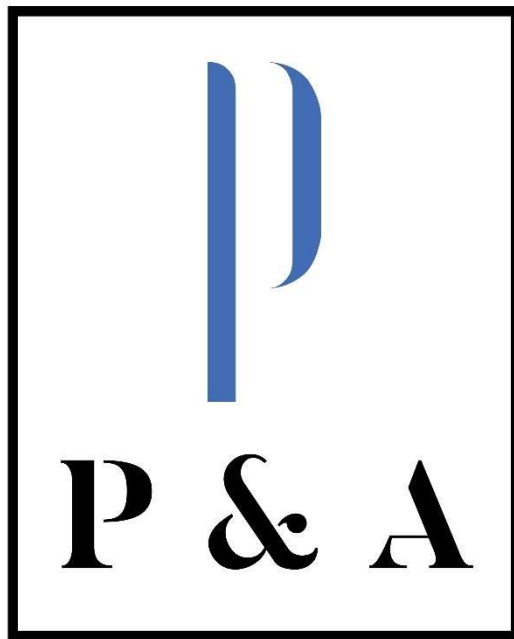


**MADISON COUNTY BOARD OF EDUCATION**  
**AUDITED FINANCIAL STATEMENTS AND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2023**



**PATRICK & ASSOCIATES, LLC**

124 Candlewood Drive  
Winchester, KY 40391

Table of Contents

**Independent Auditor’s Report.....1**

**Management Discussion and Analysis .....4**

**Financial Statements.....10**

**Statement of Net Position .....11**

**Statement of Activities.....12**

**Balance Sheet .....13**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....14**

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....15**

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, .....16**

**and Changes in Fund Balances to the Statement of Activities .....16**

**Budget and Actual General Fund .....17**

**Budget and Actual Special Revenue Fund.....18**

**Statement of Net Position - Proprietary Funds .....19**

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.....20**

**Statement of Cash Flows - Proprietary Funds .....21**

**Notes to the Financial Statements .....22**

**Schedule of the District’s Proportionate Share of Net Pension Liability – TRS and CERS.....54**

**Schedule of Contributions TRS and CERS - Pension .....55**

**Notes to Required Supplementary Information – Pension .....56**

**Schedule of the District’s Proportionate Share of the Net OPEB Liability Medical & Life Insurance Plans - TRS – OPEB 58**

**Schedule of the Contributions - TRS – OPEB .....59**

**Schedule of District’s Proportionate Share of the Net OPEB Liability – CERS.....60**

**Schedule of Contributions OPEB Liability – CERS .....61**

**Notes to Required Supplementary Information – OPEB.....62**

**Combining Balance Sheet – Non-Major Governmental Funds .....64**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds..65**

**Student Activity Funds – Combining Schedule of Cash Receipts, Cash Disbursements and Cash Balances.....66**

**Student Activity Funds – Madison Central High School .....67**

**Student Activity Funds – Madison Southern High School .....70**

**Schedule of Expenditures of Federal Awards.....72**

**Notes to the Schedule of Expenditures of Federal Awards.....74**

**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 .....75**

**Independent Auditor’s Report On Compliance for Each Major Program And On Internal Control Over Compliance  
Required by the Uniform Guidance.....77**

**Schedule of Findings and Questioned Costs .....80**



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive  
Winchester, KY 40391

## Independent Auditor's Report

Kentucky State Committee for School District Audits  
Board of Education of the Madison County School District  
Richmond, KY

### Opinions

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

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

### Basis for Opinions

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

### Change in Accounting Principle

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

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Madison County School District's ability to continue as 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 Madison County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Madison County School District's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

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

## **Supplementary Information**

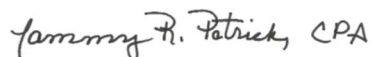
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Madison County School District's basic financial statements. The combining and individual nonmajor fund financial statements, school activity fund statements, and schedule of expenditures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

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

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, school activity fund statements, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2023, on our consideration of the Madison County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Madison County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Madison County School District's internal control over financial reporting and compliance.

Handwritten signature of Jammy R. Patrick, CPA.

Patrick & Associates, LLC  
Winchester, Kentucky

November 9, 2023

## Management Discussion and Analysis

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

### Financial Highlights

- In the government-wide statements, the assets and deferred outflows of the District exceeded the liabilities and deferred inflows on June 30, 2023 by \$126,890,100. Of this amount, \$69,848,445 represents the District's investment in capital assets net of related debt, \$72,925,762 is restricted and the remainder is an unrestricted net deficit of \$15,884,107.
- The District's ending net position increased by \$20,819,040, primarily due to increased investment in net capital assets, increasing the contingency balance, and net changes in the net pension liability.
- The District's governmental funds report a combined ending fund balance of \$117,534,547, an increase of \$62,462,284. This is primarily due to bond proceeds received for the issuance of bonds for construction projects. Approximately 61 percent of this total amount, \$72,244,133, is restricted for facility needs, approximately 27 percent, \$31,293,669, is committed to the individual schools' operation cost, 2 percent, \$2,096,745, is assigned for approved purchases not paid before year-end and approximately 10 percent, \$11,900,000, is available for the District's operating needs.
- The Food Service department operated under the National School Lunch Reimbursement program for Fiscal Year 2023. The Food Service department continues to feed all students of the district under the CEP program free of charge, which includes breakfast and dinners as well.
- The district held one bond sale during the year. The bond was sold to fund the new facility for Madison Middle School. As part of the process, the district went through the process to obtain a credit rating from Moody's Investors Services. The MCBOE received a favorable rating of Aa2 because of its financial strength. This allowed the district to secure a more favorable rate on the bond sale.
- Construction of the Ignite Academy – North, located in Richmond, began in Fiscal Year 2021. The project was funded by a bond sale, capital funds, and the general fund. The project was considered approximately 98% complete at year end.
- Construction of the Ignite Academy -South, located in Berea, began in Fiscal Year 2021. The project was funded by a bond sale, capital funds, and the general fund. The project was considered approximately 99% complete at year end.
- Renovation of Clark Moores Middle School, located in Richmond, began in Fiscal Year 2022. The project was funded by a bond sale, general fund cash, and residual bond funds saved on completed projects. The project was considered approximately 99% complete at year end.
- The general fund received \$117,481,937 in revenues, which primarily consisted of funding from the State's Support Education Excellence in Kentucky (SEEK) program and revenues from taxes, which include property, motor vehicle and utilities taxes.
- General fund SEEK revenue for the year totaled \$40,829,150 compared to \$39,700,333 in the prior year. This appears to be a \$1,128,817 increase from the previous years' funding. This was the result of an increase in the SEEK base funding of \$100 per AADA, additional transportation funding and the full per pupil funding of all Kindergarten students.
- The District levied tax rates of 62.3 cents for real estate, 64 cents tangible, and 55.8 cents motor vehicle per \$100 in assessed value and 3% for utility tax.
- The MCBOE's general fund was 50.68% locally funded, 48.43% state funded (less on-behalf), and 0.009% federally funded for FY23. During the prior year the percentages were 47.78%, 51.31%, & 0.8% respectively. As a growing

district this will continue to be the trend in future years creating a shift to more local funding versus state provided funding.

- General Fund dollars were required to supplement transportation expenses unfunded by the state. The state funded 68.85% (\$4.37 million) of the district's calculated per pupil transportation allotment (\$6.35 million) for Fiscal Year 2023. The district's actual transportation expenditures were 44.3% (46.3% in FY22) state funded. The district supplements the remaining 55.7% (53.7% in FY22) with locally generated revenue.

## **Overview of the Financial Statements**

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

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

The Statement of Net Position presents information on all of the assets and deferred outflows of resources and liabilities and deferred inflows of resources of the District at year-end with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

The government-wide financial statements begin on page 10 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. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into three categories: governmental funds, proprietary fund, and fiduciary funds.

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

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

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

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

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

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

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

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

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements start on page 22 this report.

### **Other information**

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

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



## Management Discussion and Analysis (continued)

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the MCBOE, assets and deferred outflows exceeded liabilities and deferred inflows by \$124,745,273 for governmental activities and \$2,144,827 for business-type activities at the close of the fiscal year.

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

	Governmental Activities		Business-type Activities	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>Assets</b>				
Current and other assets	\$ 120,123,103	\$ 59,050,494	\$ 5,399,302	\$ 5,951,209
Net capital assets	224,687,065	215,091,408	2,521,380	2,765,212
Total assets	<u>344,810,168</u>	<u>274,141,902</u>	<u>7,920,682</u>	<u>8,716,421</u>
<b>Deferred Outflows of Resources</b>				
Deferred pension differences and contributions made after measurement date	31,053,051	16,435,401	2,297,728	1,750,907
Deferred saving from refunding bonds	1,212,396	1,499,392	-	-
Total deferred outflows of resources	<u>32,265,447</u>	<u>17,934,793</u>	<u>2,297,728</u>	<u>1,750,907</u>
Total assets and deferred outflows of resources	<u>377,075,615</u>	<u>292,076,695</u>	<u>10,218,410</u>	<u>10,467,328</u>
<b>Liabilities</b>				
Current liabilities	13,470,729	14,086,586	19,601	81,645
Non-current liabilities:				
Debt service due in more than one year	148,655,079	99,549,189	-	-
Net pension liability	35,592,360	27,825,811	5,192,506	5,141,904
Other post-employment benefits liability	34,092,026	24,158,271	1,417,308	1,543,593
Total liabilities	<u>231,810,194</u>	<u>165,619,857</u>	<u>6,629,415</u>	<u>6,767,142</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources - pensions	4,710,000	5,931,076	687,133	1,095,998
Deferred inflows of resources - OPEB	15,810,148	16,208,570	757,035	850,320
Total deferred inflows of resources	<u>20,520,148</u>	<u>22,139,646</u>	<u>1,444,168</u>	<u>1,946,318</u>
Total liabilities and deferred inflows of resources	<u>252,330,342</u>	<u>187,759,503</u>	<u>8,073,583</u>	<u>8,713,460</u>
<b>Net position</b>				
Net Investment in Capital Assets	67,327,065	106,826,408	2,521,380	2,765,212
Restricted	73,302,315	19,039,356	(376,553)	(1,011,344)
Unrestricted	(15,884,107)	(21,548,572)	-	-
Total net position	<u>\$ 124,745,273</u>	<u>\$ 104,317,192</u>	<u>\$ 2,144,827</u>	<u>\$ 1,753,868</u>

A significant portion of the MCBOE's net position reflects its net investment in capital assets (e.g., buildings, vehicles, and equipment.) The MCBOE used the capital assets to provide services to students; consequently, these assets are not available for future spending. Although the MCBOE'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.

## Management Discussion and Analysis (continued)

There were increases in the deferred outflows of resources by \$14,877,475, an increase in the net pension liability by \$7,817,151, an increase in the other post-employment benefit liability of \$9,807,470 and a decrease of \$2,121,648 reported in deferred inflows. These changes are from the calculation of the pension liability for the District's proportionate share of the pension and other post-employment benefit liabilities.

**Changes in net position.** MCBOE's net position increased by \$20,819,040 from the prior fiscal year.

### Madison County Board of Education Comparative Statement of Activities

Revenues	June 30, 2023	June 30, 2022	Increase (Decrease)
Program revenues			
Charges for services	\$ 232,787	\$ 1,816,082	\$ (1,583,295)
Operating grants and contributions	68,187,523	64,350,128	3,837,395
Capital grants and contributions	926,447	926,447	-
General revenues			
Property taxes	37,537,854	35,698,706	1,839,148
Motor vehicle taxes	5,073,852	4,479,116	594,736
Franchise taxes	3,133,548	1,430,932	1,702,616
Utility taxes	6,292,219	5,697,341	594,878
State and federal grants	40,829,150	39,700,333	1,128,817
Other local revenue	3,216,671	1,012,463	2,204,208
Unrestricted investment earnings	2,618,688	130,432	2,488,256
Gain on disposal of asset	-	29,807	(29,807)
Extraordinary item - insurance reimbursement	23,818	84,207	(60,389)
Total revenues	<u>168,072,557</u>	<u>155,355,994</u>	<u>12,716,563</u>
Expenses			
Instruction	87,485,028	64,578,341	22,906,687
Support services	25,732,882	24,116,578	1,616,304
Plant operations and maintenance	11,197,975	9,505,374	1,692,601
Student transportation	9,220,142	8,216,039	1,004,103
Community Services Operations	1,274,045	1,112,513	161,532
Land/site acquisitions	1,500	1,709,935	(1,708,435)
Site improvements	-	2,000	(2,000)
Building acquisitions/construction	(5,376,651)	6,281,342	(11,657,993)
Building improvements	4,363,447	-	4,363,447
Other non-instructional services	26,997	12,815	14,182
Debt Service	(642,761)	3,146,531	(3,789,292)
Depreciation	7,001,118	6,798,682	202,436
Food service operations	6,969,795	10,445,043	(3,475,248)
Total Expenses	<u>147,253,517</u>	<u>135,925,193</u>	<u>11,328,324</u>
Change in net position	20,819,040	19,430,801	1,388,239
Net position - beginning	106,071,060	86,640,259	19,430,801
Net position - ending	<u>\$ 126,890,100</u>	<u>\$ 106,071,060</u>	<u>\$ 20,819,040</u>

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

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

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

### **Governmental Activities**

The governmental activities include the following funds: general, special revenue, district activity, student activity, capital outlay, facility support program, construction, and debt service. These programs had revenues of \$160,369,993 and expenditures of \$134,941,912. Of the revenues, \$60,546,499 was from grants and contributions, and \$99,823,494 was related to general revenues and transfers.

Overall governmental net position decreased by \$20,428,081 which can mainly be attributed to capital outlays and retirement of debt during the current year.

### **Business-Type Activities**

The business-type activities is related to food services. This program had revenues of \$9,192,401 and expenses of \$8,436,261 for the fiscal year 2023. Of the revenues, \$232,787 related to charges for services and \$8,959,614 was from operating grants and contribution.

Overall Business-Type net position increased by \$390,959 which can mainly be attributed to increase in federal funding.

## **General Fund Budget Highlights**

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

A variance comparison is presented between the final budgeted amounts and the actual amounts. Revenues for the General Fund were budgeted at \$108,439,660 with actual amounts totaling \$117,481,937. The majority of the difference noted is from state on-behalf payments revenue (\$6.51 Million) Districts budget the amount received in the prior year since actual numbers are not known until July of the new fiscal year. It is unrealistic to try and project current year amounts because they are based off of legislative funding and contribution decisions made by other entities. Budgeted expenditures were \$124,204,131 compared to actual expenditures of \$110,313,568. Actual expenditures were less due to management oversight and the use of ESSER/CARES funds to cover expenditures originally projected as General Fund needs to aide in the recovery from the pandemic.

## **Capital Assets**

At the end of the fiscal year 2023, the District had \$227,208,405 invested in capital assets, \$224,687,065 is in governmental activities. For the fiscal year, capital asset increases totaled \$16,364,413, retirements totaled \$444,489 and depreciation totaled \$7,001,117. At June 30, 2022, the District had \$217,856,620 invested in capital assets, \$215,091,408 was in governmental activities. See detailed table in the notes to the financial statements.

## **Debt**

At June 30, 2023, the District had \$157,360,000 in bonds outstanding, of this amount \$8,743,607 is to be paid from the KSFCC funding provided by the State of Kentucky. A total of \$9,395,000 is due within one year. At June 30, 2022, the District had \$108,265,500 in bonds outstanding.

## **Request for Information**

This financial report is designed to provide a general overview of the Madison County Board of Education's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the District's Finance Officer at P.O. Box 768, Richmond, KY 40475.

## Financial Statements

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

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 115,084,886	\$ 5,078,819	\$ 120,163,705
Receivables			
Taxes - current	1,685,410	-	1,685,410
Accounts	108,125	-	108,125
Intergovernmental - state	119,552	48,532	168,084
Intergovernmental - federal	3,125,130	-	3,125,130
Inventory	-	271,951	271,951
Total capital assets, net of depreciation	224,687,065	2,521,380	227,208,445
Total assets	<u>344,810,168</u>	<u>7,920,682</u>	<u>352,730,850</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pensions	10,292,534	1,501,559	11,794,093
Deferred outflows - OPEB contributions	20,760,517	796,169	21,556,686
Deferred saving from refunding bonds	1,212,396	-	1,212,396
Total deferred outflows of resources	<u>32,265,447</u>	<u>2,297,728</u>	<u>34,563,175</u>
Total assets and deferred outflows of resources	<u>377,075,615</u>	<u>10,218,410</u>	<u>387,294,025</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	2,106,398	19,601	2,125,999
Accrued interest payable	1,237,173	-	1,237,173
Unearned revenue	482,158	-	482,158
Long term liabilities:			
Due within one year			
Bond obligations	9,395,000	-	9,395,000
Sick leave	250,000	-	250,000
Due beyond one year			
Bond obligations	147,965,000	-	147,965,000
Sick leave	690,079	-	690,079
Net pension liability	35,592,360	5,192,506	40,784,866
Net OPEB liability	34,092,026	1,417,308	35,509,334
Total liabilities	<u>231,810,194</u>	<u>6,629,415</u>	<u>238,439,609</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pensions	4,710,000	687,133	5,397,133
Deferred inflows of resources - OPEB	15,810,148	757,035	16,567,183
Total deferred inflows of resources	<u>20,520,148</u>	<u>1,444,168</u>	<u>21,964,316</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES</b>	<u>252,330,342</u>	<u>8,073,583</u>	<u>260,403,925</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets - net of related debt	67,327,065	2,521,380	69,848,445
Restricted for:			
Capital projects	72,902,159	-	72,902,159
Other	400,156	(376,553)	23,603
Unrestricted	(15,884,107)	-	(15,884,107)
Total net position	<u>\$ 124,745,273</u>	<u>\$ 2,144,827</u>	<u>\$ 126,890,100</u>

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

**MADISON COUNTY SCHOOL DISTRICT**  
**Statement of Activities**  
**Year Ended June 30, 2023**

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	PRIMARY GOVERNMENT		
					Governmental Activities	Business-type Activities	Total
<b>PRIMARY GOVERNMENT:</b>							
<b>Governmental activities:</b>							
Instructional	\$ 85,807,151	\$ -	\$ 40,130,442	\$ -	\$ (45,676,709)	\$ -	\$ (45,676,709)
Support Services							
Student	8,554,280	-	4,860,690	-	(3,693,590)	-	(3,693,590)
Instructional Staff	7,057,456	-	3,268,834	-	(3,788,622)	-	(3,788,622)
District Administration	2,088,587	-	169,611	-	(1,918,976)	-	(1,918,976)
School Administration	6,016,847	-	2,002,372	-	(4,014,475)	-	(4,014,475)
Business	2,015,712	-	499,755	-	(1,515,957)	-	(1,515,957)
Plant operations and maintenance	11,197,975	-	576,810	-	(10,621,165)	-	(10,621,165)
Student Transportation	9,220,142	-	1,398,255	-	(7,821,887)	-	(7,821,887)
Community Services Operations	1,274,045	-	1,268,149	-	(5,896)	-	(5,896)
Land/site acquisitions	1,500	-	-	-	(1,500)	-	(1,500)
Building acquisitions/construction	-	-	6,371,581	-	6,371,581	-	6,371,581
Building improvements	664,673	-	-	-	(664,673)	-	(664,673)
Other non-instructional services	26,997	-	-	-	(26,997)	-	(26,997)
Debt Service	(642,761)	-	-	926,447	1,569,208	-	1,569,208
Depreciation	6,659,308	-	-	-	(6,659,308)	-	(6,659,308)
Total governmental activities	<u>139,941,912</u>	<u>-</u>	<u>60,546,499</u>	<u>926,447</u>	<u>(78,468,966)</u>	<u>-</u>	<u>(78,468,966)</u>
<b>Business-type activities:</b>							
Food service operations	6,969,795	232,787	7,641,024	-	-	904,016	904,016
Depreciation	341,810	-	-	-	-	(341,810)	(341,810)
Total business-type activities	<u>7,311,605</u>	<u>232,787</u>	<u>7,641,024</u>	<u>-</u>	<u>-</u>	<u>562,206</u>	<u>562,206</u>
Total primary government	<u>\$ 147,253,517</u>	<u>\$ 232,787</u>	<u>\$ 68,187,523</u>	<u>\$ 926,447</u>	<u>\$ (78,468,966)</u>	<u>\$ 562,206</u>	<u>\$ (77,906,760)</u>
<b>General revenues</b>							
<b>Taxes:</b>							
Property taxes					\$ 37,537,854	\$ -	\$ 37,537,854
Motor vehicle taxes					5,073,852	-	5,073,852
Franchise taxes					3,133,548	-	3,133,548
Utility taxes					6,292,219	-	6,292,219
State formula grants					40,829,150	-	40,829,150
Other local revenue					3,215,629	1,042	3,216,671
Unrestricted investment earnings					2,425,796	192,892	2,618,688
Extraordinary item - insurance reimbursement					23,818	-	23,818
Operating transfers in (out)					365,181	(365,181)	-
Total general revenues and transfers					<u>98,897,047</u>	<u>(171,247)</u>	<u>98,725,800</u>
Change in net position					20,428,081	390,959	20,819,040
Net position - beginning					104,317,192	1,753,868	106,071,060
Net position - ending					<u>\$ 124,745,273</u>	<u>\$ 2,144,827</u>	<u>\$ 126,890,100</u>

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

MADISON COUNTY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds  
June 30, 2023

	General Fund	Special Revenue Fund	Construction Fund	Total Non-Major Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 40,513,873	\$ -	\$ 65,312,147	\$ 9,258,866	\$ 115,084,886
Interfund receivables	2,251,676	-	-	-	2,251,676
Receivables					
Taxes-current	1,685,410	-	-	-	1,685,410
Accounts	27,301	74,477	-	6,347	108,125
Intergovernmental - state	105,517	14,035	-	-	119,552
Intergovernmental - federal	1,660	3,123,470	-	-	3,125,130
Total assets	<u>44,585,437</u>	<u>3,211,982</u>	<u>65,312,147</u>	<u>9,265,213</u>	<u>122,374,779</u>
<b>LIABILITIES</b>					
Accounts payable	965,582	77,992	1,058,182	4,642	2,106,398
Interfund payable	-	2,251,676	-	-	2,251,676
Unearned revenue	-	482,158	-	-	482,158
Total liabilities	<u>965,582</u>	<u>2,811,826</u>	<u>1,058,182</u>	<u>4,642</u>	<u>4,840,232</u>
<b>FUND BALANCE</b>					
Restricted	-	400,156	64,253,965	7,590,012	72,244,133
Committed	29,627,292	-	-	1,666,377	31,293,669
Assigned	2,092,563	-	-	4,182	2,096,745
Unassigned	11,900,000	-	-	-	11,900,000
Total fund balance	<u>43,619,855</u>	<u>400,156</u>	<u>64,253,965</u>	<u>9,260,571</u>	<u>117,534,547</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 44,585,437</u>	<u>\$ 3,211,982</u>	<u>\$ 65,312,147</u>	<u>\$ 9,265,213</u>	<u>\$ 122,374,779</u>

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

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

Total Fund Balances - Governmental Funds	\$ 117,534,547
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position	224,687,065
Deferred outflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position.	
Pension contributions deferred outflows	10,292,534
OPEB contributions deferred outflows	20,760,517
Certain assets (obligations) are not a use of financial resources and therefore, are not reported in the government funds, but are presented in the statement of net position	
Net pension liability	(35,592,360)
Net OPEB liability	(34,092,026)
Deferred inflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position	
Pension plan deferred inflows	(4,710,000)
OPEB plan deferred inflows	(15,810,148)
Certain liability (such as bond payable, the long-term portion of accrued sick leave, and other accrued liabilities) are not reported in the fund financial statement because they are not due and payable, but are presented in the statement of net position as follows:	
Bonds payable	(157,360,000)
Accrued interest	(1,237,173)
Accrued sick leave	(940,079)
Deferred loss on refunding	1,212,396
	1,212,396
Net position of governmental activities	\$ 124,745,273

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



MADISON 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	Total Non-Major Funds	Total
<b>Revenues</b>					
From Local Sources					
Taxes					
Property	\$ 27,184,836	\$ -	\$ -	\$ 10,353,018	\$ 37,537,854
Motor vehicle	5,073,852	-	-	-	5,073,852
Franchise	2,653,734	-	-	479,814	3,133,548
Utilities	6,292,219	-	-	-	6,292,219
Earnings on investments	1,463,705	14,885	569,094	378,112	2,425,796
Student activities	-	-	-	1,693,432	1,693,432
Other local revenue	402,534	193,314	-	926,349	1,522,197
Intergovernmental - state	73,685,336	5,755,821	-	6,674,753	86,115,910
Intergovernmental - federal	725,721	15,460,465	-	-	16,186,186
Total revenues	<u>117,481,937</u>	<u>21,424,485</u>	<u>569,094</u>	<u>20,505,478</u>	<u>159,980,994</u>
<b>EXPENDITURES</b>					
Instruction	67,000,795	14,712,649	-	2,290,582	84,004,026
Support services					
Student	7,082,144	2,264,502	-	2,303	9,348,949
Instructional staff	5,000,862	1,884,445	-	191,152	7,076,459
District Administration	1,920,089	-	-	168,498	2,088,587
School Administration	5,986,261	30,586	-	-	6,016,847
Business	1,995,712	20,000	-	-	2,015,712
Plant operation and maintenance	11,452,249	36,679	-	1,524	11,490,452
Student Transportation	9,868,060	557,894	-	104,524	10,530,478
Community Services Operations	5,896	1,268,149	-	-	1,274,045
Land/Site Acquisitions	1,500	-	-	-	1,500
Building acquisitions/construction	-	-	8,177,216	-	8,177,216
Building improvements	-	-	4,363,447	-	4,363,447
Other Non-Instructional Services	-	-	-	26,997	26,997
Debt service					
Principal	-	-	-	9,120,000	9,120,000
Interest	-	-	-	2,698,001	2,698,001
Total expenditures	<u>110,313,568</u>	<u>20,774,904</u>	<u>12,540,663</u>	<u>14,603,581</u>	<u>158,232,716</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>7,168,369</b>	<b>649,581</b>	<b>(11,971,569)</b>	<b>5,901,897</b>	<b>1,748,278</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds	-	-	58,215,000	-	58,215,000
Bond premium	-	-	2,110,007	-	2,110,007
Loss Compensation	23,818	-	-	-	23,818
Operating transfers in	2,882,622	214,411	5,308,675	11,061,086	19,466,794
Operating transfers (out)	(2,637,211)	(807,755)	(1,709,685)	(13,946,962)	(19,101,613)
Total other financing sources and (uses)	<u>269,229</u>	<u>(593,344)</u>	<u>63,923,997</u>	<u>(2,885,876)</u>	<u>60,714,006</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>7,437,598</b>	<b>56,237</b>	<b>51,952,428</b>	<b>3,016,021</b>	<b>62,462,284</b>
FUND BALANCE - BEGINNING (Restated)	36,182,257	343,919	12,301,537	6,244,550	55,072,263
FUND BALANCE - ENDING	<u>\$ 43,619,855</u>	<u>\$ 400,156</u>	<u>\$ 64,253,965</u>	<u>\$ 9,260,571</u>	<u>\$ 117,534,547</u>

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

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

Net change in fund balances - total governmental funds	\$ 62,462,284
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.	
Capital outlays	16,266,435
Depreciation Expense	(6,659,308)
Gain on disposal of asset	11,471
Generally expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expense are recognized in the statement of activities when they are incurred for the following:	
Accrued interest	496,835
Amortization of advance refunding	(286,996)
Amortization of bond premium/discount	953,406
Governmental funds report CERS contributions as expenditures when paid. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pension, and investment experience.	
Pension Expense	(946,144)
OPEB Expense - CERS	(1,273,902)
OPEB Expense - TRS	(1,215,110)
Long-term debt proceeds are reported as other financing resources in funds, thereby increasing fund balances. In the statement of net position, however, issuing long-term debt increases liabilities and has no effect on net position. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Bond proceeds	(58,215,000)
Debt principal repaid	9,120,000
Sick leave	(285,890)
Change in net position of governmental	\$ 20,428,081

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

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

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
From Local Sources				
Taxes				
Property	\$ 27,305,152	\$ 26,750,000	\$ 27,184,836	\$ 434,836
Motor vehicle	4,030,600	4,030,600	5,073,852	1,043,252
Franchise	1,138,000	2,550,000	2,653,734	103,734
Utilities	5,000,000	5,500,000	6,292,219	792,219
Earnings on investments	100,000	1,450,000	1,463,705	13,705
Other local revenue	12,000	285,950	402,534	116,584
Intergovernmental - state	66,852,745	67,048,110	73,685,336	6,637,226
Intergovernmental - federal	775,000	825,000	725,721	(99,279)
Total Revenues	<u>105,213,497</u>	<u>108,439,660</u>	<u>117,481,937</u>	<u>9,042,277</u>
<b>EXPENDITURES</b>				
Instruction	67,740,949	69,186,857	67,000,795	2,186,062
Support Services				
Student	7,948,729	7,974,081	7,082,144	891,937
Instructional Staff	5,358,264	5,458,264	5,000,862	457,402
District Administration	2,832,845	2,832,845	1,920,089	912,756
School Administration	5,546,191	5,555,594	5,986,261	(430,667)
Business	1,924,739	1,924,739	1,995,712	(70,973)
Plant Operation and Maintenance	10,812,392	10,838,892	11,452,249	(613,357)
Student Transportation	10,665,679	10,705,679	9,868,060	837,619
Community Services	22,180	22,180	5,896	16,284
Land/Site Acquisitions	-	-	1,500	(1,500)
Architectural/Engineering	5,000	5,000	-	5,000
Site Improvement	21,000	-	-	-
Contingency	8,100,000	9,700,000	-	9,700,000
Total expenditures	<u>120,977,968</u>	<u>124,204,131</u>	<u>110,313,568</u>	<u>13,890,563</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(15,764,471)	(15,764,471)	7,168,369	22,932,840
<b>OTHER FINANCING SOURCES (USES)</b>				
Loss Compensation	10,000	10,000	23,818	13,818
Operating transfers in	1,675,305	1,675,305	2,882,622	1,207,317
Operating transfers (out)	(253,500)	(253,500)	(2,637,211)	(2,383,711)
Total other financing sources and (uses)	<u>1,431,805</u>	<u>1,431,805</u>	<u>269,229</u>	<u>(1,162,576)</u>
NET CHANGE IN FUND BALANCE	(14,332,666)	(14,332,666)	7,437,598	21,770,264
FUND BALANCE - BEGINNING	<u>14,332,666</u>	<u>14,332,666</u>	<u>36,182,257</u>	<u>21,849,591</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,619,855</u>	<u>\$ 43,619,855</u>

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

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

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
From Local Sources				
Earnings on investments	\$ -	\$ -	\$ 14,885	\$ 14,885
Other local revenue	62,716	108,136	193,314	85,178
Intergovernmental - state	5,536,480	5,554,038	5,755,821	201,783
Intergovernmental - federal	7,768,872	7,928,092	15,460,465	7,532,373
Total Revenues	<u>13,368,068</u>	<u>13,590,266</u>	<u>21,424,485</u>	<u>7,834,219</u>
<b>EXPENDITURES</b>				
Instruction	8,271,945	8,561,355	14,712,649	(6,151,294)
Support Services				
Student	884,340	873,958	2,264,502	(1,390,544)
Instructional Staff	1,439,491	1,410,708	1,884,445	(473,737)
District Administration	6	6	-	6
School Administration	24,603	24,603	30,586	(5,983)
Business	20,000	20,000	20,000	-
Plant Operation and Maintenance	41,852	41,852	36,679	5,173
Student Transportation	460,849	452,049	557,894	(105,845)
Community Services Operations	1,197,218	1,241,410	1,268,149	(26,739)
Total expenditures	<u>12,340,304</u>	<u>12,625,941</u>	<u>20,774,904</u>	<u>(8,148,963)</u>
<b>EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES</b>	<b>1,027,764</b>	<b>964,325</b>	<b>649,581</b>	<b>(314,744)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	213,500	213,500	214,411	911
Operating transfers (out)	(1,241,264)	(1,241,264)	(807,755)	433,509
Total other financing sources and (uses)	<u>(1,027,764)</u>	<u>(1,027,764)</u>	<u>(593,344)</u>	<u>434,420</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(63,439)</b>	<b>56,237</b>	<b>119,676</b>
<b>FUND BALANCE - BEGINNING</b>	<b>-</b>	<b>-</b>	<b>343,919</b>	<b>343,919</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ -</b>	<b>\$ (63,439)</b>	<b>\$ 400,156</b>	<b>\$ 463,595</b>

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

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

	Enterprise Fund
	School Food Services
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 5,078,819
Receivables	48,532
Inventories for consumption	271,951
Total current assets	5,399,302
Noncurrent Assets	
General equipment	6,854,721
Accumulated depreciation	(4,333,341)
Total noncurrent assets	2,521,380
Total Assets	7,920,682
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	1,501,559
Deferred outflows related to OPEB	796,169
Total deferred outflows of resources	2,297,728
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	19,601
Total current liabilities	19,601
Noncurrent liabilities	
Net pension liability	5,192,506
Net OPEB liability	1,417,308
Total noncurrent liabilities	6,609,814
Total liabilities	6,629,415
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	687,133
Deferred inflows related to OPEB	757,035
Total deferred inflows of resources	1,444,168
<b>NET POSITION</b>	
Net Investment in capital assets	2,521,380
Restricted	(376,553)
Total net position	\$ 2,144,827

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

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

	Enterprise Fund
	School Food Services
<b>OPERATING REVENUES</b>	
Lunchroom sales	\$ 232,787
Total operating revenues	232,787
<b>OPERATING EXPENSES</b>	
Salaries & benefits	3,045,722
Purchased professional services	67,848
Purchased property services	79,066
Other purchased services	4,655
Supplies	4,223,765
Property	233,648
Dues, Fees, and miscellaneous	1,385
Depreciation	341,810
Total operating expenses	7,997,899
Operating income (loss)	(7,765,112)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Federal grants	6,641,869
Federal donated commodities	503,043
State grants	57,750
State on-behalf payments	438,362
State on-behalf payments	(438,362)
Pension expense	992,571
OPEB expense	132,085
Other local revenues	1,042
Earnings from investments	192,892
Total nonoperating revenues (expenses)	8,521,252
Income (loss) before operating transfers	756,140
Operating transfer out	(365,181)
Change in net position	390,959
NET POSITION - BEGINNING	1,753,868
NET POSITION - ENDING	\$ 2,144,827

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

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

	Enterprise Fund
	School Food Services
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 232,787
Payments to suppliers	(3,060,931)
Payments to employees	(2,359,428)
Net cash provided (used) by operating activities	(5,187,572)
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES	
Operating grants and contributions	6,014,369
Net cash provided (used) by noncapital financing activities	6,014,369
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(97,978)
Operating transfer to general fund	(365,181)
Net cash provided (used) by capital financing activities	(463,159)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	192,892
Net cash provided (used) by investing activities	192,892
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	556,530
CASH AND CASH EQUIVALENTS - BEGINNING	4,522,289
CASH AND CASH EQUIVALENTS - ENDING	\$ 5,078,819
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (7,765,112)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	341,810
Changes in assets and liabilities:	
Receivables	918,392
Inventory	190,045
Account Payables	(62,044)
Pension expense	992,571
OPEB expense	132,085
Federal donated commodities	503,043
On-behalf payments	(438,362)
Net cash provided (used) by operating activities	\$ (5,187,572)
Schedule of non-cash transactions	
Federal donated commodities	\$ 503,043
State on-behalf payments	\$ 438,362

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

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

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

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

**The Financial Reporting Entity**

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

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

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

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

**Basis of presentation and accounting**

**Government-wide**

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



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

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

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

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

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

**Fund Financial Statements**

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

**Governmental Fund Financial Statements**

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

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

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

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

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

**Major Governmental Funds:**

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

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

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

**Non-Major Governmental Funds**

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

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

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

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

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

**Proprietary Fund Financial Statements**

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

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

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

**Proprietary Fund Financial Statements (Continued)**

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

**Enterprise Funds**

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

**Fiduciary Fund Financial Statements**

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

**Measurement focus and basis of accounting**

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

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

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

**Measurement focus and basis of accounting (Continued)**

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

**Budgetary information**

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

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

**Estimates**

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

**Cash and cash equivalents**

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

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

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

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

**Deposits with Financial Institutions and Investments**

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

**Prepaid items**

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

**Inventory**

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

**Capital assets**

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

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

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

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

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

**Long-term obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount.

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

**Deferred outflows/inflows of resources**

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

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

**Pension obligations**

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

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

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

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

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

**Net position flow assumptions**

Net position is classified into the following categories:

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

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

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

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

**Fund balance flow assumptions**

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

**Fund balance policies**

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

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

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

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

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

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

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

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

**Fund balance policies (Continued)**

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

**Revenue and expenditures/expenses**

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

Property taxes – Property taxes are levied each August on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 15, 2022 through April 17, 2023.

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

Compensated absences – upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. On June 30, 2023, this amount total \$940,079.

**Implementation of New Accounting Principle**

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

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

**Violations of legal or contractual provisions**

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



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

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

**Cash deposits and cash equivalents**

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

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

At year-end, the District’s bank balances were collateralized by securities held by the pledging bank’s trust department in the District’s name and FDIC insurance. At year end, the carrying amount of the District’s cash and cash equivalents was \$120,163,705. The bank balance for the same time was \$125,284,862.

**Receivables**

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

Receivables	General Fund	Special Revenue Fund	District Activity Fund	School Food Services Fund	Total
Taxes	\$ 1,685,410	\$ -	\$ -	\$ -	\$ 1,685,410
Accounts	27,301	74,477	6,347	-	108,125
Intergovernmental-state	105,517	14,035	-	48,532	168,084
Intergovernmental-federal	1,660	3,123,470	-	-	3,125,130
<b>Total Receivables</b>	<b>\$ 1,819,888</b>	<b>\$ 3,211,982</b>	<b>\$ 6,347</b>	<b>\$ 48,532</b>	<b>\$ 5,086,749</b>

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

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

**Capital assets**

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

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<b><u>Governmental activities:</u></b>				
<b>Non-depreciable capital assets</b>				
Land	\$ 6,763,054	\$ -	\$ -	\$ 6,763,054
Construction in progress	37,670,309	13,553,867	-	51,224,176
Total - Non-depreciable capital assets	<u>44,433,363</u>	<u>13,553,867</u>	<u>-</u>	<u>57,987,230</u>
<b>Depreciable capital assets</b>				
Land improvements	3,823,286	-	-	3,823,286
Buildings and Building Improvements	243,946,096	30,141	-	243,976,237
Technology equipment	3,893,211	-	432,208	3,461,003
Vehicles	20,192,110	1,387,227	-	21,579,337
General equipment	5,946,855	1,295,200	11,471	7,230,584
Total - Depreciable capital assets	<u>277,801,558</u>	<u>2,712,568</u>	<u>443,679</u>	<u>280,070,447</u>
<b>Less: Accumulated depreciation</b>				
Land improvements	3,802,234	5,769	-	3,808,003
Buildings and building Improvements	80,589,205	5,204,595	-	85,793,800
Technology equipment	3,467,332	97,622	432,208	3,132,746
Vehicles	14,784,538	1,039,542	-	15,824,080
General equipment	4,500,204	311,779	-	4,811,983
Total - Accumulated depreciation	<u>107,143,513</u>	<u>6,659,307</u>	<u>432,208</u>	<u>113,370,612</u>
Governmental Activities Capital Assets - net	<u>\$215,091,408</u>	<u>\$ 9,607,128</u>	<u>\$ 11,471</u>	<u>\$224,687,065</u>
<b><u>Business-Type Activities</u></b>				
Buildings and Building Improvements	39,565	-	-	39,565
Vehicles	182,341	-	-	182,341
Technology equipment	16,993	-	810	16,183
General equipment	6,518,654	97,978	-	6,616,632
Total -Non-depreciable capital assets	<u>6,757,553</u>	<u>97,978</u>	<u>810</u>	<u>6,854,721</u>
<b>Less: Accumulated depreciation</b>				
Buildings and Building Improvements	2,342	1,582	-	3,924
Vehicles	14,723	36,468	-	51,191
Technology equipment	16,698	-	810	15,888
General equipment	3,958,578	303,760	-	4,262,338
Total - Depreciable capital assets	<u>3,992,341</u>	<u>341,810</u>	<u>810</u>	<u>4,333,341</u>
Business-Type Activities Capital Assets - net	<u>\$ 2,765,212</u>	<u>\$ (243,832)</u>	<u>\$ -</u>	<u>\$ 2,521,380</u>

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

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

**Pension obligations**

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

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

**Plan Description**

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

**Pension Benefits**

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

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

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

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

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

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

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

**Contributions**

Contribution rates are established by Kentucky Revised Statutes ("KRS"). Non-university employees are required to contribute 9.105% of their salaries to the System. The Commonwealth, as a non-employer contributing entity, pays matching contributions at the rate of 16.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 16.105% for those hired after July 1, 2008. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 16.105% of salaries. The required matching contribution for those employees classified as critical shortage is 24.8%. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

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

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

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

Plan Description

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

Pension Benefits

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

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

Contributions

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

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

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

Contributions (Continued)

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

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

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

Other Retirement Plans

The District also offers employees the option to participate in defined contribution plans under Sections 403(B) and 401(K) of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up the maximum allowable by laws. These plans are administered by an independent third-party administrator. The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until their termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, allows entities with little or no administrative involvement and who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statement statements. The District, therefore, does not report these assets and liabilities on its financial statements. Employee contributions made to the plan during the year total \$708,279. The District does not contribute to these plans.

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

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

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

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

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

District's proportionate share of the net CERS pension liability	\$ 40,784,865
Commonwealth's proportionate share of the net TRS pension liability associated with the District	<u>229,853,669</u>
	<u>\$ 270,638,534</u>

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

The District’s portion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. On June 30, 2022, the District’s proportion was .564183%.

For the year ended June 30, 2023, the District recognized CERS pension expense of \$3,915,379 which is a \$3,416,895 increase in governmental funds and \$498,485 increase in proprietary funds and \$2,533,127 related to TRS as being paid. The adjusted pension expense recognized on the statement of activities, based on actuarial valuation for the year ended June 30, 2022, was (\$46,426) (an increase of \$946,144 in governmental funds and a decrease of \$992,571 in the business type activity funds). The District also recognized revenue of \$21,430,540 TRS support provided by the Commonwealth.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,604	\$ 363,207
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan	5,549,598	4,504,023
Changes in proportion and difference between District contributions and proportionate share of contributions	2,285,512	529,903
District contributions subsequent to the measurement date	<u>3,915,379</u>	<u>-</u>
	<u>\$ 11,794,093</u>	<u>\$ 5,397,133</u>

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

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

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

The amount reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date is \$3,915,379 and will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	
2023	\$ 623,876
2024	1,041,831
2025	(342,733)
2026	1,158,607
2027	-
Thereafter	-

Actuarial assumptions

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

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

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

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



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

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

Actuarial assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	37.4%	4.2%
Small Cap U.S. Equity	2.6%	4.7%
Developed International Equity	16.5%	5.3%
Emerging Markets Equity	5.5%	5.4%
Fixed Income	15.0%	-0.01
High Yield Bonds	2.0%	1.7%
Other Additional Categories	5.0%	2.2%
Real Estate	7.0%	4.0%
Private Equity	7.0%	6.9%
Cash	2.0%	-0.3%
Total	100.0%	

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

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

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

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

Actuarial assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00%	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	20.00%	
Core Bonds	10.0%	0.28%
Specialty Credit/High Yield	10.0%	2.28%
Cash	0.0%	-0.91%
Inflation Protected	20.00%	
Real Estate	7.0%	3.67%
Real Return	13.0%	4.07%
Expected Real Return	100%	4.28%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

**Discount Rate**

For TRS, the discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan employees until the 2038 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2035 and a municipal bond index rate of 3.50% was applied to all periods of projected benefit payments after 2035. The Single Equivalent Interest Rate (“SEIR”) that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability.

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

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

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

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

Discount Rate (Continued)

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

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
TRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$50,976,021	\$40,784,866	\$32,355,933

**Other postemployment benefit (OPEB) obligations**

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

**TRS – OPEB**

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

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

Plan description

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

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

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

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

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

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

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

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

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

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

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

**CERS – OPEB**

**Plan description**

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

**Benefits provided**

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

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

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

**CERS – OPEB (Continued)**

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

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

**Contribution**

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

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

District's proportionate share of the net TRS OPEB MIF liability	\$ 24,377,000
District's proportionate share of the net CERS OPEB MIF liability	11,132,334
Total district proportionate share	<u>35,509,334</u>
Commonwealth's proportionate share of the net TRS OPEB - MIF liability associated with the District	8,008,000
	<u>\$ 43,517,334</u>

For the year ended June 30, 2023, the District recognized CERS OPEB expense of \$567,228 which is a \$495,012 increase in governmental funds, \$72,216 increase in proprietary funds, and \$2,533,127 related to TRS as being paid. The net OPEB liability for each plan was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. For the year ended June 30, 2023, based on actuarial valuation, the district recognized on the statement of activities adjusted total net CERS OPEB expense of \$1,141,817, (increase \$1,273,902 in governmental funds and a decrease of \$132,085 in the business type activity funds) and TRS OPEB expense of \$1,215,110.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,120,562	\$ 12,799,902
Changes of assumptions	6,711,656	1,450,771
Net difference between project and actual earnings on OPEB plan investments	3,368,955	1,621,122
Changes in proportion and difference between District contributions and proportionate share of contributions	7,255,158	695,388
District contributions subsequent to the measurement date	3,100,355	-
Totals	<u>\$ 21,556,686</u>	<u>\$ 16,567,183</u>

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

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

Of the total amount reported as deferred outflows of resources related to OPEB, \$3,100,355 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the Year Ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District’s OPEB expense as follows:

Fiscal Year Ending	TRS	CERS
June 30:		
2023	\$ (459,000)	\$ 73,437
2024	(324,000)	32,601
2025	(151,000)	(570,123)
2026	1,417,000	204,233
2027	1,163,000	-
Thereafter	503,000	-

Actuarial assumptions for TRS are as follows:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.00%-7.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	
Health Trust	7.10%
Life Trust	7.10%
Single Equivalent Interest Rate, Net of OPEB plan investment Expense, including price Inflation	
Heath Trust	7.10%
Life Trust	7.10%
Health Trust Cost Trends	
Under Age 65	7.00% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2032
Ages 65 and Older	5.125% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2025
Medicare Part B Premiums	6.97% for FYE 2022 with an ultimate rate of 4.50% by 2034

Actuarial assumptions for CERS are as follows:

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

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

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

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

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

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

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

Asset Class	Medical Insurance Trust	
	Target Allocation	30-Year Expected Geometric Real Rate of Return
Global Equity	58.00%	5.10%
Fixed Income	9.00%	(0.10%)
Real Estate	6.50%	4.00%
Private Equity	8.50%	6.90%
High Yield	8.00%	1.70%
Other Additional Categories	9.00%	2.00%
Cash (LIBOR)	1.00%	(0.30%)
Total	<u>100.0%</u>	

Asset Class	Life Insurance Trust	
	Target Allocation	30-Year Expected Geometric Real Rate of Return
U.S. Equity	40.00%	4.40%
International Equity	23.00%	5.60%
Fixed Income	18.00%	(0.10%)
Real Estate	6.00%	4.00%
Private Equity	5.00%	6.90%
Other Additional Categories	6.00%	2.10%
Cash (LIBOR)	2.00%	(0.30%)
Total	<u>100.00%</u>	

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

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

Discount Rate--The discount rate used to measure the State’s total OPEB liability for life insurance was 7.50%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

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	10.0%	0.28%
Specialty Credit/High Yield	10.0%	2.28%
Cash	0.0%	-0.91%
Inflation Protected	20.00%	
Real Estate	7.0%	3.67%
Real Return	13.0%	4.07%
Expected Real Return	100%	4.28%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

**Discount Rate**

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

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

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



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

Discount Rate (Continued)

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

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

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

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

Life Trust Discount rate.

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

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

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

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

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

Long-term rate of return

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

**Risk management**

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

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

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

**Long-Term Debt**

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

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

	Interest Rates	Maturity Date	Original Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due within one year
<b>Governmental Activities:</b>								
Revenue Bonds, net of premium/discount:								
Series 2008B	3.0 - 4.625%	5/1/2023	\$ 7,585,000	\$ 370,000	\$ -	\$ 370,000	\$ -	\$ -
Series 2014	2.00 - 3.625%	2/1/2035	10,495,000	8,140,000	-	365,000	7,775,000	380,000
Series 2015	2.00 - 3.00%	2/1/2036	9,365,000	7,845,000	-	275,000	7,570,000	285,000
Series 2017	3.00 - 3.25%	6/1/2037	11,160,000	9,610,000	-	340,000	9,270,000	345,000
Series 2020	2.00%	10/1/2040	17,350,000	16,795,000	-	565,000	16,230,000	580,000
Series 2021	1.25 - 2.00%	2/1/2041	9,895,000	9,680,000	-	240,000	9,440,000	245,000
Series 2021 - 2nd Issue	2.00 - 2.125%	8/1/2041	6,085,000	6,085,000	-	205,000	5,880,000	205,000
Series 2023	4.00 - 5.00%	6/1/2043	58,215,000	-	58,215,000	-	58,215,000	25,000
Refunding Revenue Bonds, net of premium/discount:								
Series 2013R	2.00 - 2.375%	4/1/2025	13,500,000	3,800,000	-	1,510,000	2,290,000	1,135,000
Series 2014R	2.00 - 3.00%	2/1/2025	10,795,000	4,180,000	-	1,345,000	2,835,000	1,395,000
Series 2016R	2.25 - 5.00%	5/1/2030	24,900,000	17,500,000	-	1,420,000	16,080,000	1,595,000
Series 2016R2	2.00 - 2.125%	6/1/2029	27,790,000	21,895,000	-	2,370,000	19,525,000	3,095,000
Series 2021R	1.00 - 1.25%	4/1/2031	2,470,000	2,365,000	-	115,000	2,250,000	110,000
			<u>\$ 209,605,000</u>	<u>\$ 108,265,000</u>	<u>\$ 58,215,000</u>	<u>\$ 9,120,000</u>	<u>\$ 157,360,000</u>	<u>\$ 9,395,000</u>
<b>Other Liabilities</b>								
Sick leave				654,189	285,890	-	940,079	250,000
Pension Liability				27,825,811	7,766,549	-	35,592,360	-
OPEB Liability				24,158,271	9,933,755	-	34,092,026	-
Total Other Liabilities				<u>52,638,271</u>	<u>17,986,194</u>	<u>-</u>	<u>70,624,465</u>	<u>250,000</u>
Total Governmental Activities Liabilities				<u>\$ 160,903,271</u>	<u>\$ 76,201,194</u>	<u>\$ 9,120,000</u>	<u>\$ 227,984,465</u>	<u>\$ 9,645,000</u>

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

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

**Long-Term Debt (Continued)**

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

Fiscal Year Ending	District		Kentucky School Facility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 8,681,775	\$ 4,717,406	\$ 713,225	\$ 245,467	\$ 9,395,000	\$ 4,962,873
2025	8,919,895	4,512,304	735,105	223,587	9,655,000	4,735,891
2026	8,765,873	4,258,260	754,127	204,566	9,520,000	4,462,826
2027	8,763,711	4,029,815	616,289	185,123	9,380,000	4,214,938
2028	8,867,968	3,833,391	547,032	168,504	9,415,000	4,001,895
2029	8,886,857	3,639,555	558,143	153,411	9,445,000	3,792,966
2030	9,147,772	3,397,280	557,228	137,727	9,705,000	3,535,007
2031	6,871,406	3,083,043	573,594	121,360	7,445,000	3,204,403
2032	6,824,131	2,833,296	590,869	104,086	7,415,000	2,937,382
2033	7,050,832	2,574,938	609,168	85,787	7,660,000	2,660,725
2034	7,291,927	2,306,612	628,073	66,882	7,920,000	2,373,494
2035	7,537,712	2,027,544	582,288	48,188	8,120,000	2,075,732
2036	7,247,263	1,744,657	312,737	34,444	7,560,000	1,779,101
2037	6,673,307	1,514,525	321,693	25,488	6,995,000	1,540,013
2038	6,534,270	1,287,600	140,730	16,262	6,675,000	1,303,862
2039	6,410,944	1,076,176	144,056	12,937	6,555,000	1,089,113
2040	6,652,533	860,137	147,467	9,526	6,800,000	869,663
2041	6,889,034	635,249	150,966	6,025	7,040,000	641,274
2042	5,380,188	412,512	29,812	2,432	5,410,000	414,944
2043	5,218,995	208,760	31,005	1,240	5,250,000	210,000
	<u>\$ 148,616,393</u>	<u>\$ 48,953,060</u>	<u>\$ 8,743,607</u>	<u>\$ 1,853,042</u>	<u>\$ 157,360,000</u>	<u>\$ 50,806,102</u>

**Interfund transfers**

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

	Transfers In From Other Funds	Transfers Out From Other Funds
General Fund	\$ 2,882,621	\$ 5,563,087
Special Revenue Fund	214,412	807,755
District Activity Fund	169,533	-
Student Activity Fund	-	129,533
Building Fund	-	10,891,553
Construction	5,308,675	1,709,685
Debt Service Fund	10,891,553	-
Food Service Fund	-	365,181
	<u>\$ 19,466,794</u>	<u>\$ 19,466,794</u>

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

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

**Interfund transfers (Continued)**

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

**On-Behalf payments**

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

Kentucky Teachers Retirement System	\$ 21,430,540
Health Insurance	12,115,636
Life Insurance	18,630
Administrative Fee	149,016
HRA/Dental/Vision	798,438
Federal Reimbursement	(1,730,145)
Technology	181,891
Debt Service	926,448
Total On-Behalf	<u>\$ 33,890,454</u>

**Investments**

The District’s investments on June 30, 2023 are as follows:

<u>District Investments</u>	<u>Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
US Treasury Bills	AAA	Various	\$ 63,092,615

**Risk and Uncertainties**

The District invests in investment securities. Investment securities are exposed to various risks, such as interest rate, credit and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amount balances and the amounts reported in the financial statements.

**Interest Rate Risk**

The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

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

**Investments (Continued)**

**Credit Risk**

Under Kentucky Revised Statutes Section 66.480, the District is authorized to invest in obligations of the United States and its agencies and instrumentalities, obligations and contract for future delivery or purchase of obligations backed by the full faith and credit of the United States or of its agencies, obligations of any corporation or the United States government, certificates of deposit, commercial paper rated in one of the three highest categories by nationally recognized rating agencies and securities. Mutual funds shall be eligible investments pursuant to this section. The District has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk**

The District places no limit on the amount the District may invest in any one issuer.

**Custodial Credit Risk**

The District's investments in CV Investments, is uninsured and uncollateralized.

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

- Level 1 – Investments reflect prices quoted on active markets.
- Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include input in markets that are considered to be active.
- Level 3 – Investments reflect prices based on unobservable sources.

Investments as noted in the above table are classified as Level 1 investments.

**New Pronouncements**

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

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

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

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

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

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

**Commitments and Contingencies**

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

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

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

**Restatement of Beginning Balance**

The beginning fund balance for the Special Revenue Fund was increased by \$16 and the beginning fund balance for the District Activity Fund was decreased by \$1,999 to correct an error in the prior year.

**Madison County School District**  
**REQUIRED SUPPLEMENTARY INFORMATION**

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

	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)	Reporting Fiscal Year (Measurement Date) 2015 (2014)
<b>TEACHER'S RETIREMENT SYSTEM OF THE STATE OF KENTUCKY (TRS)</b>									
District's proportion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability	-	-	-	-	-	-	-	-	-
State's proportionate share of pension liability associated with the District	\$ 229,853,669	\$ 179,338,702	\$ 196,593,160	\$ 190,912,596	\$ 186,810,019	\$ 384,985,477	\$ 420,273,287	\$ 322,325,327	\$ 181,876,971
<b>Totals</b>	<b>\$ 229,853,669</b>	<b>\$ 179,338,702</b>	<b>\$ 196,593,160</b>	<b>\$ 190,912,596</b>	<b>\$ 186,810,019</b>	<b>\$ 384,985,477</b>	<b>\$ 420,273,287</b>	<b>\$ 322,325,327</b>	<b>\$ 181,876,971</b>
District's covered-employee payroll	\$ 53,631,222	\$ 51,759,181	\$ 47,682,700	\$ 45,020,965	\$ 44,809,167	\$ 44,835,055	\$ 44,382,855	\$ 42,406,680	\$ 41,196,293
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	56.41%	65.59%	58.27%	58.80%	59.30%	39.80%	35.22%	42.49%	45.59%
<b>COUNTY EMPLOYEE RETIREMENT SYSTEM (CERS)</b>									
District's proportion of the net pension liability	0.564183%	51.707700%	0.540312%	0.542458%	0.539536%	0.52972%	0.53327%	0.534628%	0.53192%
District's proportionate share of the net pension liability	\$ 40,784,865	\$ 32,967,715	\$ 41,441,483	\$ 38,151,313	\$ 32,859,387	\$ 31,006,374	\$ 26,256,386	\$ 22,986,474	\$ 17,257,000
State's proportionate share of the net pension liability	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 40,784,865</b>	<b>\$ 32,967,715</b>	<b>\$ 41,441,483</b>	<b>\$ 38,151,313</b>	<b>\$ 32,859,387</b>	<b>\$ 31,006,374</b>	<b>\$ 26,256,386</b>	<b>\$ 22,986,474</b>	<b>\$ 17,257,000</b>
District's covered-employee payroll	\$ 16,101,763	\$ 15,599,952	\$ 13,583,299	\$ 13,899,070	\$ 13,665,650	\$ 13,255,269	\$ 13,007,551	\$ 12,851,981	\$ 13,045,591
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	253.29%	211.33%	305.09%	274.49%	240.45%	233.92%	201.85%	178.86%	132.28%
Plan fiduciary net position as a percentage of the total pension liability	52.42%	57.33%	58.27%	50.45%	53.54%	53.30%	59.00%	59.97%	66.80%

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

See the accompanying notes to the required supplementary information.



Madison County School District  
REQUIRED SUPPLEMENTARY INFORMATION

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>TEACHER'S RETIREMENT SYSTEM OF THE STATE OF KENTUCKY (TRS)</b>									
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 53,631,222	\$ 51,759,181	\$ 47,682,700	\$ 45,020,965	\$ 44,809,167	\$ 44,835,055	\$ 44,382,855	\$ 42,406,680	\$ 41,196,293
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>COUNTY EMPLOYEE RETIREMENT SYSTEM (CERS)</b>									
Contractually required contribution	\$ 3,915,379	\$ 3,431,720	\$ 2,584,255	\$ 2,731,240	\$ 2,254,429	\$ 1,978,786	\$ 1,849,110	\$ 1,615,538	\$ 1,589,810
Contributions related to the contractually required contribution	3,915,379	3,431,720	2,584,255	2,731,240	2,254,429	1,978,786	1,849,110	1,615,538	1,589,810
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 16,101,763	\$ 15,599,952	\$ 13,583,299	\$ 13,899,070	\$ 13,665,650	\$ 13,255,269	\$ 13,007,551	\$ 12,851,981	\$ 13,045,591
District's contributions as a percentage of its	24.32%	22.00%	19.03%	19.65%	16.50%	14.93%	14.22%	12.57%	12.19%

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

See the accompanying notes to the required supplementary information.

Madison County School District  
REQUIRED SUPPLEMENTARY INFORMATION

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

TRS

Changes of benefit terms

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

Changes of assumptions

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

CERS

Changes of Benefit Terms

2022 None

2021 None

2020 None

2019 None

2018 None

2017 None

2016 None

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

CERS (Continued)

Changes of Assumptions

2022 None

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

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

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

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

2017 None

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

Life Insurance Plan Changes of Benefit Terms

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

2021 None

2020 None

2019 None

2018 None

Changes of Assumptions

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

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

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

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

2018 None

Madison County School District  
REQUIRED SUPPLEMENTARY INFORMATION

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

	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
<b>MEDICAL INSURANCE PLAN</b>						
District's proportion of the collective OPEB liability	0.564087%	0.516956%	0.745683%	0.746753%	0.738448%	0.755851%
District's proportionate share of the collective net OPEB liability	\$ 24,377,000	\$ 15,805,000	\$ 18,819,000	\$ 21,856,100	\$ 25,622,000	\$ 26,952,000
State's proportionate share of the collective net OPEB liability associated with the District	8,008,000	12,835,000	15,075,000	17,650,000	22,081,000	22,016,000
Totals	\$ 32,385,000	\$ 28,640,000	\$ 33,894,000	\$ 39,506,100	\$ 47,703,000	\$ 48,968,000
District's covered-employee payroll	\$ 53,631,222	\$ 51,759,181	\$ 47,682,700	\$ 45,020,965	\$ 44,809,167	\$ 44,835,055
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	45.45%	30.54%	39.47%	48.55%	57.18%	60.11%
Plan fiduciary net position as a percentage of the total OPEB	47.75%	51.74%	39.05%	32.58%	25.50%	21.20%
<b>LIFE INSURANCE PLAN</b>						
District's proportion of the collective OPEB liability	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability associated with the District	398,000	171,000	456,000	410,000	379,000	295,000
Totals	\$ 398,000	\$ 171,000	\$ 456,000	\$ 410,000	\$ 379,000	\$ 295,000
District's covered-employee payroll	\$ 53,631,222	\$ 51,759,181	\$ 47,682,700	\$ 45,020,965	\$ 44,809,167	\$ 44,835,055
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB	73.97%	89.15%	71.57%	73.40%	75.00%	80.00%

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

See the accompanying notes to the required supplementary information.

Madison County School District  
REQUIRED SUPPLEMENTARY INFORMATION

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

	2023	2022	2021	2020	2019	2018
<b>MEDICAL INSURANCE PLAN</b>						
Contractually required contribution	\$ 2,533,127	\$ 2,661,237	\$ 1,405,786	\$ 1,365,848	\$ 1,350,629	\$ 1,344,275
Contributions in relation to the contractually required contribution	<u>2,533,127</u>	<u>2,661,237</u>	<u>1,405,786</u>	<u>1,365,848</u>	<u>1,350,629</u>	<u>1,344,275</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 53,631,222	\$ 51,759,181	\$ 47,682,700	\$ 45,020,965	\$ 44,809,167	\$ 44,835,055
District's contributions as a percentage of it's covered-employee payroll	4.72%	5.14%	2.95%	3.03%	3.01%	3.00%
<b>LIFE INSURANCE PLAN</b>						
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 53,631,222	\$ 51,759,181	\$ 47,682,700	\$ 45,020,965	\$ 44,809,167	\$ 44,835,055
District's contributions as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

See the accompanying notes to the required supplementary information.

Madison County School District  
REQUIRED SUPPLEMENTARY INFORMATION

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

	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
<b>HEALTH INSURANCE PLAN</b>						
District's proportion of the collective OPEB liability	0.51696%	0.51696%	0.54017%	0.54233%	0.53951%	0.59297%
District's proportionate share of the collective net OPEB liability	\$ 11,132,334	\$ 9,896,864	\$ 13,043,511	\$ 9,121,662	\$ 9,578,954	\$ 10,649,264
State's proportionate share of the collective net OPEB liability associated with the District	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 11,132,334</b>	<b>\$ 9,896,864</b>	<b>\$ 13,043,511</b>	<b>\$ 9,121,662</b>	<b>\$ 9,578,954</b>	<b>\$ 10,649,264</b>
District's covered-employee payroll	\$ 16,101,763	\$ 15,599,952	\$ 13,583,299	\$ 13,899,070	\$ 13,665,650	\$ 13,255,269
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	69.14%	63.44%	96.03%	65.63%	70.10%	80.34%
Plan fiduciary net position as a percentage of the total OPEB	62.91%	51.67%	51.67%	60.44%	57.62%	52.39%

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

See the accompanying notes to the required supplementary information.

Madison County School District  
REQUIRED SUPPLEMENTARY INFORMATION

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

HEALTH INSURANCE PLAN	2022	2021	2021	2020	2019	2018
Contractually required contribution	\$ 567,228	\$ 936,955	\$ 637,360	\$ 673,612	\$ 731,091	\$ 642,286
Contributions in relation to the contractually required contribution	567,228	936,955	637,360	673,612	731,091	642,286
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 16,101,763	\$ 15,599,952	\$ 13,583,299	\$ 13,899,070	\$ 13,665,650	\$ 13,255,269
District's contributions as a percentage of it's covered-employee payroll	3.52%	6.01%	4.69%	4.85%	5.35%	4.85%

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

See the accompanying notes to the required supplementary information.

Madison County School District  
REQUIRED SUPPLEMENTARY INFORMATION

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

TRS

Note I - Changes of Benefit Terms

Health and Life Trust

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

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

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

- None

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

- None

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

- None

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

Health Trust

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

- Life Trust - none

Note II - Changes to assumptions or other inputs

Health Trust

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

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



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

Life Trust

None

CERS

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

MADISON COUNTY SCHOOL DISTRICT

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

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Facility Support Program (FSPK) Fund	Debt Service Fund	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 499,027	\$ 1,169,827	\$ 1,664,365	\$ 5,925,647	\$ -	\$ 9,258,866
Interfund receivables	-	-	-	-	-	-
Receivables						
Taxes-current	-	-	-	-	-	-
Accounts	6,347	-	-	-	-	6,347
Intergovernmental - state	-	-	-	-	-	-
Intergovernmental - federal	-	-	-	-	-	-
Total assets	<u>505,374</u>	<u>1,169,827</u>	<u>1,664,365</u>	<u>5,925,647</u>	<u>-</u>	<u>9,265,213</u>
<b>LIABILITIES</b>						
Accounts payable	4,642	-	-	-	-	4,642
Interfund payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>4,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,642</u>
<b>FUND BALANCE</b>						
Restricted	-	-	1,664,365	5,925,647	-	7,590,012
Committed	496,550	1,169,827	-	-	-	1,666,377
Assigned	4,182	-	-	-	-	4,182
Unassigned	-	-	-	-	-	-
Total fund balance	<u>500,732</u>	<u>1,169,827</u>	<u>1,664,365</u>	<u>5,925,647</u>	<u>-</u>	<u>9,260,571</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 505,374</u>	<u>\$ 1,169,827</u>	<u>\$ 1,664,365</u>	<u>\$ 5,925,647</u>	<u>\$ -</u>	<u>\$ 9,265,213</u>

MADISON COUNTY SCHOOL DISTRICT

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

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Facility Support Program (FSPK) Fund	Debt Service Fund	Total
<b>Revenues</b>						
From Local Sources						
Taxes						
Property	\$ -	\$ -	\$ -	\$ 10,353,018	\$ -	\$ 10,353,018
Motor vehicle	-	-	-	-	-	-
Franchise	-	-	-	479,814	-	479,814
Utilities	-	-	-	-	-	-
Earnings on investments	410	369	130,977	246,356	-	378,112
Student activities	296,621	1,396,811	-	-	-	1,693,432
Other local revenue	108,021	818,328	-	-	-	926,349
Intergovernmental - state	-	-	1,021,006	4,727,299	926,448	6,674,753
Intergovernmental - federal	-	-	-	-	-	-
Total revenues	<u>405,052</u>	<u>2,215,508</u>	<u>1,151,983</u>	<u>15,806,487</u>	<u>926,448</u>	<u>20,505,478</u>
<b>EXPENDITURES</b>						
Instruction	517,078	1,773,504	-	-	-	2,290,582
Support services						
Student	-	2,303	-	-	-	2,303
Instructional staff	92,010	99,142	-	-	-	191,152
District Administration	-	-	-	168,498	-	168,498
School Administration	-	-	-	-	-	-
Business	-	-	-	-	-	-
Plant operation and maintenance	-	1,524	-	-	-	1,524
Student Transportation	59,241	45,283	-	-	-	104,524
Community Services Operations	-	-	-	-	-	-
Land/Site Acquisitions	-	-	-	-	-	-
Building acquisitions/construction	-	-	-	-	-	-
Building improvements	-	-	-	-	-	-
Other Non-Instructional Services	-	26,997	-	-	-	26,997
Debt service						
Principal	-	-	-	-	9,120,000	9,120,000
Interest	-	-	-	-	2,698,001	2,698,001
Total expenditures	<u>668,329</u>	<u>1,948,753</u>	<u>-</u>	<u>168,498</u>	<u>11,818,001</u>	<u>14,603,581</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(263,277)</b>	<b>266,755</b>	<b>1,151,983</b>	<b>15,637,989</b>	<b>(10,891,553)</b>	<b>5,901,897</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond proceeds	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-
Loss Compensation	-	-	-	-	-	-
Operating transfers in	169,533	-	-	-	10,891,553	11,061,086
Operating transfers (out)	-	(129,533)	(1,720,555)	(12,096,874)	-	(13,946,962)
Total other financing sources and (uses)	<u>169,533</u>	<u>(129,533)</u>	<u>(1,720,555)</u>	<u>(12,096,874)</u>	<u>10,891,553</u>	<u>(2,885,876)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(93,744)</b>	<b>137,222</b>	<b>(568,572)</b>	<b>3,541,115</b>	<b>-</b>	<b>3,016,021</b>
<b>FUND BALANCE - BEGINNING (Restated)</b>	<b>594,476</b>	<b>1,032,605</b>	<b>2,232,937</b>	<b>2,384,532</b>	<b>-</b>	<b>6,244,550</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 500,732</b>	<b>\$ 1,169,827</b>	<b>\$ 1,664,365</b>	<b>\$ 5,925,647</b>	<b>\$ -</b>	<b>\$ 9,260,571</b>

MADISON COUNTY SCHOOL DISTRICT

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

School	CASH			CASH
	BALANCES	RECEIPTS	DISBURSEMENTS	BALANCES
	July 1, 2022			June 30, 2023
Boonesborough Elementary	\$ 12,008	\$ 85,984	\$ 87,080	\$ 10,912
Daniel Boone Elementary	6,125	26,899	25,146	7,878
Glenn Marshall Elementary	18,630	43,469	46,469	15,630
Kingston Elementary	22,547	38,158	38,826	21,879
Kirksville Elementary	12,878	18,816	18,751	12,943
Kit Carson Elementary	13,239	20,121	22,355	11,005
Madison Kindergarten Academy	9,018	31,355	35,175	5,198
Shannon Johnson Elementary	19,412	54,023	59,204	14,231
Silver Creek Elementary	19,146	43,979	42,075	21,050
Waco Elementary	10,362	114	85	10,391
White Hall Elementary	4,649	17,650	18,803	3,496
B. Michael Caudill Middle	69,561	141,804	147,149	64,216
Clark-Moores Middle	92,443	195,768	187,229	100,982
Farristown Middle	52,556	202,583	190,568	64,571
Foley Middle	34,948	86,752	84,462	37,238
Madison Middle	33,734	110,866	110,132	34,468
Madison Southern High	149,508	399,165	382,645	166,028
Madison Central High	465,622	1,068,838	966,749	567,711
Total School Activity Funds	<u>\$ 1,046,386</u>	<u>\$ 2,586,344</u>	<u>\$ 2,462,903</u>	<u>\$ 1,169,827</u>

MADISON COUNTY SCHOOL DISTRICT

Student Activity Funds – Madison Central High School

Schedule of Cash Receipts, Cash Disbursements and Cash Balances

For the Year Ended June 30, 2023

Activity	CASH		DISBURSEMENTS		CASH
	BALANCES	RECEIPTS	DISBURSEMENTS	AND TRANSFERS	BALANCES
	July 1, 2022	AND TRANSFERS	AND TRANSFERS		June 30, 2023
General Fund	\$ 77,206	\$ 1,025	\$ 5,953	\$	72,278
Ballgame Change	-	5,000	5,000		-
Pass Program	6,269	4,219	2,363		8,125
Lost Textbooks	978	283	-		1,261
Fac-Staff Retirement Fund	291	-	-		291
Vending-Staff Drinks	1,132	1,760	1,473		1,419
Vending-Staff Snacks	621	48	322		347
Vending-Student Drinks	1,339	1,592	2,558		373
Vending-Student Snacks	3,475	5,902	3,160		6,217
Weightroom	-	720	663		57
Freshman Academy	714	622	-		1,336
Library Activities	2,453	644	962		2,135
Minority Student Council	710	6,150	3,577		3,283
Staffulty-Unity Club	1,329	1,650	2,267		712
Archery	-	500	500		-
Misc. Athletics	563	68,782	69,338		7
Advertisement-Athletics	35,814	32,120	1,247		66,687
Uniform Replacement	6,428	-	6,000		428
Gate Receipts	19,354	94,726	80,817		33,263
Baseball	-	5,205	5,205		-
Baseball Club	49	31,761	30,083		1,727
Bowling Team	-	1,176	1,176		-
District-Reg Tournaments	26,679	11,228	3,292		34,615
Boys Basketball	-	9,720	9,720		-
Boys Basketball Club	6,601	33,460	30,364		9,697
Girls Basketball	4	14,600	10,006		4,598
G/Basketball Club	7,320	21,553	24,433		4,440
Bowling Club	3,257	3,671	5,568		1,360
Cheer Club	1,022	84,268	85,133		157
Cheerleader Trip	6,948	67,046	69,924		4,070
Concession	-	40,749	20,748		20,001
Cross County, Boys	23	938	907		54
Cross County, Girls	23	1,194	1,217		-
B/G Cross Cty Club	11,546	9,652	16,888		4,310
Var Dance Club	7,846	77,400	78,988		6,258
Bass Anglers	12,742	5,098	9,955		7,885
Football	-	12,855	12,855		-
Football Club	6,773	29,280	36,053		-
Football Special Projects	13,091	31,831	8,437		36,485
Boys Golf	-	5,185	5,185		-
Boys Golf Club	-	35,339	35,287		52

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

Activity	CASH			CASH
	BALANCES July 1, 2022	RECEIPTS AND TRANSFERS	DISBURSEMENTS AND TRANSFERS	BALANCES June 30, 2023
Girls Golf	-	4,052	4,052	-
Girls Golf Club	2,432	34,214	28,880	7,766
Homecoming	348	5,808	6,156	-
Boys Soccer	205	6,841	7,046	-
Girls Soccer	-	1,256	1,256	-
Girls Soccer Club	5,905	17,023	16,772	6,156
Softball Travel	1,500	-	-	1,500
Softball	2,353	4,680	5,711	1,322
Softball Club	10,534	34,874	25,700	19,708
Swimming	-	2,500	2,500	-
Swimming Club	3,819	10,908	7,771	6,956
Wrestling Club	3,775	12,641	11,742	4,674
Tennis	18	1,000	1,012	6
Tennis Club	482	3,195	2,934	743
Tournaments	8,997	6,472	-	15,469
Wrestling	17	4,133	4,150	-
Boys Track	273	1,150	1,236	187
B/G Track Club	21,926	17,563	16,374	23,115
Girls Track	393	1,000	831	562
Volleyball	-	3,783	3,783	-
Volleyball Club	9,914	15,111	25,025	-
Archery Club	1,448	33,511	34,959	-
Academic Team	160	472	100	532
Art Club	61	405	-	466
Band Club	180	930	945	165
Choral Music	17,888	3,897	6,993	14,792
Dabs	216	-	-	216
Book Club	731	120	223	628
FBLA	-	16,255	10,744	5,511
Drama Club	787	-	-	787
FCA	400	-	55	345
FFA Club	12,033	15,809	16,895	10,947
FCCLA	489	2,654	2,852	291
Broadcast Journalism	884	-	884	-
Success Workstudy	381	215	596	-
JROTC Club	128	12,201	7,831	4,498
Junior Class	31,689	23,940	23,088	32,541
Latin Club	176	1,634	855	955
Project Santa	1,194	3,714	1,425	3,483
Humane Society Club	349	-	300	49
Musical Theatre	25,592	25,837	20,004	31,425

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

Activity	CASH	RECEIPTS	DISBURSEMENTS	CASH
	BALANCES	AND TRANSFERS	AND TRANSFERS	BALANCES
	July 1, 2022			June 30, 2023
National Honor Society	1,061	1,790	1,557	1,294
First Priority	291	-	-	291
Pep Club	1,057	1,330	1,042	1,345
Science Club	3	-	3	-
Cience Olympiad	230	34	264	-
Dungeons And Dragons	38	-	38	-
Teen Task Force	192	793	813	172
Sophomore Class	6,922	7,678	7,029	7,571
Guitar Program Club	-	652	117	535
Spanish Club	812	30	352	490
Spanish Honor Society	24	-	-	24
HOSA	1,944	5,848	5,446	2,346
T.E.A.M	319	-	319	-
Terry L. Wells Interest	4,020	-	-	4,020
Together As One	179	-	179	-
Yearbook	11,512	335	1,716	10,131
Senior Class	1,073	339	700	712
Technology Student Assoc.	-	1,105	310	795
Mock Trial	84	1,777	736	1,125
The H.O.O.D.	30	-	30	-
Express Yourself Clearly	1,087	656	632	1,111
Skills USA	-	7,167	5,199	1,968
Future Educators	-	176	176	-
Tribal Threads	707	-	392	315
Rotary Ineract Club	244	-	-	244
CIA	1,457	-	196	1,261
Key Club	1,235	345	336	1,244
T.E.R.R.A.	400	-	-	400
Young Democrats	42	-	-	42
AAMMP	30	50	66	14
Monday Morning Men	-	511	112	399
GSA	96	-	-	96
MCHS Dance Blue	154	5,573	5,721	6
General - Dist Activity	102	82,675	82,740	37
Subtotal	465,622	1,207,614	1,105,525	567,711
Interfund Transfers		138,776	138,776	
Total	\$ 465,622	\$ 1,068,838	\$ 966,749	\$ 567,711

MADISON COUNTY SCHOOL DISTRICT

Student Activity Funds – Madison Southern High School

Schedule of Cash Receipts, Cash Disbursements and Cash Balances

For the Year Ended June 30, 2023

Activity	CASH			CASH
	BALANCES July 1, 2022	RECEIPTS AND TRANSFERS	DISBURSEMENTS AND TRANSFERS	BALANCES June 30, 2023
Interest	\$ 94	\$ 12	\$ 106	\$ -
General	2,249	209	40	2,418
Vending Teachers Workroom	4,138	782	2,045	2,875
Vending	15,386	6,296	2,419	19,263
Hospitality	200	-	-	200
Charities	185	1,200	1,141	244
Eagle Nest	781	-	-	781
Renaissance	2,726	-	-	2,726
Academic Team	523	1,979	2,041	461
Business	918	4,213	3,173	1,958
Beta Club	393	-	-	393
Hosa Club	1,240	666	1,114	792
AHC	-	1,910	1,400	510
Environthon Club	72	-	22	50
Drama Club	7,788	11,125	6,575	12,338
FCA	194	-	34	160
FFA	1,387	40,735	39,786	2,336
FCCLA	1,577	2,818	3,329	1,066
Freshman Class	310	-	90	220
Thespian	1,634	1,420	514	2,540
Mad Swigs	12	-	12	-
Senior Class	1,024	5,437	5,457	1,004
Newspaper	1,986	1,280	1,616	1,650
Key Club	16	-	16	-
Pep Club	70	850	718	202
Youth Service Center	578	-	132	446
Spanish Club	124	-	-	124
Skills USA	1,592	1,412	2,848	156
TSA	-	1,592	190	1,402
Homecoming	76	757	713	120
Yearbook	20,945	7,725	9,139	19,531
Tri M Honor Music Society	7	-	-	7
Student Council	108	-	-	108
AFJROTC	1,452	22,770	23,125	1,097
Prom	17,840	17,966	20,385	15,421
Athletic Dept	31,515	41,639	45,576	27,578
Letter Jackets	-	7,913	7,913	-
Start Up	-	8,250	8,250	-
Archery	1,615	16,053	15,567	2,101
Baseball Boys	37	-	-	37
Baseball Girls	184	-	-	184



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

Activity	CASH	RECEIPTS	DISBURSEMENTS	CASH
	BALANCES	AND TRANSFERS	AND TRANSFERS	BALANCES
	July 1, 2022			June 30, 2023
Basketball Boys	20	15,250	13,386	1,884
Basketball Girls	6	250	-	256
Bass Team	4,411	2,850	2,481	4,780
Bowling	99	611	377	333
Football	513	650	505	658
Soccer Boys	65	250	211	104
Soccer Girls	90	-	-	90
Swim Team	1,236	3,131	1,884	2,483
Track, Boys	13	-	-	13
Cross Country	9	351	360	-
Tennis	1,302	1,660	1,811	1,151
Cheerleaders	43	2,896	900	2,039
Dance	195	3,861	3,900	156
Golf Boys	-	5,282	2,627	2,655
Golf Girls	4,456	13,807	8,353	9,910
Volleyball	3	-	-	3
Art Club	287	-	85	202
Band	109	-	-	109
Techno Club	842	-	393	449
FMD Program	941	72	679	334
Greenhouse	5,000	7,659	5,236	7,423
Welding	-	1,085	-	1,085
Culinary Catering	80	1,442	1,045	477
Library	443	250	87	606
Vocal Music	4,503	4,952	7,012	2,443
Eagle Graphics	3,112	-	-	3,112
Mock Trial Team	-	1,860	1,758	102
AFJROTC Logistical Support	754	2,660	3,414	-
General - Dist Activity	-	39,957	39,526	431
Library - Dist Activity	-	1,825	1,825	-
Athletic - Dist Activity	-	84,267	84,026	241
Field Trip - Dist Activity	-	250	250	-
Subtotal	149,508	404,137	387,617	166,028
Interfund Transfers	-	4,972	4,972	-
Total	\$ 149,508	\$ 399,165	\$ 382,645	\$ 166,028

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

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE/SUBTITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>				
Child Nutrition Cluster -				
Passed Through Kentucky Department of Education: School Breakfast Program	10.553	7760005-22 7760005-23		\$ 335,288 1,459,075 <u>1,794,363</u>
Passed Through Kentucky Department of Education: Summer Food Service Program for Children	10.559	7690024-22 7740023-22		10,242 98,787 <u>109,029</u>
Passed Through Kentucky Department of Education: National School Lunch Program	10.555	7750002-22 7750002-23		841,398 3,719,345 <u>4,560,743</u>
Non-Cash Assistance (Commodities) National School Lunch Program TOTAL CHILD NUTRITION CLUSTER	10.555	4002806		503,043 <u>6,967,178</u>
Passed Through Kentucky Department of Education: Child and Adult Care Food Program	10.558	7800016-22 7800016-23 7790021-22 7790021-23		4,192 6,834 53,232 94,882 <u>159,140</u>
Passed Through Kentucky Department of Education: State Administrative Expenses for Child Nutrition	10.560	7700001-20		12,643
Pandemic EBT Administrative Costs	10.649	9990000-22		5,950 <u>5,950</u>
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE				<u>7,144,911</u>
<u>UNITED STATES DEPARTMENT OF DEFENSE</u>				
National Guard Civilian Youth Opportunities	12.404	Direct		<u>86,163</u>
TOTAL UNITED STATES DEPARTMENT OF DEFENSE				<u>86,163</u>
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>				
Special Education Cluster -				
Passed Through Kentucky Department of Education: Special Education Grants to States	84.027A	3810002-21 3810002-22		292,084 2,220,567
Passed Through Kentucky Department of Education: Special Education Grants to States Plan Act of 2021 (ARP)	84.027X	4910002-21		50,343
Passed Through Kentucky Department of Education: Special Education Preschool Grants	84.173A	3800002-21 3800002-22		45,208 93,580
Passed Through Kentucky Department of Education: Individuals With Disabilities Education Act/American Rescue Plan Act of 2021 (ARP)	84.173X	4900002-21		36,732 <u>36,732</u>
TOTAL SPECIAL EDUCATION CLUSTER				<u>2,738,514</u>
Passed Through Kentucky Department of Education: Title I Grants To Local Educational Agencies	84.010A	3100002-22 3100002-23		1,011,757 2,408,072 <u>3,419,829</u>
Passed Through Kentucky Department of Education: Migrant Education State Grant Program	84.011A	3110002-20 3110002-21 3110002-22		44,192 84,104 155,964 <u>284,260</u>

The accompanying notes are an integral part of this schedule.

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

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE/SUBTITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
<u>UNITED STATES DEPARTMENT OF EDUCATION (CONTINUED)</u>				
Passed Through Kentucky Department of Education: Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013A	3100102-22		26,200
Passed Through Kentucky Department of Education: Career and Technical Education -- Basic Grants to States	84.048	3710002-21 3710002-22		30,197 163,260 <u>193,457</u>
Passed Through Kentucky Department of Education: Rehabilitation Services - Vocational Rehabilitation	84.126A	3800002-21		50,056
Passed Through Save The Children Federation, Inc. Twenty-First Century Community Learning Centers	84.287	3400002-20 3400002-21		2,214 240,578 <u>242,792</u>
Passed through Berea College Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	P334A180018A-22 P334A180018A-23		89,327 675,668 <u>764,995</u>
English Language Acquisition State Grants	84.365A	3300002-21 3300002-22 3300002-23		1,994 25,592 7,315 <u>34,901</u>
Passed Through Kentucky Department of Education: Supporting Effective Instruction State Grant	84.367	3230003-21		21,254
Passed Through Kentucky Department of Education: Student Support and Academic Enrichment Program	84.424A	3420002-22 3420002-23		5,625 225,884 <u>231,509</u>
Passed Through Kentucky Department of Education: Education Stabilization Fund Elementary and Secondary School Emergency Relief Fund Plan Act of 2021 (ARP)	84.425D	CARE-20 4200002-21		77,511 4,149,993 <u>4,227,504</u>
Passed Through Kentucky Department of Education: Education Stabilization Fund Plan Act of 2021 (ARP)	84.425U	4300002-21 4300005-21 4300003-21 2300001247		2,998,093 128,981 11,830 68,171
Passed Through Southeast South-Central Educational Cooperative Education Stabilization Fund Plan Act of 2021 (ARP)	84.425U	UNASSIGNED		16,821 <u>3,223,896</u>
Total Education Stabilization Fund				<u>7,451,400</u>
TOTAL UNITED STATES DEPARTMENT OF EDUCATION				<u>15,459,167</u>
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed Through Kentucky Department of Education: Cooperative Agreements To Promote Adolescent Health Through School-Based HIV/STD Prevention And School-Based Surveillance	93.079	2100001-22		1,200
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>1,200</u>
<u>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</u>				
Passed through Madison County Fiscal Court Chemical Stockpile Emergency Preparedness Program	97.040	UNASSIGNED		118,750
TOTAL UNITED STATES DEPARTMENT OF HOMELAND SECURITY				<u>\$ 118,750</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	<u>\$ 22,810,191</u>

The accompanying notes are an integral part of this schedule.

## MADISON COUNTY SCHOOL DISTRICT

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

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

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

#### **Note 2. Significant Accounting Policies**

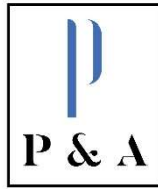
Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on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

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

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disburse. For the year ended June 30, 2023, the District received food commodities totaling \$503,043.

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

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



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive  
Winchester, KY 40391

## **Independent Auditor's Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

Kentucky State Committee for School District Audits  
Board of Education of the Madison County School District  
Richmond, KY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract, Including Appendix II Instructions for Submissions of the Audit Report*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Madison County School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Madison County School District's basic financial statements, and have issued our report thereon dated November 9, 2023.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 Madison County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

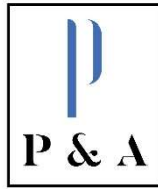
## Purpose of This Report

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.

*Sammy R. Patrick, CPA*

Patrick & Associates, LLC  
Winchester, Kentucky

November 9, 2023



PATRICK & ASSOCIATES, LLC  
124 Candlewood Drive  
Winchester, KY 40391

## **Independent Auditor's Report On Compliance for Each Major Program And On Internal Control Over Compliance Required by the Uniform Guidance**

Kentucky State Committee for School District Audits  
Board of Education of the Madison County School District  
Richmond, KY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

*James R. Patrick, CPA*

Patrick & Associates, LLC  
Winchester, Kentucky

November 9, 2023

Schedule of Findings and Questioned Costs

**SUMMARY OF AUDITOR’S RESULTS**

What type of report was issued for the financial statements?	Unmodified
Were there significant deficiencies in internal control disclosed? If so, was any significant deficiencies material (GAGAS)?	None Reported
Was any material noncompliance reported (GAGAS)?	No
Were there material weaknesses in internal control disclosed for major programs?	No
Were there any significant deficiencies in internal control disclosed that were not considered to be material weaknesses?	None Reported
What type or report was issued on compliance for major programs?	Unmodified
Did the audit disclose findings as it relates to major programs that are required to be reported as described in Uniform Guidance?	No
Major Programs	Title I Grants To Local Educational Agencies [Federal Assistance Number 84.010A]  Gaining Early Awareness And Readiness For Undergraduate Programs [Federal Assistance Number 84.334A]  Education Stabilization Fund [Federal Assistance Number 84.425D, 84.425U)
Dollar threshold of Type A and B programs?	\$750,000
Low risk auditee?	Yes

**FINDINGS – FINANCIAL STATEMENT AUDIT**

No findings at the financial statement level.

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

No major federal award findings.

**SUMMARY SCHEDULE – PRIOR YEAR AUDIT FINDINGS**

**FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no prior year findings.

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

There were no prior year findings.