TRIGG COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

TRIGG COUNTY SCHOOL DISTRICT
TABLE OF CONTENTS

TRIGG COUNTY SCHOOL DISTRICT
TABLE OF CONTENTS

Required Supplementary Information

TRIGG COUNTY SCHOOL DISTRICT
TABLE OF CONTENTS

TRIGG COUNTY SCHOOL DISTRICT
JUNE 30, 2023

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

4443 CANTON PIKE
HOPKINSVILLE, KY 42240

270.886.6355

INDEPENDENT AUDITORS' REPORT

Kentucky State Committee
for School District Audits
Members of the Board of Education
Trigg County School District
Cadiz, 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 Trigg County School District (District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the 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 Trigg County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 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 3, 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 Trigg County School District's internal control over financial reporting and compliance.

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

November 3, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

TRIGG COUNTY SCHOOL DISTRICT – CADIZ, KY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023

As management of the Trigg County School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. 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 and investments balance for the District was $14.8M in 2023 and $21M in 2022.

- In total, net position increased $3M. The net position of governmental activities increased $2.7M, while the net position of business-type activities increased $299K. Total assets were $58M at June 30, 2023 compared to $55M at June 30, 2022 and total liabilities were $33M at June 30, 2023 compared to $30M at June 30, 2022.

- Total revenues were $34M for the year. General revenues accounted for $18M, 53.22% of the total, while program specific revenues in the form of charges for services and sales, grant and contributions accounted for $16M or 46.78% of total revenues. The District incurred $30M 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 of the District's assets and deferred outflows of resources and liabilities and deferred inflows. 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 and liabilities plus deferred inflows – 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 two 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 fund 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 School Age Childcare. 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.

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 of resources were greater than liabilities plus deferred inflows of resources by $27.1M at the close of the most recent fiscal year.

The District contributes its statutorily required contributions to the pension systems; however, it is the pension systems that collect, hold and distribute pensions to District employees, not the District. A significant portion of the District's net position, $26.1M, 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 $7M, 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	$ 15,115,871	$ 20,980,540	$ 1,394,457	$ 1,042,896	$ 16,510,328	$ 22,023,436
Capital assets	40,804,125	32,310,550	839,323	850,500	41,643,448	33,161,050
Total assets	55,919,996	53,291,090	2,233,780	1,893,396	58,153,776	55,184,486
Deferred outflows of resources	5,950,161	3,466,848	520,714	444,247	6,470,875	3,911,095
LIABILITIES						
Current liabilities	1,528,286	913,493	40,673	1,302	1,568,959	914,795
Long-term debt	29,810,551	27,617,012	1,627,676	1,510,850	31,438,227	29,127,862
Total liabilities	31,338,837	28,530,505	1,668,349	1,512,152	33,007,186	30,042,657
Deferred inflows of resources	4,191,466	4,636,572	290,513	328,574	4,481,979	4,965,146
NET POSITION						
Investment in capital assets net of related debt	25,267,416	15,905,411	839,323	850,500	26,106,739	16,755,911
Restricted	7,010,136	15,788,274	-	-	7,010,136	15,788,274
Unrestricted	(5,937,698)	(8,102,824)	(43,691)	(353,583)	(5,981,389)	(8,456,407)
Total net position	$ 26,339,854	$ 23,590,861	$ 795,632	$ 496,917	$ 27,135,486	$ 24,087,778

The net pension liability (NPL) and the other postemployment benefits (OPEB) 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.

TRIGG COUNTY SCHOOL DISTRICT – CADIZ, KY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023

Following is a summary schedule of changes in the District's net position for the fiscal 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						
Charges for services	$ -	$ -	$ 215,334	$ 243,654	$ 215,334	$ 243,654
Operating grants and contributions	13,605,616	10,130,547	1,419,165	1,599,197	15,024,781	11,729,744
Capital grants and contributions	432,812	432,812	-	-	432,812	432,812
General revenues						
Property taxes	5,680,172	5,387,967	-	-	5,680,172	5,387,967
Other taxes	3,372,516	3,279,004	-	-	3,372,516	3,279,004
State aid	7,416,883	17,099,985	175,685	133,589	7,592,568	17,233,574
Investment earnings	553,167	95,368	42,284	3,256	595,451	98,624
Other	590,125	753,500	-	-	590,125	753,500
Total revenues	31,651,291	37,179,183	1,852,468	1,979,696	33,503,759	39,158,879
EXPENSES						
Instruction	17,341,544	15,365,107	-	-	17,341,544	15,365,107
Support services						
Student	1,348,545	1,279,093	-	-	1,348,545	1,279,093
Instructional staff	1,429,793	1,315,544	-	-	1,429,793	1,315,544
District administration	1,008,850	810,528	-	-	1,008,850	810,528
School administration	1,547,884	1,378,347	-	-	1,547,884	1,378,347
Business	1,060,377	1,025,056	-	-	1,060,377	1,025,056
Plant operations and maintenance	1,591,997	1,662,480	-	-	1,591,997	1,662,480
Student transportation	1,672,062	1,519,048	-	-	1,672,062	1,519,048
Community services activities	253,501	218,893	-	-	253,501	218,893
Other non-instructional	24,272	18,513	-	-	24,272	18,513
Day care operations	110,180	93,452	-	-	110,180	93,452
Interest on long-term debt	450,602	394,329	-	-	450,602	394,329
Other	1,062,691	31,910	-	-	1,062,691	31,910
Food service	-	-	1,427,223	1,246,802	1,427,223	1,246,802
Day care	-	-	126,530	150,405	126,530	150,405
Total expenses	28,902,298	25,112,300	1,553,753	1,397,207	30,456,051	26,509,507
Change in net position before transfers	2,748,993	12,066,883	298,715	582,489	3,047,708	12,649,372
Transfers in (out)	-	-	-	-	-	-
Change in net position after transfers	$ 2,748,993	$ 12,066,883	$ 298,715	$ 582,489	$ 3,047,708	$ 12,649,372

The net position of the District's governmental activities increased by $2.7M. Net position reflects a positive balance of $26M. The District has developed a strategic plan to best utilize the resources available and to preserve those resources as long as possible.

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

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 $13.6M, a decrease of $6.5M 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 as of 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 Building 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	$ 6,914,625	$ 4,613,449	$ 2,301,176
Special Revenue Fund	47,129	15,700	31,429
FSPK	160,098	38,397	121,701
SEEK	379,714	184,641	195,073
District Activity Fund	80,291	66,065	14,226
School Activity Fund	161,595	147,174	14,421
Debt Service Fund	(39,276)	(39,276)	-
Construction Fund	5,965,585	15,096,573	(9,130,988)
Total governmental funds	$ 13,669,761	$ 20,122,723	$ (6,452,962)

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 $6.5M, while total fund balance was $6.9M. 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 31.31% of total General Fund expenditures, while total fund balance represents 33.47% of that same amount.

GENERAL FUND BUDGETARY HIGHLIGHTS

In accordance with directives from the Kentucky Department of Education (KDE) and Kentucky law, the budgets of the District's funds are prepared to account for most transactions on a cash receipt/cash disbursement 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 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 6.18%. 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 did not include $6.9M of state payments on behalf of District employees for retirement, 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 $16M compared to the total budgeted revenues of $13.8M.

- 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 $13.7M compared to the total budgeted expenditures of $18M.

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, No Child Left Behind funding, Preschool, Special Education funding 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 District has used those funds for debt service payments. The State contributes to those funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At June 30, 2023, the District had $42M invested in capital assets net of depreciation; historical costs totaled $64M with accumulated depreciation totaling $22M. These assets include school, athletic and support facilities, as well as technology, food service and other equipment. Funds in the amount of $10M were expended on acquisition and improvements during the year. Depreciation charged to expense during the year totaled $1M, the majority of which was charged to governmental functions. More detailed information relating to capital assets may be found in Note 4 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	$ 300,850	$ 300,850	$ -	$ -	$ 300,850	$ 300,850
Construction in progress	11,320,627	18,339,346	-	-	11,320,627	18,339,346
Buildings and improvements	27,421,418	12,056,257	734,572	763,379	28,155,990	12,819,636
Land improvements	411,708	429,400	-	-	411,708	429,400
Technology equipment	(22,440)	6,515	-	-	(22,440)	6,515
Vehicles	1,080,179	966,086	-	-	1,080,179	966,086
General equipment	291,783	212,096	104,751	87,121	396,534	299,217
Total	$ 40,804,125	$ 32,310,550	$ 839,323	$ 850,500	$ 41,643,448	$ 33,161,050

Long-term Debt – The District's long-term general obligation bonds outstanding at June 30, 2023 were $15.7M. Of that amount, the Kentucky SFCC has agreed to make a portion of the principal and interest payment under agreements described in Note 5. 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 $3.8M of the bonds leaving the District to pay $11.9M.

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 5 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 Finance Officer at (270.522.6075) or by mail at 202 Main Street, Cadiz, KY 42211.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 10,276,745	$ 1,362,543	$ 11,639,288
Investments	3,190,895	-	3,190,895
Accounts receivable			
Taxes	149,861	-	149,861
Other	13,604	8,079	21,683
Intergovernmental - indirect federal	1,484,766	-	1,484,766
Inventory	-	23,835	23,835
Capital assets			
Non-depreciable	11,621,477	-	11,621,477
Depreciable (net)	29,182,648	839,323	30,021,971
Total assets	55,919,996	2,233,780	58,153,776
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related	4,284,793	172,381	4,457,174
Pension related	1,665,368	348,333	2,013,701
Total deferred outflows of resources	5,950,161	520,714	6,470,875
LIABILITIES			
Accounts payable	1,049,690	20,362	1,070,052
Accrued sick leave payable	69,965	-	69,965
Unearned revenue	326,455	-	326,455
Accrued interest	82,176	-	82,176
Long-term obligations			
Portion due or payable within one year			
Bonds payable	803,430	-	803,430
Compensated absences	-	20,311	20,311
Portion due or payable after one year			
Bonds payable	14,733,279	-	14,733,279
Compensated absences	342,347	7,466	349,813
Net OPEB liability	7,116,725	380,341	7,497,066
Net pension liability	6,814,770	1,239,869	8,054,639
Total liabilities	31,338,837	1,668,349	33,007,186

Continued

TRIGG COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION, continued
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
OPEB related	3,375,310	145,436	3,520,746
Pension related	816,156	145,077	961,233
Total deferred inflows of resources	4,191,466	290,513	4,481,979
NET POSITION			
Net investment in capital assets	25,267,416	839,323	26,106,739
Restricted	7,010,136	-	7,010,136
Unrestricted	(5,937,698)	(43,691)	(5,981,389)
Total net position	$ 26,339,854	$ 795,632	$ 27,135,486

See accompanying notes to financial statements

TRIGG COUNTY 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	$ 17,341,544	$ -	$ 9,763,683	$ -	$ (7,577,861)	$ -	$ (7,577,861)
Support services							
Student	1,348,545	-	644,282	-	(704,263)	-	(704,263)
Instructional staff	1,429,793	-	658,620	-	(771,173)	-	(771,173)
District administrative	1,008,850	-	147,615	-	(861,235)	-	(861,235)
School administrative	1,547,884	-	590,736	-	(957,148)	-	(957,148)
Business	1,060,377	-	574,398	-	(485,979)	-	(485,979)
Plant operations and maintenance	1,591,997	-	111,352	-	(1,480,645)	-	(1,480,645)
Student transportation	1,672,062	-	678,476	-	(993,586)	-	(993,586)
Community service activities	253,501	-	303,074	-	49,573	-	49,573
Other non-instructional	24,272	-	-	-	(24,272)	-	(24,272)
Day care operations	110,180	-	133,380	-	23,200	-	23,200
Facilities acquisition and construction	1,062,691	-	-	-	(1,062,691)	-	(1,062,691)
Interest on long-term debt	450,602	-	-	432,812	(17,790)	-	(17,790)
Total governmental activities	28,902,298	-	13,605,616	432,812	(14,863,870)	-	(14,863,870)
Business-type Activities							
Food service	1,427,223	67,451	1,419,165	-	-	59,393	59,393
Day care services	126,530	147,883	-	-	-	21,353	21,353
Total business-type activities	1,553,753	215,334	1,419,165	-	-	80,746	80,746
Total activities	$ 30,456,051	$ 215,334	$ 15,024,781	$ 432,812	(14,863,870)	80,746	(14,783,124)

Continued

TRIGG COUNTY 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
Net Revenues (Expenses)	(14,863,870)	80,746	(14,783,124)
General Revenues			
Taxes			
Property	5,680,172	-	5,680,172
Motor vehicle	781,605	-	781,605
Utilities	982,742	-	982,742
Other	1,608,169	-	1,608,169
Student activities	59,938	-	59,938
Investment earnings	553,167	42,284	595,451
State aid	7,416,883	175,685	7,592,568
Gain (loss) on sale of fixed assets	(661,137)	-	(661,137)
Miscellaneous	1,191,324	-	1,191,324
Total general revenues	17,612,863	217,969	17,830,832
Change in net position before transfers	2,748,993	298,715	3,047,708
Transfers in (out)	-	-	-
Change in net position after transfers	2,748,993	298,715	3,047,708
Net position, beginning of year	23,590,861	496,917	24,087,778
Net position, end of year	$ 26,339,854	$ 795,632	$ 27,135,486

See accompanying notes to financial statements

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

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

	General	Special Revenue	Construction	Nonmajor Governmental	Total
ASSETS					
Cash and cash equivalents	$ 2,520,246	$ -	$ 6,974,801	$ 781,698	$ 10,276,745
Investments	3,190,895	-	-	-	3,190,895
Accounts receivable					
Taxes	149,861	-	-	-	149,861
Other	13,604	-	-	-	13,604
Interfund receivable	1,150,458	-	-	-	1,150,458
Intergovernmental - indirect federal	-	1,484,766	-	-	1,484,766
Total assets	$ 7,025,064	$ 1,484,766	$ 6,974,801	$ 781,698	$ 16,266,329
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 40,474	$ -	$ 1,009,216	$ -	$ 1,049,690
Accrued sick leave payable	69,965	-	-	-	69,965
Interfund payable	-	1,111,182	-	39,276	1,150,458
Unearned revenue	-	326,455	-	-	326,455
Total liabilities	110,439	1,437,637	1,009,216	39,276	2,596,568
Fund balances					
Nonspendable	-	-	-	-	-
Spendable					
Restricted	255,000	47,129	5,965,585	742,422	7,010,136
Committed	-	-	-	-	-
Assigned	191,170	-	-	-	191,170
Unassigned	6,468,455	-	-	-	6,468,455
Total fund balances	6,914,625	47,129	5,965,585	742,422	13,669,761
Total liabilities and fund balances	$ 7,025,064	$ 1,484,766	$ 6,974,801	$ 781,698	$ 16,266,329

See accompanying notes to financial statements

TRIGG COUNTY 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	$ 13,669,761
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, therefore, are not reported as assets in governmental funds. The cost of the assets is $62,546,518 and the accumulated depreciation is $21,742,393	40,804,125
Pension and other postemployment benefit (OPEB) related items:	
Deferred outflows - OPEB	4,284,793
Deferred outflows - pension	1,665,368
Deferred inflows - OPEB	(3,375,310)
Deferred inflows - pension	(816,156)
Net OPEB liability	(7,116,725)
Net pension liability	(6,814,770)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:	
Bond obligations	(15,535,867)
Bond premium	(842)
Accrued interest on bonds	(82,176)
Noncurrent portion of accumulated sick leave	(342,347)
Net position for governmental activities	$ 26,339,854

See accompanying notes to financial statements

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

	General	Special Revenue	Construction	Nonmajor Governmental	Total
REVENUES					
From local sources					
Taxes					
Property	$ 5,038,204	$ -	$ -	$ 641,968	$ 5,680,172
Motor vehicle	781,605	-	-	-	781,605
Utilities	982,742	-	-	-	982,742
Other	1,608,169	-	-	-	1,608,169
Student activities	59,938	-	-	-	59,938
Earnings on investments	306,668	2,783	192,214	51,502	553,167
Other local revenues	371,201	5,835	-	814,288	1,191,324
Intergovernmental - state	13,818,086	1,361,467	-	924,050	16,103,603
Intergovernmental - federal	50,500	5,301,208	-	-	5,351,708
Total revenues	23,017,113	6,671,293	192,214	2,431,808	32,312,428

Continued

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

	General	Special Revenue	Construction	Nonmajor Governmental	Total
EXPENDITURES					
Current					
Instruction	12,321,072	3,932,243	-	455,808	16,709,123
Support services					
Student	1,233,771	114,383	-	-	1,348,154
Instructional staff	725,804	386,619	-	316,132	1,428,555
District administration	902,189	20,001	-	-	922,190
School administration	1,527,902	18,974	-	-	1,546,876
Business	777,609	282,768	-	-	1,060,377
Plant operations and maintenance	1,679,698	426,579	-	-	2,106,277
Student transportation	1,434,557	388,242	-	-	1,822,799
Community service activities	-	250,357	-	-	250,357
Other non-instructional	-	-	-	24,272	24,272
Day care operations	-	110,180	-	-	110,180
Land improvements	1,759	-	-	-	1,759
Site improvement	53,475	-	1,009,216	-	1,062,691
Building improvements	-	-	9,081,248	-	9,081,248
Debt service	-	-	-	1,292,532	1,292,532
Total expenditures	20,657,836	5,930,346	10,090,464	2,088,744	38,767,390

Continued

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

	General	Special Revenue	Construction	Nonmajor Governmental	Total
Excess (deficit) of revenues over (under) expenditures	2,359,277	740,947	(9,898,250)	343,064	(6,454,962)
Other financing sources (uses)					
Proceeds from disposal of fixed assets	2,000	-	-	-	2,000
Transfers in	-	37,094	767,262	951,593	1,755,949
Transfers (out)	(60,101)	(746,612)	-	(949,236)	(1,755,949)
Total other financing sources (uses)	(58,101)	(709,518)	767,262	2,357	2,000
Net change in fund balances	2,301,176	31,429	(9,130,988)	345,421	(6,452,962)
Fund balances, beginning of year	4,613,449	15,700	15,096,573	397,001	20,122,723
Fund balances, end of year	$ 6,914,625	$ 47,129	$ 5,965,585	$ 742,422	$ 13,669,761

See accompanying notes to financial statements

TRIGG COUNTY 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 total fund balances per fund financial statements	$ (6,452,962)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	
Capital outlay	10,217,684
Depreciation expense	(1,060,972)
In the statement of activities, only the gain (loss) on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the remaining book value of the asset sold.	(663,137)
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, 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 payments	880,000
Some items reported in the statement of activities do not involve current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities are:	
Deferred other postemployment benefits	(51,732)
Deferred pension	(16,445)
Amortization of bond discount	(12,829)
Amortization of bond premium	1,259
Change in accrued interest payable	(26,500)
Change in compensated absences	(65,373)
Change in net position of governmental activities	$ 2,748,993

See accompanying notes to financial statements

PROPRIETARY FUNDS FINANCIAL STATEMENTS

TRIGG COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	School Food Service	Day Care	Total
ASSETS			
Current assets			
Cash and cash equivalents	$ 1,195,014	$ 167,529	$ 1,362,543
Accounts receivable	8,079	-	8,079
Inventory	23,835	-	23,835
Total current assets	1,226,928	167,529	1,394,457
Noncurrent assets			
Capital assets	1,850,217	-	1,850,217
Less: accumulated depreciation	(1,010,894)	-	(1,010,894)
Total noncurrent assets	839,323	-	839,323
Total assets	2,066,251	167,529	2,233,780
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related	129,810	42,571	172,381
Pension related	273,896	74,437	348,333
Total deferred outflows or resources	403,706	117,008	520,714

Continued

TRIGG COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION, continued
PROPRIETARY FUNDS
JUNE 30, 2023

	School Food Service	Day Care	Total
LIABILITIES			
Current liabilities			
Compensated absences	20,311	-	20,311
Accounts payable	20,362	-	20,362
Total current liabilities	40,673	-	40,673
Long-term liabilities			
Compensated absences	7,466	-	7,466
Net OPEB liability	291,259	89,082	380,341
Net pension liability	976,835	263,034	1,239,869
Total long-term liabilities	1,275,560	352,116	1,627,676
Total liabilities	1,316,233	352,116	1,668,349
DEFERRED INFLOWS OF RESOURCES			
OPEB related	105,102	40,334	145,436
Pension related	106,350	38,727	145,077
Total deferred inflows of resources	211,452	79,061	290,513
NET POSITION			
Net investment in capital assets	839,323	-	839,323
Unrestricted	102,949	(146,640)	(43,691)
Total net position	$ 942,272	$ (146,640)	$ 795,632

See accompanying notes to financial statements

TRIGG COUNTY 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	$ 67,451	$ -	$ 67,451
Child care fees	-	146,239	146,239
Other revenue	-	1,644	1,644
Total operating revenues	67,451	147,883	215,334
OPERATING EXPENSES			
Salaries and wages	593,920	126,530	720,450
Materials and supplies	759,692	-	759,692
Depreciation	40,412	-	40,412
Contract services	32,459	-	32,459
Other operating expenses	740	-	740
Total operating expenses	1,427,223	126,530	1,553,753
Operating income (loss)	(1,359,772)	21,353	(1,338,419)
NON-OPERATING REVENUES (EXPENSES)			
Federal grants	1,342,716	-	1,342,716
Donated commodities	76,449	-	76,449
State grants	10,667	587	11,254
State on-behalf payments	130,505	33,926	164,431
Interest income	42,284	-	42,284
Total non-operating revenues (expenses)	1,602,621	34,513	1,637,134
Change in net position	242,849	55,866	298,715
Net position, beginning of year	699,423	(202,506)	496,917
Net position, end of year	$ 942,272	$ (146,640)	$ 795,632

See accompanying notes to financial statements

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

	School Fund Service	Day Care	Total
Cash flows from operating activities			
Cash received from			
Lunchroom sales	$ 66,697	$ -	$ 66,697
Child care fees	-	146,239	146,239
Other activities	-	1,644	1,644
Cash paid to/for			
Employees	(446,769)	(86,642)	(533,411)
Supplies	(667,708)	-	(667,708)
Other activities	(33,199)	-	(33,199)
Net cash provided (used) by operating activities	(1,080,979)	61,241	(1,019,738)
Cash flows from noncapital financing activities			
Government grants	1,353,384	587	1,353,971
Net cash provided (used) by noncapital financing activities	1,353,384	587	1,353,971
Cash flows from investing activities			
Purchase of fixed assets	(29,235)	-	(29,235)
Receipt of interest income	42,284	-	42,284
Net cash provided (used) by investing activities	13,049	-	13,049
Net increase (decrease) in cash and cash equivalents	285,454	61,828	347,282
Cash and cash equivalents, beginning of year	909,560	105,701	1,015,261
Cash and cash equivalents, end of year	$ 1,195,014	$ 167,529	$ 1,362,543

Continued

TRIGG COUNTY 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 by operating activities			
Operating income (loss)	$ (1,359,772)	$ 21,353	$ (1,338,419)
Adjustments to reconcile net operating revenues to net cash from operating activities			
Depreciation	40,412	-	40,412
Donated commodities	76,449	-	76,449
State on-behalf payments	130,505	33,926	164,431
Change in assets and liabilities			
Accounts receivable	(754)	-	(754)
Inventory	(3,525)	-	(3,525)
Accounts payable	19,060	-	19,060
OPEB	(53,194)	5,628	(47,566)
Pension	72,290	334	72,624
Compensated absences	(2,450)	-	(2,450)
Net cash provided (used) by operating activities	$ (1,080,979)	$ 61,241	$ (1,019,738)
Schedule of non-cash transactions			
Donated commodities received from federal government	$ 76,449	$ -	$ 76,449
On-behalf payments	130,505	33,926	164,431

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Trigg County 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 Trigg County 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements. On March 12, 1992, Trigg County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) was formed as an agency of the District for financing the costs of school building facilities. The Board Members of the Trigg County Board of Education also comprise the Corporation's Board of Directors.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

Fund Accounting

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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

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* is used to account for the food service operations of the District.

The *Day Care Fund* accounts for the day care operations of the District.

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.

<u>Revenues – Exchange and Nonexchange Transactions</u>

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 positions 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.

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

The District considers demand deposits, money market funds and time deposits that are nonnegotiable, to be cash and cash equivalents, for governmental and proprietary funds. This definition is also used for the proprietary fund's statements 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 \$.549 per \$100 valuation for real property, \$.549 per \$100 valuation for business tangible personal property and \$.460 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 furnishings, 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

Restricted Assets

Certain assets of the General Fund are classified as restricted assets because their use is restricted by KRS 157.420(3).

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of $5,000 with the exception of computers, digital cameras and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add value to the asset or materially extend an asset's life are not. Improvements are depreciated over the remaining useful lives of the related capital assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	10-12 years
Furniture and fixtures	20 years
Rolling stock	15 years
Other	10 years

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% 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 net pension 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 Non-Hazardous (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.

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 11 and the net OPEB liability described in Note 12.

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 as described in Note 11 and the net OPEB liability described in Note 12.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Balances

In the governmental fund financial statements, 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.

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, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

Subsequent Events

Subsequent events have been evaluated through November 3, 2023, which is the date the financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. The District's cash deposits are covered by the Federal Depository Insurance Corporation up to $250,000 per financial institution, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. At June 30, 2023, the District's bank balance of $12,971,836 was fully collateralized.

NOTE 2 – CASH AND CASH EQUIVALENTS, continued

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

Government funds	$ 10,276,745
Proprietary funds	1,362,543
	$ 11,639,288

NOTE 3 – INVESTMENTS

Fair Value Measurement

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1 – Quoted prices for identical investments in active markets;
Level 2 – Observable inputs other than quoted market prices; and
Level 3 – Unobservable inputs

At June 30, 2023 the District had the following fair value measurements:

	Fair Value Measurements Using		
Certificates of Deposit	Level 1	Level 2	Level 3
CD - RSA Advisors	$ 3,190,895	$ -	$ -
Total investments measured at fair value	$ 3,190,895	$ -	$ -

GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, require the District to address the following risks related to its investments:

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

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk – The District's investment policy places no limit on the amount the District may invest in any one issuer.

NOTE 4 – 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	$ 300,850	$ -	$ -	$ 300,850
Construction in progress	18,339,346	9,041,106	16,059,825	11,320,627
Total non-depreciable historical cost	18,640,196	9,041,106	16,059,825	11,621,477
Capital assets being depreciated				
Buildings and improvements	28,251,454	16,786,408	662,866	44,374,996
Land improvements	525,897	-	-	525,897
Technology equipment	763,770	-	-	763,770
Vehicles	3,653,842	330,310	58,687	3,925,465
General equipment	1,215,228	119,685	-	1,334,913
Total depreciable historical cost	34,410,191	17,236,403	721,553	50,925,041
Less: accumulated depreciation				
Buildings and improvements	16,195,197	758,381	-	16,953,578
Land improvements	96,497	17,692	-	114,189
Technology equipment	757,255	28,955	-	786,210
Vehicles	2,687,756	215,946	58,416	2,845,286
General equipment	1,003,132	39,998	-	1,043,130
Total accumulated depreciation	20,739,837	1,060,972	58,416	21,742,393
Total depreciable cost - net	13,670,354	16,175,431	663,137	29,182,648
Governmental activities capital assets - net	$ 32,310,550	$ 25,216,537	$ 16,722,962	$ 40,804,125

NOTE 4 – CAPITAL ASSETS, continued

Construction commitment at June 30, 2023 was as follows:

Project	
Bus Garage Fuel Pumps & Tanks	$ 838,925
TCMS Re-Roof & Entrance	747,306
Multi Purpose Building & Concession	4,757,791
Vocational School Renovation	4,976,605
	$ 11,320,627

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

Governmental Activities	
Instruction	$ 683,929
Support services	
Student	391
Instructional staff	1,238
District administration	21,287
School administration	1,008
Business	-
Plant operations and maintenance	170,402
Student transportation	179,573
Community service activities	3,144
	$ 1,060,972

NOTE 4 – CAPITAL ASSETS, continued

Business-type Activities	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital assets depreciated				
Buildings and improvements	$ 1,440,338	$ -	$ -	$ 1,440,338
Technology equipment	6,378	-	-	6,378
General equipment	374,266	29,235	-	403,501
Total depreciable historical cost	1,820,982	29,235	-	1,850,217
Less: accumulated depreciation				
Buildings and improvements	676,959	28,807	-	705,766
Technology equipment	6,378	-	-	6,378
General equipment	287,145	11,605	-	298,750
Total accumulated depreciation	970,482	40,412	-	1,010,894
Business-type activities capital assets - net	$ 850,500	$ (11,177)	$ -	$ 839,323

NOTE 5 – LONG-TERM DEBT OBLIGATIONS

The various issues of school building revenue bonds are as follows:

Issue Date	Original Proceeds	Maturity Dates	Interest Rates
2006	$ 855,000	2026	3.75% - 4.15%
2012	2,470,000	2024	1.00% - 2.50%
2013	1,830,000	2034	2.00% - 4.00%
2019	13,315,000	2040	2.25% - 2.75%
2022	2,015,000	2043	3.625% - 3.750%

The District, through the General Fund, including utility taxes and the SEEK Capital Outlay Fund, is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Trigg County 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.

TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 – LONG-TERM OBLIGATIONS, continued

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:

	Trigg County School District		School Facilities Construction Commission		
	Principal	Interest	Principal	Interest	Total
2024	$ 504,733	$ 310,979	$ 310,267	$ 105,348	$ 1,231,327
2025	510,632	299,349	269,368	96,584	1,175,933
2026	519,502	287,554	275,498	88,505	1,171,059
2027	531,772	275,521	223,228	80,248	1,110,769
2028	541,590	263,239	228,410	74,002	1,107,241
2029-2033	2,912,926	1,119,844	1,252,074	261,352	5,546,196
2034-2038	3,277,512	740,219	882,488	96,421	4,996,640
2039-2043	3,178,938	269,766	311,062	8,148	3,767,914
	$ 11,977,605	$ 3,566,471	$ 3,752,395	$ 810,608	$ 20,107,079

NOTE 5 – 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	$ 16,610,000	$ -	$ 880,000	$ 15,730,000	$ 815,000
Premium (discounts)	(204,861)	-	(11,570)	(193,291)	(11,570)
Total bonds payable	16,405,139	-	868,430	15,536,709	803,430
Other liabilities					
Compensated absences	276,974	65,373	-	342,347	-
Net OPEB liability	5,072,853	2,043,872	-	7,116,725	-
Net pension liability	5,862,046	952,724	-	6,814,770	-
Total other liabilities	11,211,873	3,061,969	-	14,273,842	-
Total long-term liabilities	$ 27,617,012	$ 3,061,969	$ 868,430	$ 29,810,551	$ 803,430
Business-type activities					
Other liabilities					
Compensated absences	$ 30,227	$ -	$ 2,450	$ 27,777	$ 20,311
Net OPEB liability	367,943	12,398	-	380,341	-
Net pension liability	1,112,680	127,189	-	1,239,869	-
Total other liabilities	$ 1,510,850	$ 139,587	$ 2,450	$ 1,647,987	$ 20,311

NOTE 6 – COMPENSATED ABSENCES

Upon retirement from the school system, employees will receive from the District an amount equal to 30% 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 the amount for governmental activities will be approximately $342,347, with $0 considered the short-term portion. Management has estimated the amount for business-type activities will be approximately $27,777, with $20,311 considered the short-term portion.

TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 – FUND BALANCE REPORTING

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

	General	Special Revenue	Construction	Nonmajor Governmental	Total
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted					
Compensated absences	255,000	-	-	-	255,000
Debt service	-	-	-	(39,276)	(39,276)
SFCC escrow	-	-	-	160,098	160,098
Construction	-	-	5,965,585	-	5,965,585
Capital outlay	-	-	-	379,714	379,714
District activity	-	-	-	80,291	80,291
Student activity	-	-	-	161,595	161,595
Technology	-	47,129	-	-	47,129
Committed	-	-	-	-	-
Assigned					
Site based carry forward	191,170	-	-	-	191,170
Unassigned	6,468,455	-	-	-	6,468,455
	$ 6,914,625	$ 47,129	$ 5,965,585	$ 742,422	$ 13,669,761

NOTE 8 – TRANSFER OF FUNDS

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
Special Revenue	Construction	Capital Projects	$ 746,612
School Activity	District Activity	AF Transfer	27,132
School Activity	District Activity	AF Transfer	28,993
School Activity	District Activity	AF Transfer	6,155
Building	Debt Service	Debt Service	859,720
General	Special Revenue	KETS	37,094
General	Construction	Capital Projects	20,650
School Activity	District Activity	AF Transfer	27,235
General	District Activity	AF Transfer	2,358
			$ 1,755,949

NOTE 9 – NET POSITION DEFICIT BALANCE

The Day Care Fund had a deficit balance of ($146,640). Excluding the effect on net position of GASB 68 related pension accounts and of GASB 75 related OPEB accounts of ($314,169), Day Care has a net position of $167,529. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The District has one fund with a deficit net position, Debt Service Fund ($39,276).

Construction fund experienced a decrease in fund balance in the amount of ($9,130,988). This decrease is related to ongoing construction projects.

NOTE 10 – 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	$ 2,586,791
Life insurance	3,605
Administrative fee	28,784
Health reimbursement account - HRA/dental/vision	105,875
	2,725,055
Federal reimbursements of health benefits	(355,969)
	2,369,086
KTRS pension and insurance fund	4,638,389
Technology	99,897
SFCC debt service	432,812
	$ 7,540,184

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	$ 6,942,941
Debt Service Fund	432,812
Business-type activities	
Food Service Fund	130,505
Day Care Fund	33,926
	$ 7,540,184

NOTE 11 – 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 11 – 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 $8,054,639 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 District as determined by the actuary. At June 30, 2023, the District's proportion was 0.111421%.

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 11 – PENSION PLANS, continued

For the measurement period ended June 30, 2022, the District recognized pension expense of $794,472. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,611	$ 71,730
Change of assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	1,095,995	889,503
Changes in proportion and difference between District contributions and proportionate share of contributions	198,276	-
District contributions subsequent to the measurement date	710,819	-
Total	$ 2,013,701	$ 961,233

The amount of $710,819 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	$ 123,767
2024	56,754
2025	(67,687)
2026	228,815
2027	-
Thereafter	-
Total	$ 341,649

NOTE 11 – 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 11 – 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.

The target asset 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%
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).

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	$ 10,067,300	$ 8,054,639	$ 6,390,002

NOTE 11 – PENSION PLANS, continued

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.

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% (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, condition for retirement are attainment 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.

NOTE 11 – PENSION PLANS, continued

	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.

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 the KTRS net pension liability associated with the District	$ 49,744,580

NOTE 11 – PENSION PLANS, continued

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 $1,814,372 and revenue of $1,814,372 for support provided by the State in the government-wide financial statements.

Actuarial assumptions – The total pension liability in the June 30, 2020 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%

Mortality rates were based on the PUB2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the TRS 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.

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	Long-term Expected 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	100.00%	

NOTE 11 – PENSION PLANS, continued

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.

Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, allows entities with little or no administrative involvement that do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities on these financial statements.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the County Employees Retirement System 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.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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 $102,978.

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

At June 30, 2023, the District reported a liability of $2,199,066 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 was 0.111429%.

For the measurement period ended June 30, 2022, the District recognized OPEB expense of $331,481.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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
Difference between expected and actual experience	$ 221,354	$ 504,297
Changes of assumptions	347,798	286,583
Net difference between projected and actual earnings on OPEB plan investments	409,489	320,234
Changes in proportion and difference between District contributions and proportionate share of contributions	67,672	53,632
District contributions subsequent to the measurement date	102,978	-
Total	$ 1,149,291	$ 1,164,746

For the year ended June 30, 2023, $102,978 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:

Years Ending June 30	
2023	$ (6,124)
2024	(7,262)
2025	(120,989)
2026	15,942
2027	-
Thereafter	-
Total	$ (118,433)

NOTE 12 – 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.

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 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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.

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%
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 – 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.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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.

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	$ 2,939,801	$ 2,199,066	$ 1,586,726

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	$ 1,634,957	$ 2,199,066	$ 2,876,456

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.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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.

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.

NOTE 12 – 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 $5,298,000 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 0.213429%.

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	$ 5,298,000
State's proportionate share of net OPEB liability associated with the District	1,741,000
Total	$ 7,039,000

For the measurement period ended June 30, 2022, the District recognized OPEB expense of ($144,000) and revenue of $292,000 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
Difference between expected and actual experience	$ -	$ 2,227,000
Changes of assumptions	1,076,000	-
Net difference between projected and actual earnings on OPEB plan investments	282,000	-
Changes in proportion and difference between District contributions and proportionate share of contributions	1,680,000	129,000
District contributions subsequent to the measurement date	269,883	-
Total	$ 3,307,883	$ 2,356,000

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Of the total amount reported as deferred outflows of resources related to OPEB, $269,883 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:

Years Ending June 30	
2024	$ (41,000)
2025	(14,000)
2026	19,000
2027	339,000
2028	267,000
Thereafter	112,000
Total	$ 682,000

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
Municipal bond index rate	3.37%
Healthcare cost trend rates	
Under 65	7.00% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2032
Ages 65 and older	5.125% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2025
Medicare Part B premiums	6.97% for FY 2022 with an ultimate rate of 4.50% by 2034

NOTE 12 – 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, set-backs and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience 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	100.00%	

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.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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*:*

	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	$ 6,648,000	$ 5,298,000	$ 4,181,000

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	$ 3,972,000	$ 5,298,000	$ 6,948,000

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 life 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.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

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

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

District's proportionate share of the net OPEB liability	$ -
State's proportionate share of the net OPEB liability associated with the District	87,000
Total	$ 87,000

For the measurement period ended June 30, 2023, the District recognized OPEB expense of $0 and revenue of $0 for support provided by the State in the government-wide financial statements.

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, set-backs and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period 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 12 – 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 13 – 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 13 – 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 14 – 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.

The District purchases unemployment insurance through the Kentucky School Boards' Insurance Trust Unemployment Compensation Fund; however, the risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks to 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 forecasted 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 15 – 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 16 – INTERFUND RECEIVABLES AND PAYABLES

There were interfund receivables in the General Fund with offsetting interfund payables in the Special Revenue Fund of $1,111,182 and in the Debt Service Fund of $39,276 at June 30, 2023.

NOTE 17 – 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

TRIGG COUNTY 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	$ 4,880,000	$ 4,880,000	$ 5,038,204	$ 158,204
Motor vehicle	650,000	650,000	781,605	131,605
Utilities	850,000	850,000	982,742	132,742
Other	-	-	1,608,169	1,608,169
Student activities	-	-	59,938	59,938
Earnings on investments	50,000	50,000	306,668	256,668
Other local revenues	605,100	605,100	371,201	(233,899)
Intergovernmental - state	6,815,386	6,815,386	6,875,145	59,759
Intergovernmental - federal	15,000	15,000	50,500	35,500
Total revenues	13,865,486	13,865,486	16,074,172	2,208,686
EXPENDITURES				
Current				
Instruction	8,386,308	8,386,308	7,317,630	1,068,678
Support services				
Student	778,817	778,817	727,957	50,860
Instructional staff	619,875	619,875	535,212	84,663
District administration	745,988	745,988	778,787	(32,799)
School administration	959,914	959,914	960,135	(221)
Business	578,275	578,275	545,520	32,755
Plant operations and maintenance	1,955,365	1,955,365	1,568,346	387,019
Student transportation	1,193,195	1,193,195	1,226,074	(32,879)
Land improvements/acquisition	-	-	1,759	(1,759)
Site improvement	1,834,600	1,834,600	53,475	1,781,125
Contingency	1,123,642	1,123,642	-	1,123,642
Total expenditures	18,175,979	18,175,979	13,714,895	4,461,084
Excess (deficit) of revenues over (under) expenditures	(4,310,493)	(4,310,493)	2,359,277	6,669,770
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of fixed assets	200	200	2,000	1,800
Operating transfers out	(37,094)	(37,094)	(60,101)	(23,007)
Total other financing sources (uses)	(36,894)	(36,894)	(58,101)	(21,207)
Net change in fund balance	(4,347,387)	(4,347,387)	2,301,176	6,648,563
Fund balance, beginning of year	4,347,387	4,347,387	4,613,449	266,062
Fund balance, end of year	$ -	$ -	$ 6,914,625	$ 6,914,626

TRIGG COUNTY 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
	Original	Final	Actual	(Unfavorable)
REVENUES				
From local sources				
Earnings on investments	$ -	$ -	$ 192,214	$ 192,214
Total revenues	-	-	192,214	192,214
EXPENDITURES				
Site improvements	-	-	1,009,216	(1,009,216)
Building improvements	-	-	9,081,248	(9,081,248)
Total expenditures	-	-	10,090,464	(10,090,464)
Excess (deficit) of revenues over (under) expenditures	-	-	(9,898,250)	(9,898,250)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	767,262	767,262
Total other financing sources (uses)	-	-	767,262	767,262
Net change in fund balance	-	-	(9,130,988)	(9,130,988)
Fund balance, beginning of year	-	-	15,096,573	15,096,573
Fund balance, end of year	$ -	$ -	$ 5,965,585	$ 5,965,585

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CONSTRUCTION FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amount			Variance with Final Budget Favorable
REVENUES	Original	Final	Actual	(Unfavorable)
From local sources				
Earnings on investments	$ -	$ -	$ 2,783	$ 2,783
Other local revenues	-	-	5,835	5,835
Intergovernmental - state	1,267,595	1,295,547	1,361,467	65,920
Intergovernmental - federal	1,900,425	1,903,075	5,301,208	3,398,133
Total revenues	3,168,020	3,198,622	6,671,293	3,472,671
EXPENDITURES				
Current				
Instruction	2,418,718	2,449,320	3,932,243	(1,482,923)
Support services				
Student	89,738	89,738	114,383	(24,645)
Instructional staff	288,986	288,986	386,619	(97,633)
District administration	20,000	20,000	20,001	(1)
School administration	18,880	18,880	18,974	(94)
Business	74,188	74,188	282,768	(208,580)
Plant operation and maintenance	-	-	426,579	(426,579)
Student transportation	105,604	105,604	388,242	(282,638)
Community services	189,000	189,000	250,357	(61,357)
Day care operations	-	-	110,180	(110,180)
Total expenditures	3,205,114	3,235,716	5,930,346	(2,694,630)
Excess (deficit) of revenues over (under) expenditures	(37,094)	(37,094)	740,947	778,041
OTHER FINANCING SOURCES (USES)				
Transfers in	37,094	37,094	37,094	-
Transfers (out)	-	-	(746,612)	746,612
Total other financing sources (uses)	37,094	37,094	(709,518)	746,612
Net change in fund balance	-	-	31,429	31,429
Fund balance, beginning of year	-	-	15,700	15,700
Fund balance, end of year	$ -	$ -	$ 47,129	$ 47,129

TRIGG COUNTY SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGET AND ACTUAL
JUNE 30, 2023

NOTE 1 – BUDGETARY INFORMATION

The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary 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, Food Service and Day Care 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.

Explanation of significant budget variances:

Expenditures exceed appropriations in the Special Revenue Fund by $2,694,630. These over expenditures were funded by greater than anticipated revenues in the fund.

TRIGG COUNTY SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGET AND ACTUAL
JUNE 30, 2023

NOTE 1 – BUDGETARY INFORMATION, continued

Reconciliation to the General Fund

Revenues - budgetary basis	$ 16,074,172
On-behalf payments	6,942,941
Total revenues - modified cash basis	$ 23,017,113
Expenditures - budgetary basis	$ 13,714,895
On-behalf payments	6,942,941
Total expenditures - modified cash basis	$ 20,657,836

TRIGG COUNTY 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	0.111421%	0.109394%	0.106489%	0.103926%	0.110455%	0.112559%	0.118080%	0.118700%	0.120490%
District's proportionate share of net pension liability	$8,054,639	$6,974,726	$8,167,618	$7,309,162	$6,727,046	$6,588,425	$5,813,816	$5,110,817	$3,996,200
District's covered-employee payroll	$3,004,479	$2,823,773	$2,763,016	$2,671,513	$2,774,264	$2,768,781	$2,339,009	$2,530,114	$2,738,235
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	268.09%	247.00%	295.61%	273.60%	242.48%	237.95%	248.56%	202.00%	145.94%
Plan fiduciary net position as a percentage of total pension liability	52.42%	57.33%	47.81%	50.45%	54.54%	53.30%	55.50%	59.97%	68.80%

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

TRIGG COUNTY 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	$ 710,819	$ 636,048	$ 544,988	$ 533,262	$ 433,320	$ 401,714	$ 517,202	$ 399,002	$ 447,028
Contributions in relation to the contractually required contribution	710,819	636,048	544,988	533,262	433,320	401,714	517,202	399,002	447,028
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 3,037,688	$ 3,004,479	$ 2,823,773	$ 2,763,016	$ 2,671,513	$ 2,774,264	$2,768,781	$ 2,339,009	$ 2,530,114
Contributions as a percentage of covered-employee payroll	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	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.

See accompanying notes to the required supplementary information

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.

Changes of 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.

TRIGG COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEM (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	$ 49,744,580	$ 37,748,194	$ 42,145,551	$ 39,153,263	$ 37,922,617	$ 78,024,382	$ 87,942,182	$ 70,316,569	$ 60,006,370
District's covered-employee payroll	$ 10,200,001	$ 9,591,361	$ 9,671,447	$ 9,206,733	$ 9,212,909	$ 9,111,483	$ 9,163,901	$ 8,993,005	$ 8,963,899
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

TRIGG COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – PENSION
KENTUCKY TEACHERS' RETIREMENT SYSTEM (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	$ 10,120,010	$ 10,200,001	$ 9,591,361	$ 9,671,447	$ 9,206,733	$ 9,212,909	$ 9,111,483	$ 9,163,901	$ 8,993,005
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

TRIGG COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLMENTARY INFORMATION – PENSION
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS)

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, set-backs and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees and actives. The assumed long-term investment rate of return was changed from 7.50% 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%

TRIGG COUNTY 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	0.111429%	0.109368%	0.106461%	0.103899%	0.110451%	0.112559%
District's proportionate share of collective net OPEB liability	$ 2,199,066	$ 2,093,796	$ 2,570,709	$ 1,747,534	$ 1,961,036	$ 2,262,821
District's covered-employee payroll	$ 3,004,479	$ 2,823,773	$ 2,763,016	$ 2,671,513	$ 2,774,264	$ 2,768,781
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	73.19%	74.15%	93.04%	65.41%	70.69%	81.73%
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

TRIGG COUNTY 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	$ 102,978	$ 173,659	$ 134,412	$ 131,250	$ 140,521	$ 130,390
Contributions in relation to the contractually required contribution	102,978	173,659	134,412	131,250	140,521	130,390
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$3,037,688	$3,004,479	$2,823,773	$2,763,016	$2,671,513	$2,774,264
Contributions as a percentage of covered-employee payroll	3.39%	5.78%	4.76%	4.75%	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

TRIGG COUNTY 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:

<u>Changes of Benefit Terms</u>

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).

<u>Changes in assumptions</u>

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 12 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.

TRIGG COUNTY 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	0.213429%	0.155966%	0.160421%	0.153812%	0.150133%	0.153156%
District's proportionate share of collective net OPEB liability	$ 5,298,000	$ 3,347,000	$ 4,049,000	$ 4,502,000	$ 5,209,000	$ 5,461,000
State's proportionate share of collective net OPEB liability	$ 1,741,000	$ 2,718,000	$ 3,243,000	$ 3,636,000	$ 4,489,000	$ 4,461,000
District's covered-employee payroll	$ 9,258,784	$ 9,075,030	$ 9,247,315	$ 8,753,084	$ 8,766,535	$ 8,616,986
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	57.22%	36.88%	43.79%	51.43%	59.42%	63.37%
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

TRIGG COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S 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	$ 269,883	$ 277,759	$ 272,255	$ 277,558	$ 262,552	$ 263,040
Contributions in relation to the contractually required contribution	269,883	277,759	272,255	277,558	262,552	263,040
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 8,994,214	$ 9,258,784	$ 9,075,030	$ 9,247,315	$ 8,753,084	$ 8,766,535
Contributions as a percentage of covered-employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%	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

TRIGG COUNTY 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	$ 87,000	$ 36,000	$ 98,000	$ 84,000	$ 77,000	$ 60,000
District's covered-employee payroll	$ 9,258,784	$ 9,075,030	$ 9,247,315	$ 8,753,084	$ 8,766,535	$ 8,616,986
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

TRIGG COUNTY 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	$ 8,994,214	$ 9,258,784	$ 9,075,030	$ 9,247,315	$ 8,753,084	$ 8,766,535
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

Changes in benefit terms

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.

Changes in assumptions

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, set-backs and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees and actives. The assumed long-term investment rate of return was changed from 8.00% 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

Changes in benefit terms

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

Changes in assumptions

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

TRIGG COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	FSPK	SEEK Capital Outlay	District Activity	School Activity	Debt Service	Total Nonmajor Governmental
ASSETS AND RESOURCES						
Cash and cash equivalents	$ 160,098	$ 379,714	$ 80,291	$ 161,595	$ -	$ 781,698
Total assets and resources	$ 160,098	$ 379,714	$ 80,291	$ 161,595	$ -	$ 781,698
LIABILITIES AND FUND BALANCES						
Liabilities						
Interfund payable	$ -	$ -	$ -	$ -	$ 39,276	$ 39,276
Total liabilities	-	-	-	-	39,276	39,276
Fund Balances						
Nonspendable	-	-	-	-	-	-
Spendable						
Restricted	160,098	379,714	80,291	161,595	(39,276)	742,422
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	160,098	379,714	80,291	161,595	(39,276)	742,422
Total liabilities and fund balances	$ 160,098	$ 379,714	$ 80,291	$ 161,595	$ -	$ 781,698

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

	FSPK	SEEK Capital Outlay	District Activity	School Activity	Debt Service	Total Nonmajor Governmental
REVENUES						
From local sources						
Taxes						
Property	$ 641,968	$ -	$ -	$ -	$ -	$ 641,968
Other revenue	-	-	-	814,288	-	814,288
Earnings on investments	31,308	11,980	4,109	4,105	-	51,502
Intergovernmental - state	308,145	183,093	-	-	432,812	924,050
Total revenues	981,421	195,073	4,109	818,393	432,812	2,431,808
EXPENDITURES						
Instruction	-	-	81,756	374,052	-	455,808
Instructional staff support	-	-	-	316,132	-	316,132
Other non-instruction	-	-	-	24,272	-	24,272
Debt service	-	-	-	-	1,292,532	1,292,532
Total expenditures	-	-	81,756	714,456	1,292,532	2,088,744
Excess (deficit) of revenues over (under) expenditures	981,421	195,073	(77,647)	103,937	(859,720)	343,064

Continued

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

	FSPK	SEEK Capital Outlay	District Activity	School Activity	Debt Service	Total Nonmajor Governmental
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	91,873	-	859,720	951,593
Transfers (out)	(859,720)	-	-	(89,516)	-	(949,236)
Total other financing sources (uses)	(859,720)	-	91,873	(89,516)	859,720	2,357
Net change in fund balances	121,701	195,073	14,226	14,421	-	345,421
Fund balances, beginning of year	38,397	184,641	66,065	147,174	(39,276)	397,001
Fund balances, end of year	$ 160,098	$ 379,714	$ 80,291	$ 161,595	$ (39,276)	$ 742,422

TRIGG COUNTY SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS
TRIGG COUNTY 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
Athletics							
General	$ -	$ 41,729	$ 41,729	$ -	$ -	$ -	$ -
Gate change	-	6,200	6,200	-	-	-	-
Baseball	-	6,812	6,812	-	-	-	-
Boys' Basketball	-	11,253	11,253	-	-	-	-
KME Christmas Tourney	-	5,115	5,115	-	-	-	-
Football	-	38,706	37,534	1,172	-	-	1,172
Girls' Basketball	-	8,203	8,203	-	-	-	-
Fishing	653	8,484	7,855	1,282	-	-	1,282
Cheerleading	389	27,202	25,217	2,374	-	-	2,374
Golf	-	16,337	16,337	-	-	-	-
Cross Country	-	6,505	2,690	3,815	-	-	3,815
Power lifting	101	4,625	4,726	-	-	-	-
Soccer (Boys)	-	5,563	5,436	127	-	-	127
Soccer (Girls)	68	4,749	4,320	497	-	-	497
Softball	-	8,287	6,497	1,790	-	-	1,790
Track	-	10,851	10,850	1	-	-	1.00
Volleyball	-	4,140	3,966	174	-	-	174
Wrestling	-	5,452	4,116	1,336	-	-	1,336
5th District Tournament	-	3,091	3,091	-	-	-	-
Fundraising Archery	456	-	-	456	-	-	456
Fundraising Baseball	-	35,441	35,441	-	-	-	-
Fundraising Football	638	25,358	25,996	-	-	-	-
Fundraising Boys' Basketball	439	13,504	13,943	-	-	-	-
Fundraising Girls' Basketball	-	14,112	14,112	-	-	-	-
Fundraising Cross Country	1,403	869	2,272	-	-	-	-
Fundraising Softball	1,060	19,570	20,630	-	-	-	-
Fundraising Volleyball	3,301	7,119	10,420	-	-	-	-
Fundraising Boys' Soccer	6,734	2,775	9,509	-	-	-	-
Fundraising Girls' Soccer	925	7,092	8,017	-	-	-	-

Continued

TRIGG COUNTY SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS, continued
TRIGG COUNTY 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
Senior Class	-	4,762	4,559	203	-	-	203
Clubs							
Academic	42	791	828	5	-	-	5
Art	-	1,708	1,683	25	-	-	25
Beta	489	3,372	3,165	696	-	-	696
DECA	1,873	59,437	60,651	659	-	-	659
Drama	741	-	-	741	-	-	741
Educators Rising	68	460	209	319	-	-	319
Environmental Science	237	-	-	237	-	-	237
FFA	1,452	44,228	38,656	7,024	-	-	7,024
FCCLA	-	826	826	-	-	-	-
Region FCCLA	784	1,407	1,462	729	-	-	729
Foreign Language	171	395	377	189	-	-	189
Gifted & Talented	-	10,430	10,382	48	-	-	48
HOSA	-	3,427	2,208	1,219	-	-	1,219
Interact	707	1,225	1,631	301	-	-	301
NHS	1,981	1,280	750	2,511	-	-	2,511
One Friend	625	-	-	625	-	-	625
Sources of Strength	-	1,184	1,184	-	-	-	-
Student Council	668	-	-	668	-	-	668
Black Hole	-	2,967	2,034	933	-	-	933
FCA	73	1,708	1,706	75	-	-	75
FCA Disaster	526	-	526	-	-	-	-
TSA/STLP	2,483	9,192	8,022	3,653	-	-	3,653
Web Design	10	688	658	40	-	-	40
Youth Leadership	241	675	806	110	-	-	110

Continued

TRIGG COUNTY SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS, continued
TRIGG COUNTY 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
Departments							
Ag	86	1,707	1,793	-	-	-	-
Ag Greenhouse	14,087	295	11,087	3,295	-	-	3,295
Annual	8,546	7,647	16,114	79	-	-	79
Art	-	1,109	1,084	25	-	-	25
Band	-	88,491	80,714	7,777	-	-	7,777
Business	-	1,568	1,568	-	-	-	-
Guidance	-	167	167	-	-	-	-
Engineering Class	172	980	1,152	-	-	-	-
FACS - Advanced Foods	-	860	860	-	-	-	-
FACS - Advanced Parenting	-	624	624	-	-	-	-
FACS - Learning Communication	45	90	135	-	-	-	-
FACS - Essentials	-	113	109	4	-	-	4
FMD	-	860	860	-	-	-	-
Library Fines	78	36	34	80	-	-	80
Health Sciences	-	956	956	-	-	-	-
Photography	74	300	374	-	-	-	-
School Store	2,958	7,077	10,035	-	-	-	-
Prom	6,708	22,819	22,271	7,256	-	-	7,256
Chromebook	-	17,765	17,765	-	-	-	-
General Activity Fund	30	3,977	3,821	186	-	-	186
General Academic	-	1,165	1,165	-	-	-	-

Continued

TRIGG COUNTY SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS, continued
TRIGG COUNTY 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
General Vending							
Teacher	-	998	998	-	-	-	-
Student	-	6,096	6,096	-	-	-	-
Makerspace	515	-	219	296	-	-	296
Student Rotary	-	12,101	12,101	-	-	-	-
Trigg County High School	62,637	677,107	686,712	53,032	-	-	53,032
Trigg County Middle School	47,000	147,939	133,170	61,769	-	-	61,769
Trigg County Intermediate School	9,574	19,901	15,217	14,258	-	-	14,258
Trigg County Primary School	27,962	39,799	35,225	32,536	-	-	32,536
Total	$ 147,173	$ 884,746	$ 870,324	$ 161,595	$ -	$ -	$ 161,595

TRIGG COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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	$ 507,193	
	84.027	3810002-21	9,334	
COVID-19 Special Education Grants to States	84.027	4910002-21	89,321	
Special Education Preschool Grants	84.173	3800002-22	45,270	
	84.173	3800002-21	8,719	
COVID-19 Special Education Preschool Grants	84.173	4900002-21	5,726	
Total Special Education Cluster				$ 665,563
Title I Grants to Local Educational Agencies	84.010	3100002-22	340,848	
	84.010	3100002-21	216,102	
	84.010	3100002-20	24,491	581,441
Career and Technical Education - Basic Grants to States	84.048	3710002-22	39,427	
	84.048	3710002-21	3,205	42,632
Rural Education	84.358	3140002-21		42,644
Supporting Effective Instruction State Grants	84.367	3230002-22	10,024	
	84.367	3230002-21	63,764	73,788
Student Support and Academic Enrichment Program	84.424	3420002-22	35,000	
	84.424	3420002-21	31,268	
	84.424	3420002-20	11,931	78,199
COVID-19 Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act	84.425	4300002-21	2,525,596	
	84.425	4300005-21	59,222	
	84.425	4980002-21	2,076	
	84.425	4000002-20	1,040,622	3,627,516
Other U. S. Department of Education Programs:				
Impact Aid	84.041	Direct		1,215,370
Total U. S. Department of Education				6,327,153

Continued

TRIGG COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
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	307,751	
	10.553	7760005-22	82,745	
National School Lunch Program	10.555	7750002-23	660,562	
	10.555	7750002-22	180,664	
	10.555	9980000-23	24,789	
	10.555	9980000-22	50,478	
Summer Food Service Program for Children	10.559	7740023-23	7,323	
	10.559	7690024-23	755	
Total Child Nutrition Cluster				1,315,067
Child and Adult Care Food Program	10.558	7800016-23	1,677	
	10.558	7800016-22	403	
	10.558	7790021-23	16,406	
	10.558	7790021-22	3,863	22,349
State Administrative Expenses for Child Nutrition	10.560	7700001-22		2,165
COVID-19: Pandemic EBT Administrative Cost	10.649	9990000-22		3,135
Other U. S. Department of Agriculture Programs:				
Fresh Fruit and Vegetable Program	10.555	Direct		76,449
Total U. S. Department of Agriculture				1,419,165
U. S. Department of Health and Human Services				
COVID-19 Child Care and Development Block Grant	93.575	Direct		189,690
Total U. S. Department of Health and Human Services				189,690
Total Expenditures of Federal Awards				$7,936,008

See notes to Schedule of Expenditures of Federal Awards

TRIGG COUNTY 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 Trigg County School District (District) under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 no subrecipients during the fiscal year.

NOTE 4 – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost 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

ANNA B. GENTRY HERR, CPA, CFE

WALTER G. CUMMINGS, CPA
TAYLOR MATHIS, CPA

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

4443 CANTON PIKE
HOPKINSVILLE, KY 42240

270.886.6355

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
Trigg County School District
Cadiz, 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 Trigg County School District (District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 3, 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 Trigg County School 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing* Standards. In addition, the results of our tests disclosed no material instances of noncompliance 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 Trigg County School District in a separate report dated November 3, 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 3, 2023

ANNA B. GENTRY HERR, CPA, CFE

WALTER G. CUMMINGS, CPA
TAYLOR MATHIS, CPA

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

4443 CANTON PIKE
HOPKINSVILLE, KY 42240

270.886.6355

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
Trigg County School District
Cadiz, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of 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 3, 2023

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

Summary of Auditors' 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

Major federal programs:

Program Title	Federal Prefix ALN
Child Nutrition Cluster	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program	10.559
Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act	84.425
COVID-19 Child Care and Development Block Grant	93.575

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

Auditee qualified as a low-risk auditee?	_X_ yes ___ no

Findings – Financial Statement Audits

None

Findings and Questioned Costs – Major Federal Award Program Audit

None

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

None

MANAGEMENT COMMENTS FOR AUDIT

ANNA B. GENTRY HERR, CPA, CFE

WALTER G. CUMMINGS, CPA
TAYLOR MATHIS, CPA

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

4443 CANTON PIKE
HOPKINSVILLE, KY 42240

270.886.6355

November 3, 2023

Kentucky State Committee
for School District Audits
Members of the Board of Education
Trigg County School District
Cadiz, Kentucky

In planning and performing our audit of the financial statements of Trigg County 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.

The memorandum that accompanies this letter summarizes our comments and recommendations. Any uncorrected comments from the prior year have been listed in this letter. A separate report dated November 3, 2023 contains our report on the District's internal control. This letter does not affect our report dated November 3, 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 Trigg County 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

TRIGG COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2023

TRIGG COUNTY PRIMARY SCHOOL

I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (Redbook) states that Form F-SA-2A Fundraiser & Crowdfunding Approval be completed and approved by the Superintended as directed by Board for all school-wide fundraisers, and the principal or a designee for all other fundraisers in the school before the fundraiser begins.

Condition – Fundraisers tested were missing Form F-SA-2A Fundraiser & Crowdfunding Approval.

Cause – Lack of implementation of Redbook policy.

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

Recommendation – Form F-SA-2A Fundraiser & Crowdfunding Approval should be completed for each fundraiser.

Views of Responsible Officials – The Form F-SA-2A Fundraiser & Crowdfunding Approval will be completed for each fundraiser in the future.

II. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (Redbook) sets accounting guidelines for fundraisers.

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

Cause – Lack of implementation of Redbook policy.

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

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

Views of Responsible Officials – The Form F-SA-2B Fundraiser Summary will be completed for each fundraiser in the future.

TRIGG COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2023

TRIGG COUNTY INTERMEDIATE SCHOOL

I. Criteria – Accounting Procedures for Kentucky School Activity Funds (Redbook) sets accounting guidelines for Inventory Control and Sales collection forms.

Condition – Forms F-SA-5 Inventory Control Worksheet and F-SA-17 Sales from Concessions/Bookstore/Pencil Machine Form were prepared by the same individual. An F-SA-6 was also used in the place an F-SA-17. An F-SA-17 should be used when required.

Cause – Lack of implementation of Redbook policy.

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

Recommendation – The person filling out Form F-SA-5 Inventory Control Worksheet should not be the same person that collects monies and completes the F-SA-17 Sales from Concessions/Bookstore/Pencil Machine Form. An F-SA-17 form should be used when required, not an F-SA-6 form.

Views of Responsible Officials – In the future form FSA17 will be completed instead of form FSA6, worksheets will not be filled out by same person, additional people in charge of these duties.

TRIGG COUNTY HIGH SCHOOL

I. Criteria – Accounting Procedures for Kentucky School Activity Funds (Redbook) sets accounting guidelines for Inventory Control and Sales collection forms.

Condition – Forms F-SA-5 Inventory Control Worksheet and F-SA-17 Sales from Concessions/Bookstore/Pencil Machine Form were prepared by the same individual.

Cause – Lack of implementation of Redbook policy.

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

Recommendation – The person filling out Form F-SA-5 Inventory Control Worksheet should not be the same person that collects monies and completes the F-SA-17 Sales from Concessions/Bookstore/Pencil Machine Form.

Views of Responsible Officials – Due to decreased parent participation in concessions it becomes challenging to find enough individuals to complete proper forms. We will stress the importance of proper completion and segregation of duties.

TRIGG COUNTY HIGH SCHOOL, continued

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. There were multiple unrelated items on the same F-SA-6 creating difficulties to trace to the correct revenue account.

Views of Responsible Officials – At the school level, procedures will change when receipting money received via mail. Formerly when mail items are initially received, they have been receipted on the same multiple receipt form.

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

TRIGG COUNTY INTERMEDIATE SCHOOL

I. **Condition** – One account had no activity during the preceding 12 months and was 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 repeated for three accounts for the fiscal year June 30, 2023, four accounts for the year ended June 30, 2022 and six accounts for the fiscal year ended June 30, 2021.

Views of Responsible Officials – These accounts are inactive due to coming back from Covid restrictions and teachers/grade levels not processing transactions that needed funding yet. We plan to use these accounts this year or transfer them to general for inactivity.

TRIGG COUNTY MIDDLE 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 repeated for two accounts for fiscal year ended June 30, 2023, four accounts for the fiscal year ended June 30, 2022, and five accounts for the fiscal year ended June 30, 2021.

Views of Responsible Officials – Due to additional funding and lack of field trips, accounts have remained opened due to future activities, if none, accounts will be closed at end of year.

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

TRIGG COUNTY HIGH SCHOOL

I. Condition – One account with balance at year end had no activity during the preceding 12 months and is 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 repeated for five accounts for fiscal year ended June 30, 2023, four accounts for the fiscal year ended June 30, 2022, and ten accounts for the fiscal year ended June 30, 2021.

Views of Responsible Officials – Due to changeover in sponsors of accounts, funds have been held for anticipated projects. If funds remain unused, these accounts will be closed.

II. Condition – Form F-SA-2B Fundraiser Summary was not completed.

Recommendation – When items are sold, the Fundraiser Summary form should be used and completed and approved timely to recap the profitability of a fundraiser sales cycle.

Current status – This finding was not repeated for the fiscal year ended June 30, 2023.

III. 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 repeated for the fiscal year ended June 30, 2023, 2022 and 2021.

Views of Responsible Officials – This form has been heavily discussed at annual updates and prioritized at the school level.