debt Service	1,548,825
Total on-behalf	$ 8,512,024

(16) FUND DEFICIT

As of June 30, 2023, the Food Service Fund had a negative net position of $1,858. This deficit resulted from the fund's proportionate share of the net pension and OPEB liabilities recorded in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

REQUIRED SUPPLEMENTARY INFORMATION

LEWIS COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)	Reporting Fiscal Year (Measurement Date) 2015 (2014)
COUNTY EMPLOYEES RETIREMENT SYSTEM:									
District's proportion of the net pension liability	0.11248%	0.11240%	0.11052%	0.10951%	0.10687%	0.11113%	0.12029%	0.12124%	0.12100%
District's proportionate share of the net pension liability	$ 8,130,978	$ 7,166.382	$ 8,476,409	$ 7,701,817	$ 6,508,831	$ 6,505,015	$ 5,922,830	$ 5,212,702	$ 3,925,000
District's covered payroll	$ 3,116,065	$ 2,939.503	$ 2,928,570	$ 2,869,587	$ 2,649,178	$ 2,705,837	$ 2,869,639	$ 2,878,981	$ 2,775,199
District's proportionate share of the net pension liability as a percentage of its covered payroll	260.937%	243.796%	289.439%	268.395%	245.692%	240.407%	206.396%	181.061%	141.431%
Plan fiduciary net position as a percentage of the total pension liability	52.420%	57.330%	47.810%	50.450%	53.540%	53.324%	55.500%	59.970%	66.800%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:									
District's proportion of the net pension liability	0.2683%	0.2625%	0.2582%	0.2703%	0.2652%	0.2742%	0.2983%	0.2890%	0.3130%
District's proportionate share of the net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net pension liability associated with the District	$ 45,456,619	$ 34,162,188	$ 36,589,648	$ 36,878,943	$ 34,721,621	$ 73,991,272	$ 88,012,097	$ 67,250,939	$ 64,327,679
Total	$ 45,456,619	$ 34,162,188	$ 36,589,648	$ 36,878,943	$ 34,721,621	$ 73,991,272	$ 88,012,097	$ 67,250,939	$ 64,327,679
District's covered payroll	$ 10,368,090	$ 9,703,438	$ 9,624,955	$ 9,656,733	$ 9,421,756	$ 9,595,150	$ 9,990,966	$ 9,698,343	$ 9,810,348
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	56.410%	65.590%	58.270%	58.800%	59.300%	39.830%	35.220%	42.490%	45.590%

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

LEWIS COUNTY SCHOOL DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
COUNTY EMPLOYEES RETIREMENT SYSTEM:										
Contractually required contribution	$ 680,353	$ 659,671	$ 567,324	$ 565,214	$ 465,447	$ 383,624	$ 377,470	$ 356,400	$ 367,070	$ 381,329
Contributions in relation to the contractually required contribution	680,353	659,671	567,324	565,214	465,447	383,624	377,470	356,400	367,070	381,329
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	$ 2,907,491	$ 3,116,065	$ 2,939,503	$ 2,928,570	$ 2,869,587	$ 2,649,178	$ 2,705,837	$ 2,869,639	$ 2,878,981	$ 2,775,199
District's contributions as a percentage of its covered payroll	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%	13.74%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:										
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	$ 10,380,265	$ 10,368,090	$ 9,703,438	$ 9,624,955	$ 9,656,733	$ 9,421,756	$ 9,595,150	$ 9,990,966	$ 9,698,343	$ 9,810,348
District's contributions 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%	0.00%

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

LEWIS COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
COUNTY EMPLOYEES RETIREMENT SYSTEM INSURANCE FUND:						
District's proportion of the net OPEB liability	0.11246%	0.11237%	0.11048%	0.10948%	0.10687%	0.11113%
District's proportionate share of the net OPEB liability	$ 2,219,354	$ 2,151,344	$ 2,667,828	$ 1,841,421	$ 1,897,420	$ 2,234,174
District's covered payroll	$ 3,116,065	$ 2,939,503	$ 2,928,570	$ 2,869,587	$ 2,649,178	$ 2,705,837
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	71.223%	73.187%	91.097%	64.170%	71.623%	82.569%
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%
KENTUCKY TEACHER'S RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN:						
District's proportion of the net OPEB liability	0.25860%	0.25490%	0.25076%	0.26232%	0.25668%	0.26480%
District's proportionate share of the net OPEB liability	$ 4,832,000	$ 3,018,000	$ 3,514,000	$ 4,247,000	$ 4,784,000	$ 5,197,000
State's proportionate share of the net OPEB liability associated with the District	1,587,000	2,451,000	2,815,000	3,430,000	4,123,000	4,245,000
Total	$ 6,419,000	$ 5,469,000	$ 6,329,000	$ 7,677,000	$ 8,907,000	$ 9,442,000
District's covered payroll	$ 9,566,033	$ 8,315,500	$ 8,196,200	$ 7,496,200	$ 8,184,725	$ 8,323,551
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	50.512%	36.294%	42.874%	56.655%	58.450%	62.437%
Plan fiduciary net position as a percentage of the total OPEB liability	47.75%	51.74%	39.10%	32.58%	25.50%	21.18%

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

LEWIS COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
KENTUCKY TEACHER'S RETIREMENT SYSTEM - LIFE INSURANCE PLAN:						
District's proportion of the net OPEB liability	0.25387%	0.24917%	0.24519%	0.25643%	0.25085%	0.25878%
District's proportionate share of the net OPEB liability	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net OPEB liability associated with the District	79,000	33,000	85,000	80,000	71,000	57,000
Total	$ 79,000	$ 33,000	$ 85,000	$ 80,000	$ 71,000	$ 57,000
District's covered payroll	$ 9,566,033	$ 8,315,500	$ 8,196,200	$ 7,496,200	$ 8,184,725	$ 8,323,551
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total OPEB liability	73.97%	89.15%	71.57%	73.40%	75.00%	79.99%

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

LEWIS COUNTY SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017
COUNTY EMPLOYEES RETIREMENT SYSTEM INSURANCE FUND:							
Contractually required contribution	$ 98,564	$ 180,108	$ 139,921	$ 137,301	$ 150,957	$ 124,487	$ 127,980
Contributions in relation to the contractually required contribution	98,564	180,108	139,921	137,301	150,957	124,487	127,980
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered payroll	$ 2,907,493	$ 3,116,055	$ 2,939,517	$ 2,884,475	$ 2,869,587	$ 2,649,178	$ 2,705,837
District's contributions as a percentage of its covered payroll	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%	4.73%
KENTUCKY TEACHER'S RETIREMENT SYSTEM MEDICAL INSURANCE PLAN:							
Contractually required contribution	$ 274,096	$ 286,981	$ 249,465	$ 245,886	$ 224,886	$ 245,542	$ 249,708
Contributions in relation to the contractually required contribution	274,096	286,981	249,465	245,886	224,886	245,542	249,708
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered payroll	$ 9,136,533	$ 9,566,033	$ 8,315,500	$ 8,196,200	$ 7,496,200	$ 8,184,725	$ 8,323,551
District's contributions as a percentage of its covered payroll	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

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

LEWIS COUNTY SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017
KENTUCKY TEACHER'S RETIREMENT SYSTEM - LIFE INSURANCE PLAN:							
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered payroll	$ 9,136,533	$ 9,566,033	$ 8,315,500	$ 8,196,200	$ 7,496,200	$ 8,184,725	$ 8,323,551
District's contributions as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

(1) CHANGES OF ASSUMPTIONS

KTRS

In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2011. In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation, the Board adopted an interest smoothing methodology to calculate liabilities for purposes of determining the actuarially determined contributions.

In the 2016 valuation, rates of withdrawal, retirement, disability, mortality and rates of salary increase were adjusted to more closely reflect actual experience. In the 2016 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables projected to 2025 with projection scale BB, set forward two year for males and one year for females rather than the RP-2000 Mortality Tables projected to 2020 with projection scale AA, which was used prior to 2016.

The following change of assumptions were adopted by the Board of Trustees and reflected in the liability measurement as of June 30, 2018:

- Increased the Single Equivalent Interest Rate (SEIR) from 4.49% to 7.50%

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and salary increase were adjusted to more closely reflect actual experience. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees and actives. The assumed long-term investment rate of return was changed from 7.5% to 7.1% and the price inflation assumption was lowered from 3% to 2.5%.

CERS

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

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

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2017:

- Decreased the price inflation assumption to 2.30%.
- Decreased the assumed rate of return to 6.25%.
- Decreased the payroll growth assumption to 2.00%.

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2019:

- The assumed salary increase was changed from 4.00% (average) to 3.30%-10.30% (varies by service).
- The mortality table used for pre-retirement is PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The mortality table used for post-retirement (non-disabled) is 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 2022.
- The mortality table used for post-retirement (disabled) is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020:

- Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2019.

(2) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

KTRS

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of that schedule:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	25.4 years
Asset Valuation Method	5-year smoothed fair value
Inflation	3.0%
Salary Increase	3.5% to 7.3%, including inflation
Investment Rate of Return	7.5%, net of pension plan investment expense, including inflation

CERS

The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of that schedule:

Valuation Date	June 30, 2020
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	30 years closed period at June 30, 2019 (Gains/losses

	incurring after 2019 will be amortized over separate closed 20-year amortization bases)
Payroll growth	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB362 enacted in 2018
Mortality	System specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

(3) CHANGES OF BENEFITS

KTRS

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

CERS

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The total pension liability as of June 30, 2022 is determined using these updated benefit provisions.

Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for qualified members who become "totally and permanently disabled" as a result of a duty-related disability. The minimum disability benefit increased from 25% of the member's monthly final rate of pay to 75% of the member's monthly average pay. The insurance premium for the member, the member's spouse, and the member's dependent children shall also be paid in full by the System. For non-hazardous members to be eligible for this benefit, they must be working in a position that could be certified as a hazardous position. There were no other material plan provision changes since the prior valuation.

(1) CHANGES OF ASSUMPTIONS

KTRS

Medical Insurance Plan & Life Insurance Plan: The following change of assumptions were adopted by the Board of Trustees and reflected in the liability measurement as of June 30, 2020:

- In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub-2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees and actives.
- The assumed long-term investment rate of return was changed from 7.5% to 7.1%. The price inflation assumption was lowered from 3% to 2.5%.
- The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

For 2022, the health care trend rates were updated to reflect future anticipated experience.

CERS Insurance Fund

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2017:

- Decreased the price inflation assumption to 2.30%.
- Decreased the assumed rate of return to 6.25%.
- Decreased the payroll growth assumption to 2.00%.

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2019:

- The assumed salary increase was changed from 4.00% (average) to 3.30%-10.30% (varies by service).
- The mortality table used for pre-retirement is PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The mortality table used for post-retirement (non-disabled) is 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 post-retirement (disabled) is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

For the June 30, 2020 measurement date, the assumed increase in future health care costs, or trend assumption, is reviewed on an annual basis and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. The assumed impact of the Cadillac Tax (previously a 0.9% load on employer paid non-Medicare premiums for those who became participants prior to July 1, 2003) was removed to reflect its repeal since the prior valuation.

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2022:

- The single discount rates used to calculate the total OPEB liability increased from 5.34% to 5.70%.

(2) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

KTRS

Medical Insurance Plan - The medical insurance plan in not funded based on an actuarially determined contribution, but instead is funded based on statutorily determined amounts. For 2022, the KTRS Board of Trustees approved a single contribution amount of up to \$696.84. KTRS will contribute this amount towards insurance costs, less the Shared Responsibility cost of \$148.50.

Life Insurance Plan - The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of the schedule:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	25 years, Closed
Asset valuation method	Five-year smoothed fair value
Inflation	3%
Real wage growth	0.5%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5% - 7.2%
Discount rate	7.5%

CERS Insurance Fund

The following actuarial methods and assumptions, for actuarially determined contributions effective for fiscal year ending June 30, 2022:

Experience Study	July 1, 2008 - June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years, closed period at June 30, 2019 (Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases)
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 11.55%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre - 65	Initial trend starting at 6.40% at January 1, 2022 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement.

Post – 65	Initial trend starting at 6.30% on January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement. Additionally, Humana provided "Not to Exceed" 2022 Medicare premiums, which were incorporated and resulted in an assumed 2.90% increase in Medicare premiums at January 1, 2022.
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

(3) CHANGES OF BENEFITS

KTRS

Medical Insurance Plan

June 30, 2022:

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

Life Insurance Plan

June 30, 2022:

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

CERS

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2022, is determined using these updated benefit provisions.

Senate Bill 169 passed during the 2022 legislative session increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2022, is determined using these updated benefit provisions.

Senate Bill 209 passed during the 2022 legislative session increased the insurance dollar contribution for members hired on or after July 1, 2003 by $5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023.

SUPPLEMENTARY INFORMATION

LEWIS COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Student Activity Fund	Capital Outlay Fund	FSPK Funds	Debt Service Funds	District Activity Fund	Total Non-Major Governmental Funds
ASSETS:						
Cash and cash equivalents	$ 325,556	$ -	$ -	$ 4	$ 6,625	$ 332,185
Accounts receivable	-	-	-	-	-	-
Total assets	$ 325,556	$ -	$ -	$ 4	$ 6,625	$ 332,185
LIABILITIES AND FUND BALANCE:						
Liabilities:						
Accounts payable	$ 25,264	$ -	$ -	$ -	$ -	$ 25,264
Total liabilities	25,264	-	-	-	-	25,264
Fund Balances:						
Assigned	-	-	-	-	-	-
Restricted	300,292	-	-	4	6,625	306,921
Total fund balance	300,292	-	-	4	6,625	306,921
Total liabilities and fund balances	$ 325,556	$ -	$ -	$ 4	$ 6,625	$ 332,185

LEWIS COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Student Activity Fund	Capital Outlay Fund	FSPK Fund	Debt Service Funds	District Activity Fund	Total Non-Major Governmental Funds
REVENUES:						
From local sources -						
Property taxes	$ -	$ -	$ 682,282	$ -	$ -	$ 682,282
Earnings on investments	-	-	-	-	-	-
Intergovernmental - State	-	202,680	1,376,946	1,548,825	-	3,128,451
Other local revenues	827,339	-	-	-	870	828,209
Total revenues	827,339	202,680	2,059,228	1,548,825	870	4,638,942
EXPENDITURES:						
Current -						
Facilities acquisition and construction	-	-	-	-	-	-
Student support						
Students	759,617	-	-	-	762	760,379
Debt service	-	-	-	3,334,980	-	3,334,980
Total expenditures	759,617	-	-	3,334,980	762	4,095,359
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	67,722	202,680	2,059,228	(1,786,155)	108	543,583
OTHER FINANCING SOURCES (USES):						
Operating transfers in	-	-	-	1,786,155	-	1,786,155
Operating transfers out	-	(202,680)	(2,059,228)	-	-	(2,261,908)
Total other financing sources (uses)	-	(202,680)	(2,059,228)	1,786,155	-	(475,753)
NET CHANGE IN FUND BALANCES	67,722	-	-	-	108	67,830
FUND BALANCE JUNE 30, 2022	232,570	-	-	4	6,517	239,091
FUND BALANCE JUNE 30, 2023	$ 300,292	$ -	$ -	$ 4	$ 6,625	$ 306,921

LEWIS COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
JUNE 30, 2023

	2008R Bond Fund	2012 Bond Fund	2012R Bond Fund	2015R Bond Fund	2016R Bond Fund	2016R 2nd Bond Fund	2017 Bond Fund	2017B Bond Fund	2021 Bond Fund	2021B Bond Fund	Totals Debt Service Fund
ASSETS:											
Cash and cash equivalents	$ 2	$ -	$ -	$ 2	$ -	$ -	$ -	$ -	$ -	$ -	$ 4
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-
Total assets	$ 2	$ -	$ -	$ 2	$ -	$ -	$ -	$ -	$ -	$ -	$ 4
LIABILITIES AND FUND BALANCE:											
Liabilities:											
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total liabilities	-	-	-	-	-	-	-	-	-	-	-
Fund Balances:											
Restricted	2	-	-	2	-	-	-	-	-	-	4
Total fund balance	2	-	-	2	-	-	-	-	-	-	4
Total liabilities and fund balances	$ 2	$ -	$ -	$ 2	$ -	$ -	$ -	$ -	$ -	$ -	$ 4

LEWIS COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	2008R Bond Fund	2012 Bond Fund	2012R Bond Fund	2015R Bond Fund	2016R Bond Fund	2016R 2nd Bond Fund	2017 Bond Fund	2017B Bond Fund	2021 Bond Fund	2021B Bond Fund	Totals Debt Service Fund
REVENUES:											
Intergovernmental - State	$ -	$ 73,294	$ 43,451	$ 70,311	$ 57,868	$ 41,747	$ -	$ 430,043	$ -	$ 832,111	$ 1,548,825
Interest income	-	-	-	-	-	-	-	-	-	-	-
Total revenues	-	73,294	43,451	70,311	57,868	41,747	-	430,043	-	832,111	1,548,825
EXPENDITURES:											
Debt service	-	73,294	201,347	167,138	132,550	240,619	64,250	1,063,151	475,200	917,431	3,334,980
Total expenditures	-	73,294	201,347	167,138	132,550	240,619	64,250	1,063,151	475,200	917,431	3,334,980
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	-	(157,896)	(96,827)	(74,682)	(198,872)	(64,250)	(633,108)	(475,200)	(85,320)	(1,786,155)
OTHER FINANCING SOURCES (USES):											
Proceeds from issuance of debt	-	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-	-
Operating transfers in (out)		-	157,896	96,827	74,682	198,872	64,250	633,108	475,200	85,320	1,786,155
Total other financing sources (uses)	-	-	157,896	96,827	74,682	198,872	64,250	633,108	475,200	85,320	1,786,155
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCE JUNE 30, 2022	2	-	-	2	-	-	-	-	-	-	4
FUND BALANCE JUNE 30, 2023	$ 2	$ -	$ -	$ 2	$ -	$ -	$ -	$ -	$ -	$ -	$ 4

LEWIS COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Cash Balance June 30, 2022	Receipts	Disbursements	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Restricted Fund Balance June 30, 2023
Lewis County High School	$ 66,798	$ 436,099	$ 365,940	$ 136,957	$ -	$ 25,264	$ 111,693
Lewis County Central Elementary	41,401	104,283	114,127	31,557	-	-	31,557
Garrison Elementary	34,154	60,028	48,093	46,089	-	-	46,089
Tollesboro Elementary	30,073	61,074	55,876	35,271	-	-	35,271
Laurel Elementary	11,766	24,464	19,221	17,009	-	-	17,009
Lewis County Middle School	31,295	93,949	89,607	35,637	-	-	35,637
Foster Meade CTC	18,568	45,957	41,489	23,036	-	-	23,036
	$ 234,055	$ 825,854	$ 734,353	$ 325,556	$ -	$ 25,264	$ 300,292

LEWIS COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITY FUNDS
LEWIS COUNTY HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023

	Cash Balance June 30, 2022	Receipts	Disbursements	Cash Balance June 30, 2023	Accounts Receivable (Accounts Payable)	Restricted Fund Balance June 30, 2023
Academic Team	$ 184	$ 4,776	$ 4,960	-	$ -	$ -
Art	10	-	-	10	-	10
Band	1,051	10,287	8,406	2,932	-	2,932
Baseball	773	22,119	22,426	466	(447)	19
Basketball - Boys	4,517	32,981	29,536	7,962	-	7,962
Basketball - Girls	740	27,804	21,426	7,118	-	7,118
Beta Club	1,977	960	803	2,134	-	2,134
Boys Golf	2,566	4,099	5,714	951	-	951
Cheerleaders	319	30,950	29,166	2,103	-	2,103
Sophomores 2025	-	4,370	211	4,159	-	4,159
Juniors 2024	3,208	5,243	6,103	2,348	-	2,348
Seniors 2023	3,096	130	2,717	509	-	509
Freshmen 2026	831	-	831	-	-	-
College Class	494	50,455	22,762	28,187	(23,527)	4,660
Drama	9,720	14,107	14,653	9,174	-	9,174
Football	3,117	24,676	27,242	551	-	551
Girls Golf	1,751	1,138	1,135	1,754	-	1,754
Girls Volleyball	196	8,103	7,797	502	-	502
JFL	(4,575)	20,189	8,847	6,767	-	6,767
Keith Prater Scholarship	3,686	704	1,800	2,590	-	2,590
LCHS Hall of Fame	47	1,900	1,751	196	-	196
Library	175	28	147	56	-	56
Lions Lounge	30	-	-	30	-	30
Offices	437	2,868	1,665	1,640	-	1,640
Pep Club	222	-	188	34	-	34
ROTC	14,259	8,876	19,706	3,429	-	3,429
ROTC Senior Trip	6,631	1,370	1,099	6,902	-	6,902
Senior Trip	393	5,900	5,134	1,159	-	1,159
Softball	3,151	47,692	32,265	18,578	(1,290)	17,288
LCHS Student Council	171	-	171	-	-	-
Sport Gate	(2,923)	86,168	69,172	14,073	-	14,073
Student Enhancement	1,810	3,601	2,189	3,222	-	3,222
Sunshine Committee	434	670	335	769	-	769
Tennis	1	1,922	1,922	1	-	1
Track	91	4,549	4,548	92	-	92
Yearbook	4,123	7,464	9,101	2,486	-	2,486
Youth Service Center	4,085	-	12	4,073	-	4,073
	$ 66,798	$ 436,099	$ 365,940	$ 136,957	$ (25,264)	$ 111,693

LEWIS COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures	
U.S. Department of Education					
Passed through Kentucky Department of Education:					
Title I Grants to Local Educational Agencies	84.010	3100002-22	-	$ 1,096,323	
Title I Grants to Local Educational Agencies	84.010	3100002-21	-	160,443	
Title I Grants to Local Educational Agencies	84.010	3100002-20	-	12,708	
				1,269,474	*
Special Education Cluster (IDEA):					
Special Education Grants to States - IDEA, Part B	84.027	3810002-22	-	495,298	
Special Education Grants to States - IDEA, Part B	84.027	3810002-21	-	20,815	
Special Education Grants to States - IDEA, Part B - ARPA	84.027X	4900002-20	-	25,041	
Special Education Grants to States - IDEA, Part B, Preschool	84.173	3800002-21	-	10,082	
Total Special Education Cluster				551,236	
Title VI - Rural & Low Income	84.358	3140002-21		22,738	
Title VI - Rural & Low Income	84.358	3140002-20		30,587	
				53,325	
Improving Teacher Quality State Grants	84.367	3230002-22	-	78,815	
Improving Teacher Quality State Grants	84.367	3230002-21	-	15,197	
				94,012	
Student Support and Academic Enrichment Grant	84.424	34200002-22	-	13,488	
Student Support and Academic Enrichment Grant	84.424	34200002-21	-	54,172	
Student Support and Academic Enrichment Grant	84.424	34200002-19	-	7,417	
				75,077	
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	4200002-21	-	1,037,291	
COVID-19 - Governor's Emergency Education Relief Fund	84.425C	CARE-20	-	2	
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	4200002-20	-	1,381	
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300002-21	-	3,361,174	
				4,399,848	*
Vocational Education Basic Grants to States	84.048	3710002-22	-	45,519	
Vocational Education Basic Grants to States	84.048	3710002-21	-	11,871	
				57,390	
Total U.S. Department of Education				6,500,362	
U.S. Department of Defense					
Direct:					
ROTC	12.000	504J	-	37,036	
Total U.S. Department of Defense				37,036	

LEWIS COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
U.S. Department of Health and Human Services				
Pass-through Kentucky Department of Education:				
Promoting Adolescent Health Through School-Based Surveillance	93.079	493J	-	22
Promoting Adolescent Health Through School-Based Surveillance	93.079	493I	-	300
Promoting Adolescent Health Through School-Based Surveillance	93.079	493G	-	1,050
Promoting Adolescent Health Through School-Based Surveillance	93.079	493F	-	75
				1,447
Improving Student Health and Academic Achievement	93.981	2200001-22	-	8,400
				8,400
Total U.S. Department of Health and Human Services				9,847
U.S. Department of Labor				
Pass-through Buffalo Trace Area Development District:				
Workforce Investment Act - Youth Activity	17.259	588J	-	262,007
Workforce Investment Act - Youth Activity	17.259	588JC	-	14,395
Workforce Investment Act - Youth Activity	17.259	588I	-	10,402
Workforce Investment Act - Youth Activity	17.259	588IC	-	48,107
Total U.S. Department of Labor				334,911
U.S. Department of Agriculture				
Pass-through Kentucky Department of Education:				
State Administrative Expenses for Child Nutrition	10.560	7700001-22	-	2,634
COVID-19 State P-EBT Administrative Costs Grants	10.649	9990000-22	-	3,135
				5,769
Child Nutrition Cluster:				
National School Lunch Program	10.555	7750002-22	-	390,393
National School Lunch Program	10.555	7750002-23	-	929,756
National School Lunch Program	10.555	9980000-22	-	52,529
National School Lunch Program	10.555	9980000-23	-	25,682
School Breakfast Program	10.553	7760005-22	-	151,777
School Breakfast Program	10.553	7760005-23	-	369,456
Subtotal				1,919,593
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	011-0100	-	75,211
Total Child Nutrition Cluster				1,994,804
Total U.S. Department of Agriculture				2,000,573
Total Expenditures of Federal Awards				$ 8,882,729

* Denotes major program.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

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

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, commodities on hand are included in the total inventory of $30,810.

NOTE D - INDIRECT COST RATE

The District has not elected to use the 10-percent deminimis indirect cost rate allowed under the Uniform Guidance.

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

Kentucky State Committee for
School District Audits
Members of the Board of Education
Lewis County School District
Vanceburg, 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 and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Auditor Responsibilities* and *State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lewis County School District (the "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 13, 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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

We noted certain matters that we reported to management of the District in a separate letter dated November 13, 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.

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
November 13, 2023

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

Kentucky State Committee for
School District Audits
Members of the Board of Education
Lewis County School District
Vanceburg, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
November 13, 2023

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

(A) SUMMARY OF AUDIT RESULTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal Control over financial reporting:	
Material weakness(es) identified?	______ yes __x__ no
Significant deficiency(ies) identified?	______ yes __x__ none reported
Noncompliance material to the financial statements noted?	______ yes __x__ no
Federal Awards	
Internal control over major federal programs:	
Material weakness(es) identified?	______ yes __x__ no
Significant deficiency(ies) identified?	______ yes __x__ none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______ yes __x__ no

Identification of major federal programs:

COVID-19 – Elementary and Secondary School Emergency Relief Fund (84.425C, 84.425D and 84.425U)
Title I Grants to Local Educational Agencies (84.010)

Child Nutrition Cluster (10.553, 10.555, 10.559)

Dollar threshold to distinguish between Type A and Type B Programs:	$ 750,000
The District qualified as a low risk auditee	__x__ yes ______ no

(B) FINANCIAL STATEMENT FINDINGS

None noted in the current year.

(C) FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings in the current year.

LEWIS COUNTY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2023

There were no findings in the prior year.

Kelley Galloway Smith Goolsby, PSC
Certified Public Accountants and Advisors

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Kentucky State Committee for School District Audits
Members of the Board of Education
Lewis County School District
Vanceburg, Kentucky

In planning and performing our audit of the financial statements of Lewis County School District (the "District") as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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.

However, during our audit, we became aware of matters that are an opportunity for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding this matter. This letter does not affect our report dated November 13, 2023, on the financial statements of the District.

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

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
November 13, 2023

LEWIS COUNTY SCHOOL DISTRICT

MANAGEMENT LETTER POINTS

FOR THE YEAR ENDED JUNE 30, 2023

2023-1 Ticket Sales Issue – Lewis County High School

Statement of Condition: During our testing of activity funds at the High School we noted two instances where only one person signed as the ticket seller.

Criteria for Condition: Per Redbook guidelines two people are required to work a gate and each is to sign the Requisition Report of Ticket Sales form.

Cause of Condition: Oversight.

Effect of the Condition: Noncompliance with Redbook provisions.

Recommendation of the Condition: We recommend that the Redbook provisions be followed.

Management Response: Applicable school will be made aware of the deficiency and reminded of the Redbook ticket sale procedures. Each school secretary as well as the athletic director will be required to take an official Redbook training course each fiscal year.

2023-2 Limited Contract of Employment Missing

Statement of Condition: During our testing, we noted two employees who did not have a limited contract of employment.

Criteria for Condition: Limited contracts of employment should be maintained for every employee.

Cause of Condition: Oversight.

Effect of the Condition: Terms of employment maybe questioned without a signed employment contract.

Management Response: The person responsible for the limited contracts of employment will ensure all limited contracts of employment are completed and filed as required.

2023-3 Check Signature Issue – Lewis County High School

Statement of Condition: During our testing of activity funds at the High School we noted an instance where only one person signed a check.

Criteria for Condition: Per Redbook guidelines all school level checks should contain the signatures of an authorized school administrator and the school treasurer

Cause of Condition: Oversight.

Effect of the Condition: Noncompliance with Redbook provisions.

Recommendation of the Condition: We recommend that the Redbook provisions be followed.

Management Response: Applicable school will be made aware of the deficiency and reminded of the Redbook procedure for school activity fund disbursements. The school secretary will be required to take an official Redbook training course each fiscal year.

2023-4 Additional Accounts Payables

Statement of Condition: During our testing, we noted an additional $318,000 of payables that were not recorded.

Criteria for Condition: All expenses should be recorded in the correct period.

Cause of Condition: Increased activity in the construction fund and new accounts payable employee.

Effect of the Condition: Expenses and liabilities were understated.

Management Response: District will communicate with project managers that all pay applications for work contained within the prior fiscal year must be submitted with an end date of June 30. Accounts payable employee and district finance officer will closely examine all July pay applications to ensure the process is followed.

Status of Prior Year Management Points

The prior year conditions have been implemented and corrected, except 2022-3, 2022-7 and 2022-8 were repeated as 2023-1, 2023-2 and 2023-4, respectively, above. The Superintendent is the person responsible for initiation of the corrective action plan for the above conditions which will be implemented immediately. The corrective action plan is the management response for each condition.