MURRAY INDEPENDENT SCHOOL DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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MURRAY INDEPENDENT SCHOOL DISTRICT
JUNE 30, 2023

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. 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 Murray Independent 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Murray Independent School District's internal control over financial reporting and compliance.

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

November 15, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

MURRAY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023

As management of the Murray Independent School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. The District encourages readers to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal, notes to the basic financial statements and the financial statements to enhance their understanding of the District's financial performance.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. GASB Statement No. 68 addresses accounting and financials for pensions that are provided to employees through trusts that have defined characteristics. The District has implemented Governmental Accounting Standards Board Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which requires reporting of the District's Other Postemployment Benefits (OPEB) liability on the face of the financial statements and more extensive note disclosure and required supplementary information about OPEB liabilities. Cost-sharing governmental employers, such as the District, are required to report a new OPEB liability, OPEB expense and OPEB-related assets and liabilities based on their proportionate share of the collective amounts for all governments in the plan.

FINANCIAL HIGHLIGHTS

- The ending cash balance for the District was $12.1M in 2023 and $9.9M in 2022.
- In total, net position increased $1.8M. The net position of governmental activities increased $1.7M, while the net position of business-type activities increased $78K. Total assets were $39M at June 30, 2023 compared to $37M at June 30, 2022 and total liabilities were $37M at June 30, 2023 compared to $34M at June 30, 2022.
- Total revenues were $34M for the year. General revenues accounted for $19.6M, 57.85% of the total, while program specific revenues in the form of charges for services and sales, grant and contributions accounted for $14.3M or 42.15% of total revenues. The District incurred $32.1M in total expenses.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide financial statements – The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources. All of the current year revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets plus deferred outflows of resources and the District's liabilities plus deferred inflows of resources – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, the reader needs to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, all the District's activities are reported as governmental activities.

- Governmental activities – All the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of the activities.

Fund financial statements – The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, the District provides additional information with the governmental funds statements that explain the relationship (or differences) between them.

- *Proprietary funds* – The District's proprietary funds are Food Service and Day Care. The proprietary fund statements are the same as the business-type activities in the government-wide statements, but provide more detail and additional information, such as cash flows.

- *Fiduciary fund* – The District is a fiduciary for assets that belong to others and is responsible for ensuring that assets reported in the fiduciary funds are used only for their intended purposes. These funds are excluded from the government-wide financial statements because the assets cannot be used to finance the operations of the District.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information – In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information, as well as combining and individual fund statements and schedules, as listed in the table of contents.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets plus deferred outflows exceeded liabilities plus deferred inflows by $4.5M as of June 30, 2023.

A significant portion of the District's net position, $8.5M, reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position, $5.5M, represents resources subject to external restrictions on how they may be used.

Following is a summary of the District's government-wide net position as of June 30, 2023 and 2022:

Net Position

	Governmental Activities		Business-type Activities		District Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current assets						
and other assets	$ 12,760,301	$ 10,030,035	$ 1,366,440	$ 1,198,239	$ 14,126,741	$ 11,228,274
Capital assets	24,812,486	25,553,011	35,289	39,830	24,847,775	25,592,841
Total assets	37,572,787	35,583,046	1,401,729	1,238,069	38,974,516	36,821,115
Deferred outflows of resources	7,535,696	5,795,262	464,636	417,998	8,000,332	6,213,260
LIABILITIES						
Current liabilities	1,009,410	810,808	988	-	1,010,398	810,808
Long-term debt	35,020,383	32,786,059	1,366,699	1,190,187	36,387,082	33,976,246
Total liabilities	36,029,793	33,596,867	1,367,687	1,190,187	37,397,480	34,787,054
Deferred inflows of resources	4,646,184	5,110,628	370,915	417,814	5,017,099	5,528,442
NET POSITION						
Investment in capital assets						
net of related debt	8,431,812	8,281,972	35,289	39,830	8,467,101	8,321,802
Restricted	5,428,201	3,900,443	-	-	5,428,201	3,900,443
Unrestricted	(9,427,507)	(9,511,602)	92,474	8,236	(9,335,033)	(9,503,366)
Total net position	$ 4,432,506	$ 2,670,813	$ 127,763	$ 48,066	$ 4,560,269	$ 2,718,879

The net pension liability (NPL) and the net other postemployment benefits (OPEB) liability are the largest liabilities reported by the District as of June 30, 2023. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows of resources related to pension and OPEB.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for-benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. Changes in benefits, contribution rates and return on investments affect the balance of these liabilities but are outside the control of the local government.

In the event that contributions, investment returns and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net positon.

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows of resources.

MURRAY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023

Following is a summary of changes in the District's net position for the years ended June 30, 2023 and 2022:

Changes in Net Position

	Governmental Activities		Business-type Activities		District Total	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues						
Operating grants and contributions	$ 13,536,414	$ 11,431,054	$ 98,114	$ 72,916	$ 13,634,528	$ 11,503,970
Capital grants and contributions	127,693	127,692	-	-	127,693	127,692
Charges for services	-	-	548,542	272,683	548,542	272,683
General revenues						
Property taxes	3,984,197	3,805,442	-	-	3,984,197	3,805,442
Other taxes	1,454,650	1,397,468	-	-	1,454,650	1,397,468
Investment earnings	412,350	70,254	47,656	7,255	460,006	77,509
State aid	11,091,655	9,837,055	1,004,360	1,322,605	12,096,015	11,159,660
Other local revenue	517,150	412,079	-	-	517,150	412,079
Gain (loss) on sale of assets	378,898	2,785	-	-	378,898	2,785
Miscellaneous	791,320	875,088	-	6,494	791,320	881,582
Total revenues	32,294,327	27,958,917	1,698,672	1,681,953	33,992,999	29,640,870
EXPENSES						
Instruction	21,243,573	19,786,778	-	-	21,243,573	19,786,778
Support services						
Student	1,564,841	1,428,605	-	-	1,564,841	1,428,605
Instructional staff	1,086,402	1,008,484	-	-	1,086,402	1,008,484
District administrative	584,683	554,242	-	-	584,683	554,242
School administrative	1,291,226	1,137,423	-	-	1,291,226	1,137,423
Business	513,678	479,293	-	-	513,678	479,293
Plant operations and maintenance	2,759,661	2,437,407	-	-	2,759,661	2,437,407
Student transportation	556,776	439,876	-	-	556,776	439,876
Community service activities	383,111	352,433	-	-	383,111	352,433
Interest costs	548,683	595,184	-	-	548,683	595,184
Day care	-	-	296,744	260,480	296,744	260,480
Food service	-	4,553	1,322,231	1,270,818	1,322,231	1,275,371
Total expenses	30,532,634	28,224,278	1,618,975	1,531,298	32,151,609	29,755,576
Change in net position before transfers	1,761,693	(265,361)	79,697	150,655	1,841,390	(114,706)
Transfers in (out)	-	-	-	-	-	-
Change in net position after transfers	$ 1,761,693	$ (265,361)	$ 79,697	$ 150,655	$ 1,841,390	$ (114,706)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The net position of the District's governmental activities increased by $1.7M. Net position reflects a positive balance of $4.4M. The District has developed a strategic plan to best utilize the resources available and to preserve those resources as long as possible.

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $9.1M, an increase of $2.3M in comparison with the prior year. The following schedule indicates the fund balances and the total changes in fund balances by major fund and other governmental (nonmajor) funds as reported in the basic financial statements for the fiscal years ended June 30, 2023 and 2022.

The main sources of the General Fund's revenues are state aid in the form of SEEK allocations and locally assessed taxes. The majority of the District's activities are accounted for in the General Fund. The Special Revenue Fund consists of grant revenues, mostly state funds and federal funds administered through the state, and expenditures of those grants for specific programs in accordance with the grants' guidelines. In addition to the Special Revenue (Grant) Fund, the District has the Special Revenue District Activity Fund and the Special Revenue Student Activity Fund which includes funds restricted to expenditures for purposes specified by Kentucky Department of Education requirements.

The SEEK Capital Outlay Fund's revenues are derived from state SEEK allowances based upon student enrollment. The FSPK Fund's revenues are produced by a five-cent property tax equivalent. The use of both funds' resources is generally restricted to facilities acquisition or improvement and payment of the related debt on facilities. The Construction Fund is used to account for facility construction and improvement projects funded by other funds or borrowing.

The Debt Service Fund is used to account for all activities related to long-term bond obligations.

Following is a summary of fund balances as of June 30, 2023 and 2022:

Governmental Funds	2023	2022	Increase (Decrease)
General Fund	$ 3,700,410	$ 2,919,224	$ 781,186
Special Revenue Fund	-	-	-
Student Activity Fund	206,422	148,051	58,371
FSPK Fund	3,823,987	2,533,161	1,290,826
Capital Outlay Fund	917,313	712,806	204,507
Debt Service Fund	-	-	-
District Activity Fund	320,490	301,827	18,663
Construction Fund	188,640	204,598	(15,958)
Total governmental funds	$ 9,157,262	$ 6,819,667	$ 2,337,595

General Fund – The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was $2.6M, while total fund balance was $3.7M. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 14.56% of total General Fund expenditures, while total fund balance represents 20.22% of that same amount.

GENERAL FUND BUDGETARY HIGHLIGHTS

In accordance with directives from the Kentucky Department of Education (KDE) and Kentucky law, the District funds' budgets are prepared to account for most transactions on a cash receipt/cash disbursement/encumbrance basis. The KDE requires a budget in which any budgeted remaining fund balance is shown as a contingency expense and any amounts being accumulated for other purposes are ultimately shown as unspent or over-budgeted expenditures. By law, the budget must have a minimum 2.00% contingency. The District adopted a General Fund budget with a contingency of $1,253,095 or 6.92%. Over the course of the year, the District revises the annual operating budget as circumstances dictate or as required by KDE.

The note accompanying the Budgetary Comparison Schedules in the Required Supplementary Information indicates the General Fund budget includes $6.2M of state payments on behalf of District employees for retirement and health benefits, technology and debt service. Local revenues are budgeted conservatively resulting in a favorable variance of local revenues for the year.

- The District's total revenues for General Fund activities for the fiscal year ended June 30, 2023, excluding interfund transfers, beginning balances and on-behalf payments, were $18.5M compared to the total budgeted revenues of $16.5M.

- The District's total expenditures for General Fund activities for the fiscal year ended June 30, 2023, excluding interfund transfers and on-behalf payments, were $18.1M compared to the total budgeted expenditures of $19.7M.

- The fund balance at the end of the 2023 fiscal year for all Governmental Funds was $9.1M compared to $6.8M in the prior year.

Significant Board action that impacts the District's finances includes the award of multiple contracts and salary increases mandated by the Legislature.

Special Revenue Fund (Fund 2) is made up of state, local and federal grants. These grants include Title I, Preschool, Special Education and others. These funds have restricted use, according to the guidelines for each. Expenditures include salaries and benefits, supplies and transportation.

SEEK Capital Outlay Fund (Fund 310) and FSPK Building Fund (Fund 320) are restricted funds for capital projects. The State contributes to Fund 310.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At June 30, 2023, the District had $24.8M invested in capital assets net of depreciation; historical cost totaled $44.2M with accumulated depreciation totaling $19.3M. These assets include school, athletic and support facilities, as well as technology, food service and other equipment. Expenditures for acquisitions and improvements during the year totaled $783K. Depreciation charged to expense during the year totaled $1.5M, the majority of which was charged to governmental functions. More detailed information relating to capital assets may be found in Note 3 to the financial statements.

Following is a summary of capital assets, net of depreciation, as of June 30, 2023 and 2022:

Net Capital Assets

	Governmental Activities		Business-type Activities		District Total	
	2023	2022	2023	2022	2023	2022
Land	$ 413,644	$ 413,644	$ -	$ -	$ 413,644	$ 413,644
Land improvements	366,516	397,061	-	-	366,516	397,061
Building and improvements	23,290,388	24,340,958	-	-	23,290,388	24,340,958
Technology equipment	78,043	123,278	-	-	78,043	123,278
General equipment	251,620	123,498	35,289	39,830	286,909	163,328
Vehicles	412,275	154,572	-	-	412,275	154,572
Total	$ 24,812,486	$ 25,553,011	$ 35,289	$ 39,830	$ 24,847,775	$ 25,592,841

Long-term Debt

The District's long-term general obligation bonds outstanding at June 30, 2023 were $15.6M. Of that amount, the Kentucky SFCC has agreed to make a portion of the principal and interest payment under agreements described in Note 4. Though the District is liable for the full amount of the bonds and the full amount is recorded on the financial statements, the SFCC has agreed to pay $696K of the bonds leaving the District to pay $14.9M.

The State must approve the issuance of any new bonds of the District.

More detailed information about the District's long-term liabilities may be found in Note 4 to the financial statements.

OUTLOOK FOR THE FUTURE

The most crucial aspect in the financial future of the District is continued adequate funding from the state. The District's major source of revenue is state aid, primarily Kentucky SEEK funding.

The District's financial position is contingent upon legislation and factors related to property taxation in conjunction with decisions made by the District's Board management. The District remains committed to utilizing resources to provide the maximum benefit to students and provide them with a quality education. This involves closely monitoring legislation and seeking new sources of revenues through grant writing, etc.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Superintendent or District finance personnel at (270) 753-4363 or by mail at 208 South 13th Street, Murray, Kentucky 42071.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 9,144,232	$ 1,296,400	$ 10,440,632
Accounts receivable			
Taxes	216,686	-	216,686
Other	56,113	12,363	68,476
Intergovernmental - local	4,246	-	4,246
Intergovernmental - federal	527,551	-	527,551
Inventory	-	57,677	57,677
Capital assets			
Non-depreciable	413,644	-	413,644
Depreciable (net)	24,398,842	35,289	24,434,131
Joint venture rights	2,811,473	-	2,811,473
Total assets	37,572,787	1,401,729	38,974,516
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related	4,624,768	168,634	4,793,402
Pension related	2,910,928	296,002	3,206,930
Total deferred outflows of resources	7,535,696	464,636	8,000,332
LIABILITIES			
Accounts payable	83,161	988	84,149
Unearned revenue	708,405	-	708,405
Interest payable	217,844	-	217,844
Long-term obligations			
Portion due or payable within one year			
Bonds payable	966,822	-	966,822
Compensated absences	7,519	-	7,519
Portion due or payable after one year			
Bonds payable	14,947,226	-	14,947,226
Compensated absences	459,107	-	459,107
Net OPEB liability	7,523,144	271,653	7,794,797
Net pension liability	11,116,565	1,095,046	12,211,611
Total liabilities	36,029,793	1,367,687	37,397,480

Continued

MURRAY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION, continued
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
OPEB related	3,373,330	186,446	3,559,776
Pension related	1,272,854	184,469	1,457,323
Total deferred inflows of resources	4,646,184	370,915	5,017,099
NET POSITION			
Net investment in capital assets	8,431,812	35,289	8,467,101
Restricted	5,428,201	-	5,428,201
Unrestricted	(9,427,507)	92,474	(9,335,033)
Total net position	$ 4,432,506	$ 127,763	$ 4,560,269

See accompanying notes to financial statements

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

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental Activities							
Instruction	$ 21,243,573	$ -	$ 10,064,651	$ -	$ (11,178,922)	$ -	$ (11,178,922)
Support services							
Student	1,564,841	-	800,403	-	(764,438)	-	(764,438)
Instructional staff	1,086,402	-	565,753	-	(520,649)	-	(520,649)
District administration	584,683	-	274,019	-	(310,664)	-	(310,664)
School administration	1,291,226	-	470,254	-	(820,972)	-	(820,972)
Business	513,678	-	162,806	-	(350,872)	-	(350,872)
Plant operations and maintenance	2,759,661	-	662,509	-	(2,097,152)	-	(2,097,152)
Student transportation	556,776	-	319,544	-	(237,232)	-	(237,232)
Community service activities	383,111	-	216,475	-	(166,636)	-	(166,636)
Interest on long-term debt	548,683	-	-	127,693	(420,990)	-	(420,990)
Total governmental activities	30,532,634	-	13,536,414	127,693	(16,868,527)	-	(16,868,527)
Business-type Activities							
Food service	1,322,231	364,328	98,114	-	-	(859,789)	(859,789)
Day care	296,744	184,214	-	-	-	(112,530)	(112,530)
Total business-type activities	1,618,975	548,542	98,114	-	-	(972,319)	(972,319)
Total activities	$ 32,151,609	$ 548,542	$ 13,634,528	$ 127,693	(16,868,527)	(972,319)	(17,840,846)

Continued

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
	(16,868,527)	(972,319)	(17,840,846)
General Revenues			
Taxes			
Property	3,984,197	-	3,984,197
Motor vehicle	424,138	-	424,138
Utilities	843,195	-	843,195
Other	187,317	-	187,317
Investment earnings	412,350	47,656	460,006
State grants	11,091,655	1,004,360	12,096,015
Student activities	517,150	-	517,150
Gain (loss) on sale of fixed assets	378,898	-	378,898
Miscellaneous	791,320	-	791,320
Total general revenues	18,630,220	1,052,016	19,682,236
Change in net position	1,761,693	79,697	1,841,390
Net position, beginning of year	2,670,813	48,066	2,718,879
Net position, end of year	$ 4,432,506	$ 127,763	$ 4,560,269

See accompanying notes to financial statements

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

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

	General	Special Revenue	FSPK	Nonmajor Governmental	Total
ASSETS					
Cash and cash equivalents	$ 3,503,819	$ 181,987	$ 3,823,987	$ 1,634,439	$ 9,144,232
Accounts receivable					
Taxes	216,686	-	-	-	216,686
Other	56,113	-	-	-	56,113
Intergovernmental - local	-	4,246	-	-	4,246
Intergovernmental - federal	-	527,551	-	-	527,551
Total assets	$ 3,776,618	$ 713,784	$ 3,823,987	$ 1,634,439	$ 9,948,828

Continued

MURRAY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET, continued
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Special Revenue	FSPK	Nonmajor Governmental	Total
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 76,208	$ 5,379	$ -	$ 1,574	$ 83,161
Unearned revenue	-	708,405	-	-	708,405
Total liabilities	76,208	713,784	-	1,574	791,566
Fund balances					
Nonspendable	-	-	-	-	-
Spendable					
Restricted	-	-	3,823,987	1,604,214	5,428,201
Committed	829,631	-	-	-	829,631
Assigned	197,199	-	-	28,651	225,850
Unassigned	2,673,580	-	-	-	2,673,580
Total fund balances	3,700,410	-	3,823,987	1,632,865	9,157,262
Total liabilities and fund balances	$ 3,776,618	$ 713,784	$ 3,823,987	$ 1,634,439	$ 9,948,828

See accompanying notes to financial statements

MURRAY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balance per fund financial statements	$ 9,157,262
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and are not reported as assets in governmental funds. The cost of the assets is $43,850,033 and the accumulated depreciation is $19,037,546.	24,812,486
Joint ventures are not reported in the governmental funds because current financial resources are not required. This investment is, however, included in the statement of net position.	2,811,473
Pension and other postemployment benefit (OPEB) related items:	
Deferred outflows - OPEB	4,624,768
Deferred outflows - pension	2,910,928
Deferred inflows - OPEB	(3,373,330)
Deferred inflows - pension	(1,272,854)
Net OPEB liability	(7,523,144)
Net pension liability	(11,116,565)
Certain liabilities are not due and payable and are not reported in this fund financial statement, but they are presented in the statement of net position:	
Bonds payable (net of discounts/premiums)	(15,914,048)
Interest payable	(217,844)
Compensated absences	(466,626)
Net position for governmental activities	$ 4,432,506

See accompanying notes to financial statements

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

	General	Special Revenue	FSPK	Nonmajor Governmental	Total
REVENUES					
From local sources					
Taxes					
Property	$ 3,071,138	$ -	$ 913,059	$ -	$ 3,984,197
Motor vehicle	424,138	-	-	-	424,138
Utilities	843,195	-	-	-	843,195
Other	187,317	-	-	-	187,317
Investment earnings	181,597	-	159,731	71,022	412,350
Other local revenues	343,371	63,133	-	197,445	603,949
Student activities	-	-	-	517,150	517,150
Intergovernmental - state	13,536,413	657,077	1,576,587	292,764	16,062,841
Intergovernmental - federal	-	8,692,920	-	-	8,692,920
Total revenues	18,587,169	9,413,130	2,649,377	1,078,381	31,728,057

Continued

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

	General	Special Revenue	FSPK	Nonmajor Governmental	Total
EXPENDITURES					
Current					
Instruction	12,234,356	6,975,811	-	516,040	19,726,207
Support services					
Student	1,054,716	510,125	-	-	1,564,841
Instructional staff	381,724	567,185	-	137,493	1,086,402
District administration	524,997	48,490	-	-	573,487
School administration	1,192,845	88,678	-	-	1,281,523
Business	477,619	33,299	-	-	510,918
Plant operations and maintenance	1,642,272	679,549	-	353	2,322,174
Student transportation	470,443	336,633	-	15,261	822,337
Food service operation	-	-	-	-	-
Community service activities	177,223	205,888	-	-	383,111
Debt service	-	-	-	1,502,202	1,502,202
Total expenditures	18,156,195	9,445,658	-	2,171,349	29,773,202

Continued

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

	General	Special Revenue	FSPK	Nonmajor Governmental	Total
Excess (deficit) of revenues over (under) expenditures	430,974	(32,528)	2,649,377	(1,092,968)	1,954,855
OTHER FINANCING SOURCES (USES)					
Proceeds from disposal of fixed assets	382,740	-	-	-	382,740
Transfers in	-	32,528	-	1,358,551	1,391,079
Transfers (out)	(32,528)	-	(1,358,551)	-	(1,391,079)
Total other financing sources (uses)	350,212	32,528	(1,358,551)	1,358,551	382,740
Net changes in fund balances	781,186	-	1,290,826	265,583	2,337,595
Fund balances, beginning of year	2,919,224	-	2,533,161	1,367,282	6,819,667
Fund balances, end of year	$ 3,700,410	$ -	$ 3,823,987	$ 1,632,865	$ 9,157,262

See accompanying notes to financial statements

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

Net change in fund balance - total governmental funds	$ 2,337,595
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expenses exceeded capital outlay in the current period:	
Capital outlay	783,348
Depreciation expense	(1,520,031)
Joint ventures are only reported in governmental funds to the extent that current financial resources are required. In the government-wide financial statements, the entire investment is reported as a single amount adjusted for any profit or loss.	187,371
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net position.	(3,842)
Bond proceeds are reported as other financing sources in governmental funds and contribute to the change in fund balance. However, in the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of bond principal is an expenditure in the governmental funds financial statements but is a reduction of the liability in the statement of net position.	
Bond repayments	925,000
Some items reported in the statement of activities do not involve current financial resources and are not reported as expenditures in the the governmental funds. These activities are:	
Deferred other postemployment benefits	(640,436)
Deferred pension	(279,375)
Accumulated sick leave	(56,457)
Amortization of bond discount/premium	21,823
Accrued interest on bonds	6,697
Change in net position of governmental activities	$ 1,761,693

See accompanying notes to the financial statements

PROPRIETARY FUNDS FINANCIAL STATEMENTS

MURRAY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	School Food Service	Day Care	Total
ASSETS			
Current assets			
Cash and cash equivalents	$ 1,035,941	$ 260,459	$ 1,296,400
Accounts receivable	12,363	-	12,363
Inventory	57,677	-	57,677
Total current assets	1,105,981	260,459	1,366,440
Noncurrent assets			
Capital assets	327,841	-	327,841
Less: accumulated depreciation	(292,552)	-	(292,552)
Total noncurrent assets	35,289	-	35,289
Total assets	1,141,270	260,459	1,401,729
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related	146,095	22,539	168,634
Pension related	237,589	58,413	296,002
Total deferred outflows of resources	383,684	80,952	464,636

Continued

MURRAY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION, continued
PROPRIETARY FUNDS
JUNE 30, 2023

	School Food Service	Day Care	Total
LIABILITIES			
Current liabilities			
Accounts payable	-	988	988
Total current liabilities	-	988	988
Long-term liabilities			
Net OPEB liability	234,633	37,020	271,653
Net pension liability	899,320	195,726	1,095,046
Total noncurrent liabilities	1,133,953	232,746	1,366,699
Total liabilities	1,133,953	233,734	1,367,687
DEFERRED INFLOWS OF RESOURCES			
OPEB related	145,402	41,044	186,446
Pension related	140,533	43,936	184,469
Total deferred inflows of resources	285,935	84,980	370,915
NET POSITION			
Net investment in capital assets	35,289	-	35,289
Unrestricted	69,777	22,697	92,474
Total net position	$ 105,066	$ 22,697	$ 127,763

See accompanying notes to the financial statements

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

	School Food Service	Day Care	Total
OPERATING REVENUES			
Lunchroom sales	$ 364,328	$ -	$ 364,328
Student fees	-	184,214	184,214
Total operating revenues	364,328	184,214	548,542
OPERATING EXPENSES			
Salaries, wages and benefits	637,438	270,299	907,737
Contract services	42,252	195	42,447
Materials and supplies	586,909	17,349	604,258
Depreciation	4,541	-	4,541
Other	51,091	8,901	59,992
Total operating expenses	1,322,231	296,744	1,618,975
Operating income (loss)	(957,903)	(112,530)	(1,070,433)
NON-OPERATING REVENUES (EXPENSES)			
Interest income	47,656	-	47,656
State matching	10,164	-	10,164
Federal grants	890,501	-	890,501
Donated commodities	87,950	-	87,950
State on-behalf payments	78,363	35,496	113,859
Total non-operating revenues (expenses)	1,114,634	35,496	1,150,130
Change in net position	156,731	(77,034)	79,697
Net position, beginning of year	(51,665)	99,731	48,066
Net position, end of year	$ 105,066	$ 22,697	$ 127,763

See accompanying notes to the financial statements

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

	School Food Service	Day Care	Total
Cash flows from operating activities			
Cash received from			
Lunchroom sales	$ 352,344	$ -	$ 352,344
Student fees	-	185,006	185,006
Cash paid to/for			
Employees	(501,941)	(208,962)	(710,903)
Supplies	(530,711)	(16,361)	(547,072)
Contract services	(93,343)	(9,096)	(102,439)
Net cash provided (used) by operating activities	(773,651)	(49,413)	(823,064)
Cash flows from noncapital financing activities			
Government grants	900,665	-	900,665
Net cash provided (used) by noncapital financing activities	900,665	-	900,665
Cash flows from investing activities			
Receipt of interest income	47,656	-	47,656
Net cash provided (used) by investing activities	47,656	-	47,656
Net increase (decrease) in cash and cash equivalents	174,670	(49,413)	125,257
Cash and cash equivalents, beginning of year	861,271	309,872	1,171,143
Cash and cash equivalents, end of year	$ 1,035,941	$ 260,459	$ 1,296,400

Continued

MURRAY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS, continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	School Food Service	Day Care	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	$ (957,903)	$ (112,530)	$ (1,070,433)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	4,541	-	4,541
Donated commodities	87,950	-	87,950
State on-behalf payments	78,363	35,496	113,859
Changes in assets and liabilities			
Accounts receivable	(11,984)	792	(11,192)
Inventory	(31,752)	-	(31,752)
OPEB	32,186	(3,850)	28,336
Pension	24,948	29,691	54,639
Accounts payable	-	988	988
Net cash provided (used) by operating activities	$ (773,651)	$ (49,413)	$ (823,064)
Schedule of non-cash transactions			
Donated commodities received from federal government	$ 87,950	$ -	$ 87,950
On-behalf payments	78,363	35,496	113,859

See accompanying notes to the financial statements

FIDUCIARY FUNDS FINANCIAL STATEMENTS

MURRAY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	Private Purpose Trust	Custodial Funds
ASSETS		
Cash and cash equivalents	$ 19,465	$ 1,683,908
Capital assets, net of accumulated depreciation	-	8,921,973
Accounts receivable	-	167,629
Total assets	19,465	10,773,510
LIABILITIES		
Accounts payable	-	18,716
Advances from grantors	-	596,069
Accrued interest	-	44,189
Bonds payable	-	3,730,000
Due to other governments	-	1,936,258
Career and Technical Center escrow	-	4,448,278
Total liabilities	-	10,773,510
NET POSITION		
Net position held in trust	19,465	-
Total net position	$ 19,465	$ -

See accompanying notes to the financial statements

MURRAY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	Private Purpose Trust
ADDITIONS	
Contributons/donations	$ 2,560
Interest income	670
Total additions	3,230
DEDUCTIONS	
Community services	2,000
Total deductions	2,000
Change in net position	1,230
Net position, beginning of year	18,235
Net position, end of year	$ 19,465

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

In accordance with Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, agencies, boards, commissions and authorities for which the District is financially accountable. The District has also considered all other potential organizations for which the nature and significance of their relationships with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and 1) the ability of the District to impose its will on that organization or 2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. In addition, the GASB Statement No. 39, as amended by GASB Statement No. 61, sets forth additional criteria to determine whether certain organizations for which the District is not financially accountable should be reported as component units based on the nature and significance of their relationship with the District. These criteria include 1) the economic resources being received or held by the separate organization being entirely or almost entirely for the direct benefit of the District, its component units, or its constituents, 2) the District being entitled to, or having the ability to otherwise access, a majority of the economic resources received or held by the organization and 3) the economic resources received or held by an individual organization that the District is entitled to, or has the ability to otherwise access, are significant to the District. Based on these criteria, there are no other organizations which should be included in these basic financial statements.

The financial statements of the District include those of separately administered organizations that are controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board.

Based on the foregoing criteria, the financial statements of the Murray Independent School District Finance Corporation are included in the accompanying financial statements. In 1993, the Board authorized the establishment of the Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the District for financing the costs of school building facilities. The Board members of the Murray Independent Board of Education also comprise the Corporation's Board of Directors.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Interfund services provided and used are not eliminated in the process of consolidation for these statements.

The statement of net position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position – Results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – Consists of net position that does not meet the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from 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 among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

<u>Fund Accounting</u>

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance/net position, revenues and expenditures or expenses, as appropriate. The District has the following funds:

The *General Fund* is the main operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund accounts for the instructional and most of the support service programs of the District's operations. Revenue of the fund consists primarily of local property taxes and state governmental aid. This is a major fund of the District.

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

> The *Special Revenue (Grant) Fund* includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods, as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.
>
> The *Special Revenue District Activity Fund* includes funds restricted to expenditures for purposes specified by Kentucky Department of Education requirements. Project accounting is employed to maintain integrity for the various sources of funds.
>
> The *Special Revenue Student Activity Fund* accounts for money held by the District on behalf of the students who have raised these funds and are responsible for their disposition for co-curricular to extracurricular activities of the District.

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

> The *Support Education Excellence in Kentucky (SEEK) Capital Outlay 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.
>
> The *Facility Support Program of Kentucky Fund (FSPK)* accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan. This is a major fund of the District.
>
> The *Construction Fund* accounts for proceeds from sales of bonds and other revenue to be used for authorized construction.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Revenue of the fund primarily consists of local property taxes.

Proprietary Fund Types

Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows.

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The District has the following enterprise funds:

The *School Food Service Fund* accounts for the food service operations of the District.

The *Day Care Fund* is used to account for day care operations of the District.

Fiduciary Fund Types

The Fiduciary Fund was established to administer grants for which the Murray Independent School District has agreed to be the fiscal agent. The District serves as a fiscal agent for the Head Start Program. This program administers Head Start funding to eleven local school districts. The District has a delegate agreement with each of these school districts. The District also serves as fiscal agent for the Murray-Calloway County Career and Technical Center Escrow Fund which was established in joint agreement between the Murray Independent School District and the Calloway County School District in order to build a new facility for the two school districts.

The *Private Purpose Trust Fund* is used to report trust arrangements which benefit individuals, private organizations or other governments.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied. The District also reports a fiduciary fund which focuses on net position and changes in net position. The fiduciary fund reports on the accrual basis of accounting.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Revenues – Exchange and Nonexchange Transactions

Property taxes, other taxes, grants, entitlements and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's proprietary funds are charges for food sales or tuition and fees. Operating expenses for proprietary funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost reimbursement grant resources to such programs and then general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure to restricted fund balance and then to less restrictive classifications—committed, assigned and then unassigned fund balances.

The Significant Accounting Policies Followed by the District Include the Following:

Cash and Cash Equivalents

The Board considers demand deposits, money market accounts and time deposits that are nonnegotiable to be cash and cash equivalents for the governmental, proprietary and fiduciary funds. This definition is also used for the proprietary funds' statement of cash flows.

Property Taxes Receivable

Property taxes in the governmental funds are accounted for using the modified accrual basis of accounting.

Property taxes collected are recorded as revenues in the fund for which they were levied. Property taxes are levied on the assessed value listed as of the prior January 1 for all real and personal property located in the District. Taxes become delinquent after December 31.

The property tax rates for the year ended June 30, 2023, to finance the General Fund operations were $.745 per $100 valuation for real property, $.745 per $100 valuation for business tangible personal property and $.544 per $100 valuation for motor vehicles.

The District levies a utility gross receipts license tax in the amount of 3.00% of the gross receipts derived from furnishing, within the District, of telephonic and telegraphic communications services, cablevision services, electric power, water and natural, artificial and mixed gas.

Inventories

Inventories are valued at cost, which approximates market. The Food Service Fund uses the specific identification method, and the General Fund uses the first-in, first-out method. The District's inventories include various items consisting of school supplies, paper, books, maintenance items, transportation items, commodities, etc. USDA commodities received from the Federal government are recorded at the value established by the Federal government using the average cost method.

Prepaid Expenditures

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Restricted Assets

Certain investments of the District's Construction Fund are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and they are maintained in a separate account.

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 capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of $5,000 with the exception of leasehold improvements and real property for which there is a threshold of $15,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add value to the value of the asset or materially extend an asset's life are not. Improvements are depreciated over the remaining useful lives of the related capital assets.

All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

Description	Estimated Lives For Depreciation
Buildings and improvements	25-50 years
Land improvements	20 years
Leasehold improvements	25 - 50 years
Software	7 years
Equipment (including technology)	5 years
Vehicles	5-10 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Unearned Revenue

Proprietary funds defer revenue recognition in connection with resources that have been received, but not earned. Unearned revenue in governmental funds arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. Unearned revenue consists primarily of school registration fees and meal revenues collected for the programs and services in the next school year.

Debt Premiums and Discounts

Unamortized premiums and discounts associated with bond issues are amortized over the lives of the related bonds using the straight-line method and are an addition (premium) or deduction (discount) to the debt balances in the government-wide statements.

Compensated Absences

Compensated absences are payments to employees for accumulated sick leave. These amounts also include the related employer's share of applicable taxes and retirement contributions. District employees may accumulate unused sick leave up to a specified amount depending on their date of hire. Sick leave is payable to employees upon termination or retirement at 30.00% of the current rate of pay on the date of termination or retirement. The District uses the termination method to calculate the compensated absences amounts. The entire compensated absence liability is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following year. An expenditure is recognized in the governmental fund as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net position.

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, OPEB and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS), and Teachers' Retirement System of the State of Kentucky (KTRS) 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, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate financial statement element, *deferred outflows of resources*, which represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category: the deferred outflows of resources related to the net pension liability described in Note 10 and the net OPEB liability described in Note 11.

In addition to liabilities, the statement of net position will sometimes report a separate financial statement element, *deferred inflows of resources*, which represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category: the deferred inflows of resources related to the net pension liability described in Note 10 and the net OPEB liability described in Note 11.

Cash Flows

For the purpose of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Fund Balances

In the fund financial statements, governmental fund balances are classified as follows:

Non-spendable – Amounts which cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Education intends to use for specific purposes. The authority to assign fund balances has been designated by the District's Board of Education to the Finance Officer.

Unassigned – All amounts not included in other spendable classifications as well as any deficit fund balance of any other governmental fund is reported as unassigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The District's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the District considers committed funds to be expended first followed by assigned funds and then unassigned.

Net Position

In proprietary funds, fiduciary funds and government-wide financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, educed by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Interfund Activity

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's management to make estimates and assumptions that affect reported amounts of certain financial statement balances. Actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Subsequent Events

Subsequent events have been evaluated through November 15, 2023, which is the date the financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

The District maintained deposits of public funds with depository institutions insured by FDIC as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institutions should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. As stipulated by KRS 41.240(4), all deposits are collateralized with eligible securities or other obligations having an aggregate current face value or current quoted market value at least equal to the deposits. The District does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4).

At June 30, 2023, the carrying amount of the District's deposits was $12,144,005 and the bank balance was $12,658,823. All bank balances were insured or collateralized as of June 30, 2023.

The carrying amounts are reflected in the financial statements as follows:

Unrestricted cash, including time deposits	$ 10,440,632
Private purpose trust cash, including time deposits (not included in government-wide statement)	19,465
Custodial fund cash (not included in government-wide statement)	1,683,908
	$ 12,144,005

Governmental funds	$ 9,144,232
Proprietary funds	1,296,400
Private purpose trust funds	19,465
Custodial funds	1,683,908
Total	$ 12,144,005

NOTE 3 – CAPITAL ASSETS

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

Governmental Activities	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital assets not depreciated				
Land	$ 413,644	$ -	$ -	$ 413,644
Total non-depreciable historical cost	413,644	-	-	413,644
Capital assets depreciated				
Land improvements	1,505,063	-	-	1,505,063
Buildings and improvements	38,866,701	320,150	-	39,186,851
Technology equipment	748,931	-	6,999	741,932
Vehicles	842,738	308,208	36,547	1,114,399
General equipment	742,772	154,990	9,618	888,144
Total depreciable historical cost	42,706,205	783,348	53,164	43,436,389
Less: accumulated depreciation				
Land improvements	1,108,002	30,545	-	1,138,547
Building and improvements	14,525,743	1,370,720	-	15,896,463
Technology equipment	625,653	45,002	6,766	663,889
Vehicles	688,166	50,505	36,547	702,124
General equipment	619,274	23,259	6,009	636,524
Total accumulated depreciation	17,566,838	1,520,031	49,322	19,037,547
Total depreciable historical cost - net	25,139,367	(736,683)	3,842	24,398,842
Governmental activities capital assets - net	$ 25,553,011	$ (736,683)	$ 3,842	$ 24,812,486

MURRAY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 – CAPITAL ASSETS, continued

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
Instruction	$ 541,098
Support services	
District administration	11,196
School administration	9,703
Business	2,760
Plant operations and maintenance	912,627
Student transportation	42,647
	$ 1,520,031

Business-type Activities	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital assets depreciated				
Technology equipment	$ 2,485	$ -	$ -	$ 2,485
General equipment	351,932	-	26,576	325,356
Total depreciable historical cost	354,417	-	26,576	327,841
Less: accumulated depreciation				
Technology equipment	2,485	-	-	2,485
General equipment	312,102	4,541	26,576	290,067
Total accumulated depreciation	314,587	4,541	26,576	292,552
Business-type activities capital assets - net	$ 39,830	$ (4,541)	$ -	$ 35,289

NOTE 3 – CAPITAL ASSETS, continued

Custodial Funds	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital assets not depreciated				
Land	$ 861,336	$ -	$ -	$ 861,336
Total non-depreciable historical cost	861,336	-	-	861,336
Capital assets depreciated				
Land improvements	169,283	-	-	169,283
Buildings and improvements	6,825,416	-	-	6,825,416
Technology equipment	130,743	-	-	130,743
Vehicles	1,587,362	-	48,978	1,538,384
General equipment	1,505,938	797,087	59,296	2,243,729
Total depreciable historical cost	10,218,742	797,087	108,274	10,907,555
Less: accumulated depreciation				
Land improvements	43,249	8,464	-	51,713
Buildings and improvements	788,160	136,361	-	924,521
Technology equipment	109,135	15,428	-	124,563
Vehicles	1,103,418	111,163	48,978	1,165,603
General equipment	470,411	169,403	59,296	580,518
Total accumulated depreciation	2,514,373	440,819	108,274	2,846,918
Total depreciable historical cost - net	7,704,369	356,268	-	8,060,637
Governmental activities capital assets - net	$ 8,565,705	$ 356,268	$ -	$ 8,921,973

NOTE 4 – LONG-TERM OBLIGATIONS

The District issues bonds to provide funds for the acquisition and construction of major capital facilities and improvements. The original amount of each bond issue, the bond issue dates, interest rates and maturity dates are summarized below:

Issue	Proceeds	Interest Rates	Maturity Dates
2012	$ 5,785,000	1.00% - 2.00%	2024
2017	15,145,000	3.00% - 5.00%	2037

The District, through the General Fund, including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund, is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Murray Independent School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

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

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

	Murray Independent School District		School Facilities Construction Commission		
Year	Principal	Interest	Principal	Interest	Total
2024	$ 841,413	$ 517,290	$ 103,587	$ 24,105	$ 1,486,395
2025	854,049	499,988	35,951	21,005	1,410,993
2026	897,251	457,286	37,749	19,207	1,411,493
2027	945,364	412,424	39,636	17,320	1,414,744
2028	993,382	365,156	41,618	15,339	1,415,495
2028-2032	4,270,664	1,153,836	179,336	48,489	5,652,325
2033-2037	6,137,060	638,599	257,940	26,842	7,060,441
	$ 14,939,183	$ 4,044,579	$ 695,817	$ 172,307	$ 19,851,886

NOTE 4 – LONG-TERM OBLIGATIONS, continued

A summary of changes in long-term liabilities for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Governmental activities					
Bonds payable					
General obligation debt	$ 16,560,000	$ -	$ 925,000	$ 15,635,000	$ 945,000
Premium (discounts)	300,870	-	21,822	279,048	21,822
Total bonds payable	16,860,870	-	946,822	15,914,048	966,822
Other liabilities					
Compensated absences	410,169	56,457	-	466,626	7,519
Net OPEB liability	5,741,913	1,781,231	-	7,523,144	-
Net pension liability	9,773,107	1,343,458	-	11,116,565	-
Total other liabilities	15,925,189	3,181,146	-	19,106,335	7,519
Total long-term liabilities	$ 32,786,059	$ 3,181,146	$ 946,822	$ 35,020,383	$ 974,341
Business-type activities					
Other liabilities					
Net OPEB liability	$ 258,606	$ 13,047	$ -	$ 271,653	$ -
Net pension liability	931,581	163,465	-	1,095,046	-
Total other liabilities	$ 1,190,187	$ 176,512	$ -	$ 1,366,699	$ -

NOTE 5 – COMPENSATED ABSENCES

Upon retirement from the school system, employees will receive from the District an amount equal to 30.00% of the value of accumulated sick leave. For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be funded with current year's economic financial resources. These amounts are recorded in the account "accrued sick leave payable" in the General Fund. Management has estimated that the amount for governmental activities will be $466,626, with $459,107 considered the long-term portion and $7,519 considered the short-term portion. There is no accrued sick leave liability for the business-type activities.

MURRAY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 – FUND BALANCE REPORTING

Following is a summary of designations of fund balance at June 30, 2023:

	General	Special Revenue	FSPK	Nonmajor Governmental	Total
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted					
Future construction	-	-	3,823,987	188,640	4,012,627
District activity funds	-	-	-	291,839	291,839
Student activity funds	-	-	-	206,422	206,422
Debt service					
SFCC escrow	-	-	-	917,313	917,313
Committed	829,631	-	-	-	829,631
Assigned	197,199	-	-	28,651	225,850
Unassigned	2,673,580	-	-	-	2,673,580
	$ 3,700,410	$ -	$ 3,823,987	$ 1,632,865	$ 9,157,262

NOTE 7 – TRANSFER OF FUNDS

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
General	Special Revenue	KETS Match	$ 32,528
Building	Debt Service	Bond Payments	1,358,551
			$ 1,391,079

NOTE 8 – DEFICIT FUND BALANCES

There are no funds of the District that currently have a deficit fund balance.

The following fund experienced a net decrease in fund balance: Construction Fund $15,958.

NOTE 9 – ON-BEHALF PAYMENTS

The Kentucky State Department of Education has indicated the following amounts were contributed on behalf of the District for the year ended June 30, 2023:

Health insurance	$ 3,021,804
Life insurance	4,109
Administrative fee	32,896
Health reimbursement account - HRA/dental/vision	99,488
	3,158,297
Federal reimbursements of health benefits	(914,305)
	2,243,992
KTRS pension fund and insurance fund	3,936,759
Technology	98,811
SFCC debt service	127,693
	$ 6,407,255

The District is not legally responsible for these contributions. These payments are not required to be budgeted by the District. The total of these payments has been included in revenues and the applicable expenditure functions in these financial statements as follows:

Governmental activities	
General Fund	$ 6,165,704
Debt Service Fund	127,693
Business-type activities	
Day Care Fund	35,496
Food Service Fund	78,362
	$ 6,407,255

NOTE 10 – PENSION PLANS

The District's employees are provided with two pension plans, based on each position's college degree requirement. The County Employees Retirement System Non-Hazardous (CERS) covers employees whose position does not require a college degree or teaching certification. The Teachers Retirement System (TRS) covers positions requiring teaching certification or otherwise requiring a college degree.

General Information about the County Employees Retirement System Non-Hazardous (CERS) Pension Plan

Plan description – Full-time employees whose positions do not require a degree beyond high school diploma are covered by CERS, a cost-sharing, multiple-employer defined benefit plan administered by the Board of Trustees of the Kentucky Public Pensions Authority (KPPA). The CERS financial statements and other supplementary information are contained in the publicly available annual financial report of the KPPA. That report may be obtained from http://kyret.ky.gov/.

Benefits provided – CERS provides retirement, death and disability benefits to Plan employees and beneficiaries. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. 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
	Required contributions	5.00%
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
	Required contributions	5.00% + 1.00% for insurance
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 plus age equal 87
	Reduced retirement	Not available
	Required contributions	5.00% + 1.00% for insurance

NOTE 10 – PENSION PLANS, continued

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.

Contributions – Per Kentucky Revised Statute 61.565, normal contribution and past service contribution rates shall be determined by the Board of Trustees of the Kentucky Public Pensions Authority on the basis of an annual valuation last preceding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. For the year ended June 30, 2022, plan members were required to contribute 5% of their annual creditable compensation. Plan members hired subsequent to September 1, 2008 were required to contribute 6% of their annual creditable compensation. The District is required to contribute at an actuarial determined rate. For the fiscal year ended June 30, 2023, participating employers contributed 23.40% of each employee's creditable compensation.

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

At June 30, 2023, the District reported a liability of $12,211,611 for its proportionate share of the net pension liability. The net pension liability of the 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 proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2023, the District's proportion was 0.168925%.

Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense, they are labeled deferred inflows. If they will increase pension expense, they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period.

NOTE 10 – PENSION PLANS, continued

For the measurement period ended June 30, 2022, the District recognized pension expense of $1,548,098. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 13,056	$ 108,750
Change of assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	1,661,634	1,348,573
Changes in proportion and difference between District contributions and proportionate share of contributions	374,722	-
District contributions subsequent to the measurement date	1,157,518	-
Total	$ 3,206,930	$ 1,457,323

For the year ended June 30, 2023, $1,157,518 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Years Ending June 30	
2023	$ 297,210
2024	50,594
2025	(102,619)
2026	346,904
2027	-
Thereafter	-
Total	$ 592,089

NOTE 10 – PENSION PLANS, continued

Actuarial assumptions – For financial reporting, the actuarial valuation as of June 30, 2022 was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability and sensitivity information as of June 30, 2022 were based on an actuarial valuation date of June 30, 2020. The total pension liability was rolled forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2022, using generally accepted actuarial principles.

There have been no actuarial assumption or method changes since June 30, 2020. Additionally, there have been no plan provision changes that would materially affect the total pension liability since June 30, 2021.

Based on the June 30, 2020 actuarial valuation report, the actuarial methods and assumptions used to calculate the required contributions are below.

Determined by the Actuarial Valuation as of:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level percent of pay
Amortization Period:	30-year closed period at June 30, 2019 *Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases*
Payroll Growth Rate	2.00%
Investment Return:	6.25%
Inflation:	2.30%
Salary Increases:	3.30% to 10.30%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Phase-in provision:	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

NOTE 10 – PENSION PLANS, continued

Long-term rate of return – The long-term expected return on plan assets was determined by using a building-block method in which best-estimated ranges of expected future real returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equity	50.00%	4.45%
Private equity	10.00%	10.15%
Core bonds	10.00%	28.00%
High yield	10.00%	2.28%
Real estate	7.00%	3.67%
Real return	13.00%	4.07%
Cash	0.00%	-0.91%
Total	100.00%	

Discount rate – The discount rates used to measure the total pension liability for the measurement period with year ended June 30, 2022 was 6.25%. The projection of cash flows used to determine the discount rate of 6.25% for CERS Non-hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as amended by House Bill 362 (passed in 2018) over the remaining 30 years (closed) amortization period of the unfunded actuarial accrued liability.

The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the Annual Comprehensive Financial Report (ACFR).

NOTE 10 – PENSION PLANS, continued

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

	1% Decrease	Current Discount Rate	1% Increase
	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	$ 15,262,999	$ 12,211,611	$ 9,687,860

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports of CERS.

Payable to the pension plan – At June 30, 2023, the District reported a payable of $0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

General information about the Teachers' Retirement System of the State of Kentucky (KTRS) Pension Plan

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

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

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

NOTE 10 – PENSION PLANS, continued

Participants who retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to 2.00% (service prior to July 1, 1983) and 2.50% 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 2.00% of their final average salary for each year of service if, upon retirement, their total service was 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 2.50% of their final average salary for each year of service, including the first ten years. In addition, members who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.50% to 3.00% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

Participants hired on or after January 1, 2022, conditions for retirement are attainment of age fifty-seven (57) and ten (10) years of service or age sixty-five (65) and five (5) years of service. The annual foundational benefit for non-university participants is equal to service times a multiplier times final average salary. The multiplier ranges from 1.70% to 2.40% based on age and years of service.

	Years of Service			
Age	5-9.99	10-19.99	20-29.99	30 or more
57-60	-	1.70%	1.95%	2.20%
61	-	1.74%	1.99%	2.24%
62	-	1.78%	2.03%	2.28%
63	-	1.82%	2.07%	2.32%
64	-	1.86%	2.11%	2.36%
65 and over	1.90%	1.90%	2.15%	2.40%

The annual foundational benefit is reduced by 6% per year from the earlier of age 60 or the date the participant would have completed 30 years of service.

Final average salary is defined as the member's five (5) highest salaries for those with less than 27 years of service. Members at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. KTRS also provides disability benefits for vested members at the rate of sixty (60) percent of the final average salary. A life insurance benefit, payable upon the death of a member, is $2,000 for active contributing members and $5,000 for retired or disabled members. For members who entered on or after January 1, 2022, the life insurance benefit payable upon the death of a member is $5,000 for active contributing members and $10,000 for retired or disabled members.

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

NOTE 10 – PENSION PLANS, continued

Contributions – Contribution rates are established by Kentucky Revised Statutes (KRS). For members who began participating before January 1, 2022, non-university members are required to contribute 12.855% of their salaries to the System. For members employed by local school districts, the Commonwealth of Kentucky, as a non-employer contributing entity, contributes 13.105% of salaries for those who joined before July 1, 2008 and 14.105% for those who joined on or after July 1, 2008, and before January 1, 2022. For members who began participating on or after January 1, 2022, non-university members contribute 14.75% of their salaries to the system. Employers of non-university members, including the Commonwealth of Kentucky, as a non-employer contributing entity, contribute 10.75% of salaries. For local school district and regional cooperative members whose salaries are federally funded, the employer contributes 16.105% of salaries. If a member leaves covered employment before accumulating five (5) years of credited service, accumulated member contributions to the retirement trust are refunded with interest upon the member's request.

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

Commonwealth's proportionate share of KTRS net pension liability associated with the District	$ 42,227,349

The total pension liability was rolled forward from the actuarial valuation date of June 30, 2021 to the plan's fiscal year ended June 30, 2022, using generally accepted actuarial principles. The District's proportion of the net pension liability 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.

For the measurement period ended June 30, 2022, the District recognized pension expense of $1,540,191 and revenue of $1,540,191 for support provided by the State in the government-wide financial statements.

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

Inflation rate	2.50%
Investment rate of return	7.10%, net of pension plan investment expense, including inflation
Projected salary increases	3.00 - 7.50%
Municipal bond index rate	2.13%
Single equivalent interest rate	7.10%

NOTE 10 – PENSION PLANS, continued

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 set forward one year for females and two years for males. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015 adopted by the TRS Board on November 19, 2016.

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

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

Asset Class	Target Allocation	Real Rate of Return Real Rate of Return
US equity	40.00%	8.90%
International equity	22.00%	10.70%
Fixed income	15.00%	-0.10%
Additional categories	7.00%	3.90%
Real estate	7.00%	4.00%
Private equity	7.00%	6.90%
Cash	2.00%	-0.03%
Total	100.0%	

Discount rate – 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 the actuarially determined contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports of KTRS.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the County Employees Retirement Systems Non-Hazardous (CERS) OPEB Plan

Plan description – The Kentucky Public Pensions Authority (KPPA) Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits from KERS and CERS. Although the assets of the systems are invested as a whole, each system's assets are used only for the payment of benefits to the members of that plan and the administrative costs incurred by those receiving an insurance benefit.

Benefits provided – The CERS Non-hazardous Insurance Fund is a cost-sharing multiple-employer defined benefit Other Post-Employment Benefits (OPEB) plan that covers substantially all regular full-time members employed in positions of each participating county, city and school board and any additional eligible local agencies electing to participate in the System. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

Implicit subsidy – KPPA pays fully insured premiums for the Kentucky Health Plan. The premiums are blended rates based on the combined experience of active and retired members. Because the average cost of providing healthcare benefits to retirees under age 65 is higher than the average cost of providing healthcare benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 74 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB liability.

Contributions – The Commonwealth is required to contribute at an actuarially determined rate for KERS. Participating employers are required to contribute at an actuarially determined rate for CERS pensions. Per Kentucky Revised Statute Sections KERS 61.565(3) and CERS 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of the last annual valuation preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. However, formal commitment to provide the contributions by the employer is made through the biennial budget for KERS. For the year ended June 30, 2023, required contribution was 3.39% of each employee’s covered payroll. Contributions from the District to the CERS Insurance Fund for the year ended June 30, 2023 was $167,691.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

At June 30, 2023, the District reported a liability of $3,333,797 for its proportionate share of the net OPEB liability. The net OPEB liability 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, 2021. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year end, June 30, 2022, using generally accepted actuarial principles. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers, actuarially determined. At June 30, 2023, the District's proportion for was 0.168927%.

For the measurement period ended June 30, 2022, the District recognized OPEB expense of $626,180.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 335,574	$ 764,517
Changes of assumptions	527,263	434,462
Net difference between projected and actual earnings on pension plan investments	620,787	485,477
Changes in proportion and difference between District contributions and proportionate share of contributions	262,246	320
District contributions subsequent to the measurement date	167,691	-
Total	$ 1,913,561	$ 1,684,776

For the year ended June 30, 2023, $167,691 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Years Ending June 30	
2023	$ 114,108
2024	86,916
2025	(157,185)
2026	17,255
2027	-
Thereafter	-
Total	$ 61,094

Actuarial assumptions – The total OPEB liability, net OPEB liability and sensitivity information for the actuarial valuation as of June 30, 2021 were based on an actuarial valuation date of June 30, 2020. The total OPEB liability was rolled forward from the valuation date (June 30, 2020) to the plan's fiscal year ended June 30, 2021, using generally accepted actuarial principles. An actuarial experience study was conducted for the five-year period July 1, 2013 to June 30, 2018 and the Board adopted updated assumptions for first use in the June 30, 2020 actuarial valuation. The assumed increase in future healthcare costs, or trend assumption, is reviewed on an annual basis and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. There were no other material assumption changes.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Determined by the Actuarial Valuation as of:	June 30, 2020
Actuarial Cost Method	Entry age normal
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method	Level percent of pay
Amortization Period	30-year closed period at June 30, 2019 *Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases*
Payroll Growth Rate	2.00%
Investment Rate of Return	6.25%
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Healthcare Cost Trend Rates (Pre-65)	Initial trend starting at 6.40% at January 1, 2022 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Healthcare Cost Trend Rates (Post-65)	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement. Additionally, Humana provided "Not to Exceed" 2022 Medicare premiums, which were incorporated and resulted in an assumed 2.90% increase in Medicare premiums at January 1, 2022.

Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003 by $5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA.

Long-term expected rate of return – The long-term expected return on plan assets was determined by using a building-block method in which best-estimated ranges of expected future real returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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
Public Equity	50.00%	4.45%
Core bonds	10.00%	0.28%
High yield	10.00%	2.28%
Real estate	7.00%	3.67%
Real return	13.00%	4.07%
Private equity	10.00%	10.15%
Cash	0.00%	-0.91%
Total	100.00%	

Discount rate – Single discount rates used to measure the total OPEB liability for the year ended June 30, 2022 was 5.70% for CERS Non-hazardous plans. 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 to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans' actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans' trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the ACFR.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. 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, for the CERS plans.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

	1% Decrease	Current Discount Rate	1% Increase
	4.70%	5.70%	6.70%
District's proportionate share of net OPEB liability	$ 4,456,755	$ 3,333,797	$ 2,405,485

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	$ 2,478,604	$ 3,333,797	$ 4,360,723

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Kentucky Public Pensions Authority's Comprehensive Annual Financial Report on the KPPA website at www.kyret.ky.gov.

Payable to the OPEB plan – At June 30, 2023, the District reported a payable of $0 for the outstanding amount of contributions to the CERS OPEB plan required for the year ended June 30, 2023.

General Information about the Teachers' Retirement System of Kentucky (KTRS) OPEB Plan

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

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

Medical Insurance Plan

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

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

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

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

At June 30, 2023, the District reported a liability of $4,461,000 for its proportionate share of the net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the District's proportion was 0.179688%.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

District's proportionate share of net OPEB liability	$ 4,461,000
State's proportionate share of net OPEB liability associated with the District	1,465,000
Total	$ 5,926,000

For the measurement period ended June 30, 2022, the District recognized OPEB expense of ($121,000) and revenue of $301,000 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,875,000
Changes of assumptions	906,000	-
Net difference between projected and actual earnings on pension plan investments	237,000	-
Changes in proportion and difference between District contributions and proportionate share of contributions	1,486,000	-
District contributions subsequent to the measurement date	250,841	-
Total	$ 2,879,841	$ 1,875,000

Of the total amount reported as deferred outflows of resources related to OPEB, $250,841 resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District’s OPEB expense as follows:

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Years Ending June 30	
2024	$ 20,000
2025	30,000
2026	47,000
2027	311,000
2028	246,000
Thereafter	100,000
Total	$ 754,000

Actuarial assumptions – The total KTRS OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Projected salary increases	3.00 - 7.50%, including inflation
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	
Under 65	7.00% for FYE 2022 decreasing to an ultimate rate of 4.50% by FY 2032
Ages 65 and older	5.125% for FYE 2022 decreasing to an ultimate rate of 4.50% by FY 2025
Medicare Part B premiums	6.97% for FYE 2022 with an ultimate rate of 4.50% by 2034
Municipal Bond Index Rate	3.37%
Discount rate	7.10%
Single equivalent interest rate	7.10 %, net of OPEB plan investment expense, including inflation

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Mortality rates were based on the PUB2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, setbacks and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study for the system, which covered the five-year period ending June 30, 2020, adopted by the TRS board on September 20, 2021. The remaining actuarial assumptions used in the June 30, 2020 valuation of the health trust were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation. The healthcare cost trend assumption was updated for the June 30, 2020 valuation and was shown as an assumption change in the TOL roll forward. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

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

Asset Class	Target Allocation	Long-term Expected 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%
Other additional categories	17.00%	3.90%
Cash (LIBOR)	1.00%	-0.30%
Total	100.0%	

Discount rate – The discount rate used to measure the total OPEB liability was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2020. Other assumptions are listed in the TRS CAFR and in the RSI. Based on those assumptions, the OPEB plan's fiduciary net position was not projected to be depleted.

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

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	$ 5,597,000	$ 4,461,000	$ 3,520,000

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	$ 3,344,000	$ 4,461,000	$ 5,850,000

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

Life Insurance Plan

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

Benefits provided – TRS provides a life insurance benefit of $5,000 payable for members who retire based on service or disability if hired prior to January 1, 2022. TRS provides a lift insurance benefit of $10,000 for its members who retire based on service or disability if hired on or after January 1, 2022. TRS provides a life insurance benefit of $2,000 payable for its active contributing members if hired prior to January 1, 2022. TRS provides a life insurance benefit of $5,000 payable for its active contributing members if hired on or after January 1, 2022. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

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

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

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

District's proportionate share of net OPEB liability	$ -
State's proportionate share of net OPEB liability associated with the District	73,000
Total	$ 73,000

For the year period ended June 30, 2023, the District recognized OPEB expense of $0 and revenue of $0 for support provided by the State.

Actuarial assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00 - 7.50%, including inflation
Inflation rate	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Municipal bond index rate	3.37%
Discount rate	7.10%
Single equivalent interest rate	7.10%, net of OPEB plan investment expense, including inflation

Mortality rates were based on the PUB2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with various set-forwards, setbacks and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ended June 30, 2020, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US 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	100.00%	

Discount rate – The discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2020. Other assumptions are listed in the TRS CAFR and in the RSI. Based on those assumptions, the LIF's fiduciary net position was not projected to be depleted.

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

NOTE 12 – CONTINGENCIES

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

NOTE 12 – CONTINGENCIES, continued

In addition, the District operates in a heavily regulated environment. The operations of the District are subject to the administrative directives, rules and regulations of federal and state regulatory agencies, including, but not limited to, the U.S. Department of Education and the Kentucky Department of Education. Such administrative directives, rules and regulations are subject to change by an act of Congress or the Kentucky Legislature or an administrative change mandated by the Kentucky Department of Education. Such changes may occur with little or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

NOTE 13 – INSURANCE AND RELATED ACTIVITIES

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

NOTE 14 – COBRA

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

The District has notified all terminated employees of available continuing insurance coverage as mandated by COBRA.

NOTE 15 – RISK MANAGEMENT AND LITIGATION

The District is exposed to various risks of loss of assets associated with the risks related to torts; theft of, damage to and destruction of assets; fire, personal liability, vehicular accidents; errors and omissions; injuries to employees; fiduciary responsibility; and natural disaster. Each of these risk areas are covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated which include workers' compensation insurance.

Contributions to the Workers' Compensation Fund were based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount.

The District purchases unemployment insurance through Kentucky School Boards' Association; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial statements.

NOTE 16 – INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables and payables at June 30, 2023.

NOTE 17 – JOINT VENTURE

On February 11, 2010 the District entered into a joint venture agreement with the Calloway County School District. The agreement stipulates that Murray Independent School District will fund the joint venture from SEEK monies released by Calloway County School District for nonresident pupils. These funds will be used to build and operate a 21st Century, state of the art, Career Technical Center for the benefit of students from both districts.

The operations are controlled by the board, which is comprised of representatives from each District. The District's interest in this joint venture is accounted for using the equity method. The District's equity interest represents its explicit, measurable right to the net present or future resources of the joint venture. Under this method, the District records its share of the joint venture's net income or loss for each period. For additional financial information regarding the joint venture, contact Murray Independent School District (270.753.4363) or by mail at 208 South 13th Street, Murray, KY 42071.

The Murray Independent-Calloway County School Districts Finance Corporation issued the School Building Revenue Bonds Series 2015 in the amount of $5,290,000 for the joint Career Technical Center. The maturity date is August 1, 2035. The bonds rate of interest is 2.00% - 3.50%.

At June 30, 2023 the principal and interest are as follows:

Year	Principal	Interest	Total
2024	$ 240,000	$ 109,138	$ 349,138
2025	245,000	103,832	348,832
2026	250,000	97,949	347,949
2027	260,000	90,925	350,925
2028	270,000	82,975	352,975
2029-2033	1,465,000	286,911	1,751,911
2034-2036	1,000,000	52,975	1,052,975
	$ 3,730,000	$ 824,705	$ 4,554,705

NOTE 18 – RECENT ACCOUNTING PRONOUNCEMENTS

In May 2020, the GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement took effect for the fiscal year ended June 30, 2023. Based on the SBITA amounts obtained, the total present value was below the materiality level and no amounts were recorded in the financial statements.

In June 2022, the GASB issued Statement 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. GASB 100 prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

In June 2022, the GASB issued Statement 101, *Compensated Absences*. GASB 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

MURRAY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amount			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
From local sources				
Taxes				
Property	$ 2,878,767	$ 2,878,767	$ 3,071,138	$ 192,371
Motor vehicle	350,000	350,000	424,138	74,138
Utilities	800,000	800,000	843,195	43,195
Other	165,000	165,000	187,317	22,317
Earnings on investments	30,000	30,000	181,597	151,597
Other local revenues	271,100	271,100	343,371	72,271
Intergovernmental - state	11,938,640	12,014,971	13,536,413	1,521,442
Total revenues	16,433,507	16,509,838	18,587,169	2,077,331
EXPENDITURES				
Current				
Instruction	11,155,939	11,208,337	12,234,356	(1,026,019)
Support services				
Student	1,043,410	1,043,410	1,054,716	(11,306)
Instructional staff	486,011	486,011	381,724	104,287
District administration	2,192,657	2,205,080	524,997	1,680,083
School administration	1,125,458	1,125,458	1,192,845	(67,387)
Business	506,086	506,086	477,619	28,467
Plant operations and maintenance	1,910,716	2,262,029	1,642,272	619,757
Student transportation	580,902	591,450	470,443	121,007
Community service activities	253,028	253,029	177,223	75,806
Total expenditures	19,254,207	19,680,890	18,156,195	1,524,695
Excess (deficit) of revenues over (under) expenditures	(2,820,700)	(3,171,052)	430,974	3,602,026
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of fixed assets	-	281,828	382,740	100,912
Transfers (out)	(30,000)	(30,000)	(32,528)	(2,528)
Total other financing sources (uses)	(30,000)	251,828	350,212	98,384
Net change in fund balance	(2,850,700)	(2,919,224)	781,186	3,700,410
Fund balance, beginning of year	2,850,700	2,919,224	2,919,224	-
Fund balance, end of year	$ -	$ -	$ 3,700,410	$ 3,700,410

MURRAY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amount			Variance with Final Budget Favorable
REVENUES	Original	Final	Actual	(Unfavorable)
From local sources				
Other local revenues	$ 60,000	$ 89,000	$ 63,133	$ (25,867)
Intergovernmental - state	701,767	780,659	657,077	(123,582)
Intergovernmental - federal	6,358,274	6,403,847	8,692,920	2,289,073
Total revenues	7,120,041	7,273,506	9,413,130	2,139,624
EXPENDITURES				
Current				
Instruction	6,631,046	6,666,646	6,975,811	(309,165)
Support services				
Student	139,867	190,669	510,125	(319,456)
Instructional staff	192,796	293,289	567,185	(273,896)
District Administration	-	-	48,490	(48,490)
School administration	-	-	88,678	(88,678)
Business	23,966	1,130	33,299	(32,169)
Plant operations and maintenance	10,066	10,000	679,549	(669,549)
Student transportation	-	-	336,633	(336,633)
Community service activities	152,300	152,300	205,888	(53,588)
Total expenditures	7,150,041	7,314,034	9,445,658	(2,131,624)
Excess (deficit) of revenues over (under) expenditures	(30,000)	(40,528)	(32,528)	8,000
OTHER FINANCING SOURCES (USES)				
Transfers in	30,000	32,528	32,528	-
Total other financing sources (uses)	30,000	32,528	32,528	-
Net change in fund balance	-	(8,000)	-	8,000
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ (8,000)	$ -	$ 8,000

MURRAY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – FSPK
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amount			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
From local sources				
Taxes				
Property	$ 913,059	$ 913,059	$ 913,059	$ -
Earnings on investments	15,000	15,000	159,731	144,731
Intergovernmental - state	1,447,518	1,447,518	1,576,587	129,069
Total revenues	2,375,577	2,375,577	2,649,377	273,800
EXPENDITURES				
Contingency	1,505,052	1,505,052	-	1,505,052
Total expenditures	1,505,052	1,505,052	-	1,505,052
Excess (deficit) of revenues over (under) expenditures	870,525	870,525	2,649,377	1,778,852
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(1,358,551)	(1,358,551)	(1,358,551)	-
Total other financing sources (uses)	(1,358,551)	(1,358,551)	(1,358,551)	-
Net change in fund balance	(488,026)	(488,026)	1,290,826	1,778,852
Fund balance, beginning of year	488,026	488,026	2,533,161	2,045,135
Fund balance, end of year	$ -	$ -	$ 3,823,987	$ 3,823,987

MURRAY INDEPENDENT SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGET AND ACTUAL
JUNE 30, 2023

NOTE 1 – BUDGETARY INFORMATION

The District's budgetary process accounts for transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary accounting method and GAAP are:

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

In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy and from estimates of other Local, State and Federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay and other necessary expenses. The budget must be approved by the Board.

The District does not budget for on-behalf payments, which are reported with the General and Food Service Funds in the fund financial statements and the budgetary comparison supplementary information.

The District must formally and publicly examine estimated revenues and expenditures for the subsequent fiscal year by January 31 of each calendar year.

The District must prepare an annual allocation to schools by March 1 of each year for the following fiscal year. This allocation must include the amount for certified and classified staff based on the District's staffing policy and the amount for instructional supplies, materials, travel and equipment.

The District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each year. This budget must contain a 2.00% reserve.

Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of the current fiscal year.

The Board has the ability to amend the working budget. The working budget was amended during the year.

Expenditures exceed appropriations in the Special Revenue Fund by $2,131,624. These over expenditures were funded by greater than anticipated revenues in the fund.

MURRAY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)

As of June 30	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of net pension liability	0.168925%	0.167896%	0.157365%	0.146246%	0.139024%	0.129571%	0.127301%	0.124570%	0.123489%
District's proportionate share of net pension liability	$ 12,211,611	$ 10,704,688	$ 12,069,765	$ 10,284,701	$ 8,466,985	$ 7,584,189	$ 6,267,838	$ 5,355,997	$ 4,006,453
District's covered-employee payroll	$ 4,759,199	$ 4,368,700	$ 4,108,546	$ 3,753,917	$ 3,467,232	$ 3,166,870	$ 3,042,402	$ 2,705,831	$ 2,835,096
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	256.59%	245.03%	293.77%	273.97%	244.20%	239.49%	206.02%	197.94%	141.32%
Plan fiduciary net position as a percentage of total pension liability	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

Note: Information prior to 2015 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District’s measurement date which is the prior year’s end.

See accompanying notes to the required supplementary information

MURRAY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – PENSION
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)

For the year ended June 30	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,157,518	$ 1,007,522	$ 843,159	$ 792,988	$ 608,869	$ 502,085	$ 441,703	$ 375,317	$ 345,029
Contributions in relation to the contractually required contribution	1,157,518	1,007,522	843,159	792,988	608,869	502,085	441,703	375,317	345,029
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 4,946,657	$ 4,759,199	$ 4,368,700	$ 4,108,546	$ 3,753,917	$ 3,467,232	$ 3,166,870	$ 3,042,402	$ 2,705,831
Contributions as a percentage of covered-employee payroll	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.34%	12.75%

Note: Information prior to 2015 was unavailable. Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

MURRAY INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)

Changes in benefit terms

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

2022: No changes in benefit terms.
2021: No changes in benefit terms.
2020: No changes in benefit terms.
2019: No changes in benefit terms.
2018: No changes in benefit terms.
2017: No changes in benefit terms.
2016: No changes in benefit terms.
2015: No changes in benefit terms.

Changes in assumptions

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

2022: No changes.

2021: During the 2021 legislative session, Senate Bill 169 was enacted which increased disability benefits for certain qualifying members who became "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total pension liability as of June 30, 2021 is determined using these updated benefit provisions.

2020: During the legislative session, Senate Bill 249 was enacted which changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not affect the calculation of Total Pension Liability and only affects the calculation of the contribution rates that would be payable starting July 1, 2020. Additionally, House Bill 271 was enacted with removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse. It also increased benefits for a very small number of beneficiaries. This did not have a material (or measurable) impact on the liability of the plans and therefore, no adjustment was made to the total pension liability to reflect this legislation.

2019: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The total pension liability as of June 30, 2019 is determined using these updated assumptions.

MURRAY INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)

Changes in assumptions, continued

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

2017: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the total pension liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

2016: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the total pension liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

2015: No changes in assumptions.

MURRAY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEMS (KTRS)

As of June 30	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of net pension liability	$ 42,227,349	$ 31,714,865	$ 33,989,778	$ 31,832,569	$ 30,218,544	$ 60,524,454	$ 66,798,274	$ 52,333,512	$ 44,302,814
District's covered-employee payroll	$ 7,947,797	$ 7,684,953	$ 7,568,971	$ 7,239,005	$ 7,098,447	$ 6,779,448	$ 6,766,164	$ 6,590,106	$ 6,138,817
District's proportionate share of net pension liability 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%
Plan fiduciary net position as a percentage of total pension liability	56.41%	65.59%	58.27%	58.76%	59.30%	39.83%	35.22%	42.49%	45.59%

Note: Information prior to 2015 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year's end.

See accompanying notes to the required supplementary information

MURRAY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – PENSION
KENTUCKY TEACHERS' RETIREMENT SYSTEMS (KTRS)

For the year ended June 30	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 8,361,156	$ 7,947,797	$ 7,684,953	$ 7,568,971	$ 7,239,005	$ 7,098,447	$ 6,779,448	$ 6,766,164	$ 6,590,106
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Information prior to 2015 was unavailable. Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information

Changes in benefit terms

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

Changes in assumptions

2022: No changes in assumptions

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the PUB2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set-forwards, setbacks 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% to 7.10% and the price inflation assumption was lowered from 3.00% to 2.50%. In addition, the calculation of the Single Equivalent Interest Rate (SEIR) results in an assumption change from 7.50% to 7.10%.

2019: No changes in assumptions

2018: The calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumptions change from 4.49% to 7.50%

2017: The calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%

In the 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%.

2015: The calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%

2014: The calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%

MURRAY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)

As of June 30	2023	2022	2021	2020	2019	2018
District's proportion of collective net OPEB liability	0.168927%	0.167856%	0.157394%	0.146254%	0.139038%	0.129571%
District's proportionate share of collective net OPEB liability	$ 3,333,797	$ 3,213,519	$ 3,800,586	$ 2,459,679	$ 2,468,592	$ 2,604,820
District's covered-employee payroll	$ 4,759,199	$ 4,368,700	$ 4,108,546	$ 3,753,917	$ 3,467,232	$ 3,166,870
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	70.05%	73.56%	92.50%	65.52%	71.20%	82.25%
Plan fiduciary net position as a percentage of total OPEB liability	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%

Note: Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District’s measurement date which is the prior year’s end.

See accompanying notes to the required supplementary information

MURRAY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – OPEB
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)

For the year ended June 30	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 167,692	$ 275,082	$ 207,950	$ 195,529	$ 197,473	$ 162,930
Contributions in relation to the contractually required contribution	167,692	275,082	207,950	195,529	197,473	162,930
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 4,946,657	$ 4,759,199	$ 4,368,700	$ 4,108,546	$ 3,753,917	$ 3,467,232
Contributions as a percentage of covered-employee payroll	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%

Note: Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information

MURRAY INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)

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

Changes of Benefit Terms

2022: No changes of benefit terms
2021: No changes of benefit terms
2020: No changes of benefit terms
2019: No changes of benefit terms.
2018: No changes of benefit terms (other than the blended discount rate used to calculate the total OPEB liability).

Changes in assumptions

2022: The initial healthcare trend rate for pre-65 was changed from 6.30% to 6.20%. The initial healthcare trend rate for post-65 was changed from 6.30% to 9.00%.

2021: The single discount rates used to calculate the total OPEB liability within the plan changed since the prior year. Additional information regarding the single discount rates is provided in Note 11 of the financial statements. During the 2021 legislative session, Senate Bill 169 was enacted which increased disability benefits for certain qualifying members who become “totally and permanently disabled” in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2021 is determined using these updated benefit provisions.

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

2019: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled “Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018”. The Total OPEB liability as of June 30, 2019 is determined using these updated assumptions.

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

MURRAY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – MEDICAL INSURANCE FUND

As of June 30	2023	2022	2021	2020	2019	2018
District's proportion of collective net OPEB liability	0.179688%	0.129879%	0.128574%	0.124708%	0.141923%	0.141923%
District's proportionate share of collective net OPEB liability	$ 4,461,000	$ 2,787,000	$ 3,245,000	$ 3,650,000	$ 4,148,000	$ 4,233,000
State's proportionate share of collective OPEB liability	$ 1,465,000	$ 2,263,000	$ 2,599,000	$ 2,948,000	$ 3,575,000	$ 3,458,000
District's covered-employee payroll	$ 7,947,797	$ 7,684,953	$ 7,568,971	$ 7,239,005	$ 7,098,447	$ 6,779,448
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	74.56%	65.71%	42.87%	50.42%	58.44%	62.44%
Plan fiduciary net position as a percentage of total OPEB liability	47.75%	51.74%	39.05%	32.58%	25.50%	21.18%

Note: Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year's end.

See accompanying notes to the required supplementary information

MURRAY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – OPEB
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – MEDICAL INSURANCE FUND

For the year ended June 30	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 250,841	$ 546,703	$ 444,271	$ 416,033	$ 367,096	$ 212,955
Contributions in relation to the contractually required contribution	250,841	546,703	444,271	416,033	367,096	212,955
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 8,361,156	$ 7,947,797	$ 7,684,953	$ 7,568,971	$ 7,239,005	$ 7,098,447
Contributions as a percentage of covered-employee payroll	3.00%	6.88%	5.78%	5.50%	5.07%	3.00%

Note: Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information

MURRAY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – LIFE INSURANCE FUND

As of June 30	2023	2022	2021	2020	2019	2018
District's proportion of collective net OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of collective net OPEB liability	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of collective net OPEB liability	$ 73,000	$ 30,000	$ 79,000	$ 68,000	$ 33,710	$ 46,000
District's covered-employee payroll	$ 7,947,797	$ 7,684,953	$ 7,558,971	$ 7,239,005	$ 7,098,447	$ 6,779,448
District's proportionate share of 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 total OPEB liability	73.97%	89.15%	71.57%	73.40%	75.00%	79.99%

Note: Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year's end.

See accompanying notes to the required supplementary information

MURRAY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – OPEB
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – LIFE INSURANCE FUND

For the year ended June 30	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 8,361,156	$ 7,947,797	$ 7,684,953	$ 7,568,971	$ 7,239,005	$ 7,098,447
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information

Medical Insurance Fund

<u>Changes in benefit terms</u>

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

2021: No changes in benefit terms

2020: No changes in benefit terms

2019: No changes in benefit terms

2018: No changes in benefit terms

2017: With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to the KEHP-participating members who retired on or after July 1, 2010.

<u>Changes in assumptions</u>

2022: The health care trend rates were updated to reflect future anticipated experience.

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, setbacks and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees and actives. The assumed long-term investment rate of return was changed from 8.00% to 7.10%. The price inflation assumption was lowered from 3.00% to 2.50%. The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

Life Insurance Fund

<u>Changes in benefit terms</u>

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

<u>Changes in assumptions</u>

2022: None

The assumed long-term investment rate of return was changed from 7.50% to 7.10% and the price inflation assumption was lowered from 3.00% to 2.50%. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

OTHER SUPPLEMENTARY INFORMATION

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

	SEEK Capital Outlay	Construction	Debt Service	District Activity	Student Activity	Total Nonmajor Governmental
ASSETS						
Cash and cash equivalents	$ 917,313	$ 188,640	$ -	$ 322,034	$ 206,422	$ 1,634,409
Accounts receivable	-	-	-	30	-	30
Total assets and resources	$ 917,313	$ 188,640	$ -	$ 322,064	$ 206,422	$ 1,634,439
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ -	$ -	$ -	$ 1,574	$ -	$ 1,574
Total liabilities	-	-	-	1,574	-	1,574
Fund Balances						
Spendable						
Restricted	917,313	188,640	-	291,839	206,422	1,604,214
Committed	-	-	-	-	-	-
Assigned	-	-	-	28,651	-	28,651
Unassigned	-	-	-	-	-	-
Total fund balances	917,313	188,640	-	320,490	206,422	1,632,865
Total liabilities and fund balances	$ 917,313	$ 188,640	$ -	$ 322,064	$ 206,422	$ 1,634,439

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

	SEEK Capital Outlay	Construction	Debt Service	District Activity	Student Activity	Total Nonmajor Governmental
REVENUES						
From local sources						
Investment earnings	$ 39,436	$ -	$ -	$ 22,045	$ 9,541	$ 71,022
Other local revenues	-	-	-	115,642	81,803	197,445
Student activities	-	-	-	-	517,150	517,150
Intergovernmental - state	165,071	-	127,693	-	-	292,764
Intergovernmental - direct federal	-	-	-	-	-	-
Total revenues	204,507	-	127,693	137,687	608,494	1,078,381
EXPENDITURES						
Current						
Instruction	-	-	-	119,024	397,016	516,040
Support services						
Instructional staff	-	-	-	-	137,493	137,493
Plant operations & maintenance	-	-	-	-	353	353
Student transportation	-	-	-	-	15,261	15,261
Debt service	-	15,958	1,486,244	-	-	1,502,202
Total expenditures	-	15,958	1,486,244	119,024	550,123	2,171,349
Excess (deficit) of revenues over (under) expenditures	204,507	(15,958)	(1,358,551)	18,663	58,371	(1,092,968)

Continued

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

	SEEK Capital Outlay	Construction	Debt Service	District Activity	Student Activity	Total Nonmajor Governmental
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	1,358,551	-	-	1,358,551
Total other funding sources (uses)	-	-	1,358,551	-	-	1,358,551
Net change in fund balances	204,507	(15,958)	-	18,663	58,371	265,583
Fund balances, beginning of year	712,806	204,598	-	301,827	148,051	1,367,282
Fund balances, end of year	$ 917,313	$ 188,640	$ -	$ 320,490	$ 206,422	$ 1,632,865

MURRAY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Cash Balance July 1, 2022	Receipts	Disbursements	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2023
Murray Independent Elementary School	$ 4,615	$ 38,595	$ 37,648	$ 5,562	$ -	$ -	$ 5,562
Murray Independent Middle School	48,597	142,371	142,274	48,694	-	-	48,694
Murray Independent High School	94,839	530,869	473,542	152,166	-	-	152,166
Total	$ 148,051	$ 711,835	$ 653,464	$ 206,422	$ -	$ -	$ 206,422

MURRAY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS
MURRAY INDEPENDENT HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023

	Cash Balance July 1, 2022	Receipts	Disbursements	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2023
AP exams	$ -	$ 5,485	$ 5,485	$ -	$ -	$ -	$ -
Academic team	3,193	3,500	1,342	5,351	-	-	5,351
Art	-	3,570	3,570	-	-	-	-
Band	71	13,969	14,008	32	-	-	32
Black history	-	12	12	-	-	-	-
Book rental	-	14,255	14,255	-	-	-	-
Business	-	3,510	3,510	-	-	-	-
Cheer	558	414	659	313	-	-	313
FFA	1,287	21,484	13,034	9,737	-	-	9,737
Speech	2,779	21,669	20,184	4,264	-	-	4,264
FBLA	823	13,897	14,720	-	-	-	-
FFA Supply fee	-	3,640	3,640	-	-	-	-
Athletic Performance	448	5,628	6,040	36	-	-	36
FCA	-	360	360	-	-	-	-
French club	463	-	463	-	-	-	-
Library	157	1,020	1,177	-	-	-	-
Locks	-	353	353	-	-	-	-
Miscellaneous	1,130	3,124	4,134	120	-	-	120
Spanish club	67	320	303	84	-	-	84
KYA	813	9,670	7,313	3,170	-	-	3,170
Student council	921	4,473	287	5,107	-	-	5,107
Student fees	-	6,717	6,717	-	-	-	-
Yearbook	15,546	15,973	13,283	18,236	-	-	18,236
Workbooks	-	3,565	3,565	-	-	-	-
Interact	51	-	51	-	-	-	-

Continued

MURRAY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS, continued
MURRAY INDEPENDENT HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023

	Cash Balance July 1, 2022	Receipts	Disbursements	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2023
Technology fee	-	6,103	6,103	-	-	-	-
BETA club	1,642	4,097	4,229	1,510	-	-	1,510
Dawg pound	168	-	168	-	-	-	-
Science	-	3,520	3,520	-	-	-	-
Project graduation	1,668	22,856	23,471	1,053	-	-	1,053
Interest	124	6,372	5,777	719	-	-	719
Alg 2 lab	-	1,725	1,725	-	-	-	-
Math club	-	15	15	-	-	-	-
Art club	237	660	689	208	-	-	208
Comm based instr	272	57	-	329	-	-	329
GSA	479	-	479	-	-	-	-
Class of 2022	781	-	781	-	-	-	-
Class of 2023	4,162	10,530	14,692	-	-	-	-
Class of 2024	358	5,849	2,130	4,077	-	-	4,077
Class of 2025	741	1,952	422	2,271	-	-	2,271
Class of 2026	-	525		525	-	-	525
Football	-	10,000	10,000	-	-	-	-
Girls soccer	-	4,050	4,050	-	-	-	-
Boys soccer	-	4,150	4,150	-	-	-	-
Volleyball	-	2,500	2,500	-	-	-	-
G/B golf	-	1,538	1,538	-	-	-	-
G/B cross country	-	1,769	1,769	-	-	-	-
Girls basketball	-	7,520	7,520	-	-	-	-
Boys basketball	-	19,120	19,120	-	-	-	-
G/B swimming	-	2,050	2,050	-	-	-	-
Softball	-	30	30	-	-	-	-
Baseball	-	1,760	1,760	-	-	-	-

Continued

MURRAY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS, continued
MURRAY INDEPENDENT HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023

	Cash Balance July 1, 2022	Receipts	Disbursements	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Due to Student Groups June 30, 2023
G/B tennis	-	950	950	-	-	-	-
G/B track	-	1,155	1,155	-	-	-	-
Archery	260	124	-	384	-	-	384
KHSAA Football 1st	-	2,309	2,309	-	-	-	-
KHSAA Football 2nd	-	1,739	1,739	-	-	-	-
KHSAA Reg 1 boys basketball	-	50,603	50,603	-	-	-	-
KHSAA Reg 1 girls basketball	-	31,306	31,306	-	-	-	-
KHSAA Softball	-	1,890	1,890	-	-	-	-
KHSAA Baseball	-	1,800	1,800	-	-	-	-
All A Regional Volleyball	-	2,530	2,530	-	-	-	-
All A Sectional Soccer	-	1,062	1,062	-	-	-	-
All A State Basketball	-	4,557	4,557	-	-	-	-
Athletic misc	-	9,153	9,153	-	-	-	-
Athletic game admin	-	24,600	24,600	-	-	-	-
Athletic transportation	-	9,601	9,601	-	-	-	-
Athletic receipts	55,640	111,634	72,634	94,640	-	-	94,640
Change accounts	-	500	500	-	-	-	-
	$ 94,839	$ 530,869	$ 473,542	$ 152,166	$ -	$ -	$ 152,166

MURRAY INDEPENDENT SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Cash Balance July 1, 2022	Receipts	Disbursements	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2023
Head Start	$ 295,964	$ 10,497,494	$ 10,338,747	$ 454,711	$ 167,629	$ 596,069	$ 26,271
Career & Technical Center	1,587,205	125,915	483,923	1,229,197	-	62,905	1,166,292
Total Custodial Funds	$ 1,883,169	$ 10,623,409	$ 10,822,670	$ 1,683,908	$ 167,629	$ 658,974	$ 1,192,563

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

Federal Grantor/Pass-Through Grantor Program Title	Federal Prefix ALN	Pass-Through Grantor's Number	Federal Expenditures	
U. S. Department of Education				
Passed through State Department of Education:				
Special Education Cluster				
Special Education - Grants to States	84.027	3810002-22	$ 234,734	
	84.027	3810002-21	152,020	
	84.027	3810002-20	1,362	
COVID-19 Special Education - Grants to States	84.027	4910002-21	56,939	
Special Education - Preschool Grants	84.173	3800002-22	1,518	
	84.173	3800002-21	20,200	
	84.173	3800002-20	2,753	
COVID-19 Special Education - Preschool Grants	84.173	4900002-21	5,004	
Total Special Education Cluster				$ 474,530
Title I Grants to Local Education Agencies	84.010	3100002-22	273,068	
	84.010	3100202-21	123,010	396,078
Career and Technical Education - Basic Grants to States	84.048	3710002-22	9,305	
	84.048	3710002-21	1,268	
	84.048	3710002-20	1	10,574
Rural Education	84.358	3140002-21		32,433
English Language Acquisition State Grants	84.365	3300002-22	4,194	
	84.365	3300002-21	2,114	6,308
Supporting Effective Instruction State Grants	84.367	3230002-22	45,893	
	84.367	3230002-21	22,794	68,687
Student Support and Academic Enrichment Program	84.424	3420002-22	5,619	
	84.424	3420002-21	9,009	
	84.424	3420002-20	742	15,370
COVID-19 Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act	84.425	4200002-21	194,595	
	84.425	4200003-21	8,293	
	84.425	4300002-21	1,940,804	
	84.425	4300005-21	61,038	
	84.425	4980002-21	10,099	2,214,829
Direct Programs:				
Adult Education - Basic Grants to States	84.002	Direct		16,720
Total U. S. Department of Education				3,235,529

Continued

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

Federal Grantor/Pass-Through Grantor Program Title	Federal Prefix ALN	Pass-Through Grantor's Number	Federal Expenditures	
U. S. Department of Agriculture				
Passed through State Department of Education:				
Child Nutrition Cluster				
School Breakfast Program	10.553	7760005-23	144,253	
	10.553	7760005-22	35,577	
National School Lunch Program	10.555	7750002-23	485,845	
	10.555	7750002-22	127,328	
	10.555	9980000-23	22,733	
	10.555	9980000-22	45,753	
Summer Food Service Program for Children	10.559	7690024-23	982	
	10.559	7690024-22	1,499	
	10.559	7740023-23	9,525	
	10.559	7740023-22	14,510	
Total Child Nutirition Cluster				888,005
Child and Adult Care Food Program	10.558	7790021-23	133,974	
	10.558	7790021-22	46,497	
	10.558	7800016-23	2,628	
	10.558	7800016-22	1,224	184,323
State Administrative Expenses for Child Nutrition	10.560	7700001-22		1,868
COVID-19: Pandemic EBT Administrative Cost	10.649	9990000-22		628
Direct Programs:				
Fruit & Vegtable Program	10.555	Direct		87,950
Total U.S. Department of Agriculture				1,162,774

Continued

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

Federal Grantor/Pass-Through Grantor Program Title	Federal Prefix ALN	Pass-Through Grantor's Number	Federal Expenditures	
U. S. Department of Health and Human Services				
Passed through Murray Independent School District:				
Head Start	93.600	Direct		5,473,655
Passed through Western Kentucky University:				
Head Start	93.600	04-CH011269-002		431,556
Direct Programs:				
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	Direct		455
COVID-19 Child Care and Development Block Grant	93.575	Direct		335,154
Head Start	93.600	04CH011242-03	2,264,059	
	93.600	04CH011242-04	6,972,009	
	93.600	04CH01124203C3	175,707	
	93.600	04HE001099C5	70,172	
	93.600	04HE001099C6	443,417	9,925,364
Total U. S. Department of Health and Human Services				16,166,184
Total Expenditures of Federal Awards				$ 20,564,487

See notes to Schedule of Expenditures of Federal Awards

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

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Pass-through entity identifying numbers are presented where available.

NOTE 3 – SUBRECIPIENTS

There were subrecipients to the 93.600 Head Start grant. Total awards of $2,567,368 were passed through to subrecipients in the fiscal year. The funds were allocated to subrecipients as followed:

Subrecipients of Head Start funds:		
Ballard County Board of Education	$	154,202
Calloway County Board of Education		322,219
Carlisle County Board of Education		221,952
Fulton County Board of Education		171,059
Fulton Independent School District		202,636
Graves County Board of Education		340,579
Hickman County Board of Education		156,487
Marshall County Board of Education		300,384
Mayfield Independent School District		208,801
Murray Independent School District		489,049
Total passed through to subrecipients	$	2,567,368

NOTE 4 – INDIRECT COST RATE

Murray Independent School District has not elected to use the 10-percent de minimis indirect rate allowed under the Uniform Guidance.

NOTE 5 – COMMODITIES

Nonmonetary assistance is reported in the Schedule at the fair market value of the USDA food commodities received and disbursed.

INTERNAL CONTROL AND COMPLIANCE

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DUGUID, GENTRY & ASSOCIATES, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Murray Independent School District (District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 15, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Murray Independent School District in a separate report dated November 15, 2023.

Purpose of this Report

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

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

November 15, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

November 15, 2023

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

Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	___ yes	X no
Significant deficiency(ies) identified?	___ yes	X none reported
Noncompliance material to financial statements noted?	___ yes	X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	___ yes	X no
Significant deficiency(ies) identified?	___ yes	X none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)	___ yes	X no

Identification of major federal programs:

Program Title	Federal Prefix ALN
Special Education Cluster	
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act	84.425
Head Start Cluster	93.600

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

Auditee qualified as a low-risk auditee?	X yes	___no

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

Findings – Financial Statements Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None reported

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

None

MANAGEMENT COMMENTS FOR AUDIT

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November 15, 2023

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

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

However, during our audit, we became aware of some matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and recommendations regarding these matters. Any uncorrected comments from the prior year have been listed in this memorandum. A separate report dated November 15, 2023 contains our report on the District's internal control. This letter does not affect our report dated November 15, 2023 on the financial statements of the District.

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

This report is intended solely for the information and use of management, the members of the Murray Independent Board of Education, others within the District, the Kentucky Department of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

MURRAY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2023

MURRAY INDEPENDENT ELEMENTARY SCHOOL

I. Criteria – Accounting Procedures for Kentucky School Activity Funds (Redbook) states the deposit slips shall note the receipt numbers in the deposit and an employee, other than the treasurer shall verify the daily deposit.

Condition – There was no indication on the deposit slip that anyone other than the treasurer had verified the deposit.

Cause – Lack of implementation of Redbook policy.

Effect – Noncompliance with Accounting Procedures for Kentucky School Activity Funds (Redbook).

Recommendation – Receipt numbers in the deposit should be listed on the deposit slip and verification of the daily deposit should be noted on the deposit slip.

Views of Responsible Officials – Bookkeeper will ensure receipt numbers are properly listed on the receipts per Redbook requirements.

MURRAY INDEPENDENT MIDDLE SCHOOL

I. Criteria – Accounting Procedures for Kentucky School Activity Funds (Redbook) sets accounting guidelines for deposits.

Condition – Monies collected were not deposited in a timely basis.

Cause – Lack of implementation of Redbook policy.

Effect – Noncompliance with Accounting Procedures for Kentucky School Activity Funds (Redbook).

Recommendation – All monies collected should be deposited daily unless the amount collected is less than $100 or received after business hours. At a minimum, deposits shall be made on the last workday of the week, even if the deposit is less than $100.

Views of Responsible Officials – Bookkeeper has notified responsible individuals of deposit deadlines to comply with Redbook policy.

MURRAY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2023

MURRAY INDEPENDENT HIGH SCHOOL

I. Criteria – Accounting Procedures for Kentucky School Activity Funds (Redbook) requires the use of Form F-SA-5, Monthly Inventory Control Worksheet, for concession and bookstore activities to recap the flow of inventory monthly and identify overages or shortages.

Condition – Form F-SA-5, Monthly Inventory Control Worksheet, was not completed correctly or completed monthly.

Cause – Lack of implementation of Redbook policy.

Effect – Noncompliance with Accounting Procedures for Kentucky School Activity Funds (Redbook).

Recommendation – Form F-SA-5, Monthly Inventory Control Worksheet, should be completed to recap the flow of inventory monthly of all inventory/concessions and to identify overages and shortages.

Views of Responsible Officials – Bookkeeper has notified responsible individuals of the policies and procedures associated with concession and bookstore activities to comply with Redbook policies.

II. Criteria – Accounting Procedures for Kentucky School Activity Funds (Redbook) requires the use of Form F-SA-6 to record funds collected by teachers or sponsors from a group of students in lieu of individual receipts.

Condition – Form F-SA-6, Multiple Receipt Form, was not completed properly.

Cause – Lack of implementation of Redbook policy.

Effect – The lack of use of Form F-SA-6 weakens internal controls which would otherwise provide support for funds collected and documentation of the amount, date and person collecting the funds.

Recommendation – Accounting Procedures for Kentucky School Activity Funds (Redbook) requires the use and proper and timely completion of the Multiple Receipt Form when funds are collected from a group of students to document the receipt of funds from a fundraiser or event. Additionally, it is required that students in sixth grade and above sign F-SA-6 as they turn in money.

Views of Responsible Officials – Bookkeeper has notified responsible individuals of Redbook policies and procedures.

MURRAY INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2023

MURRAY INDEPENDENT ELEMENTARY SCHOOL

I. Condition – Two accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Recommendation – If the student organization did not designate in writing how remaining funds shall be disposed, then inactive accounts' funds shall be transferred to the school activity general account and used for the general benefit of all students.

Current Status – This finding was not repeated for fiscal year June 30, 2023.

II. Condition – Fundraisers tested were missing Form F-SA-2B Fundraiser Summary.

Recommendation – Form F-SA-2B Fundraiser Summary should be completed for each fundraiser.

Current Status – This finding was not repeated for fiscal year June 30, 2023.

MURRAY INDEPENDENT MIDDLE SCHOOL

I. Condition – Thirteen accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Recommendation – If the student organization did not designate in writing how remaining funds shall be disposed, then inactive accounts' funds shall be transferred to the school activity general account and used for the general benefit of all students.

Current Status – This finding was not repeated for fiscal year June 30, 2023.

II. Condition – Form F-SA-5, Monthly Inventory Control Worksheet, was not used and completed monthly.

Recommendation – Form F-SA-5, Monthly Inventory Control Worksheet, should be completed to recap the flow of inventory monthly of all inventory/concessions and to identify overages and shortages.

Current Status – This finding was not repeated for fiscal year June 30, 2023.