

Bardstown Independent School District
Audited Financial Statements
and Required Supplementary Information
June 30, 2023

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AUDITOR'S REPORT

SUMMERS, MCCRARY & SPARKS, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Kentucky State Committee for School District Audits
Members for the Board of Education
Bardstown Independent School District
Bardstown, KY 40004

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 Bardstown Independent School 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 Bardstown Independent School 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 requirements prescribed by the Kentucky State Committee for School District Audits in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School District's Audit Contract and Requirements. 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 Bardstown Independent School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note E & F to the financial statements, in 2023 the District adopted new accounting guidance, GASBS No. 96, *Software Information Technology Agreements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bardstown Independent School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bardstown Independent School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of District's Proportionate Share of Net Pension Liability, Schedule of District Contributions – Pension, Schedule of District's Proportionate Share of Net OPEB Liability – Medical Insurance Plan, Schedule of District Contributions – Medical Insurance Plan, Schedule of District's Proportionate Share of Net OPEB Liability – Life Insurance Plan, and Schedule of District Contributions – Life Insurance Plan on pages 4-11 and 58-65 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 Bardstown Independent School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2023, on our consideration of the Bardstown Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bardstown Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bardstown Independent School District's internal control over financial reporting and compliance.

Summers, McCrary & Sparks, PSC

Lexington, KY
November 3, 2023

BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2023

As management of the Bardstown Independent School District (District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit. The reporting model is a combination of both government-wide financial statements and fund financial statements.

FINANCIAL HIGHLIGHTS

- The ending cash and cash equivalents balance for the District was \$26.3 million with \$20.5 million in unspent bond proceeds and grants in the Construction Fund. The District issued bonds of \$3.4 million in December 2022 to upgrade energy equipment in District facilities. In January 2023, the District issued \$11,285,000 to finance the renovation of the Career and Technical Center.
- Local tax was levied at the three percent rate increase of 80.8 cents per \$100 for real estate and 85.6 cents tangible property. No change was made in the motor vehicle tax at 53.1 cents per \$100 of assessed property.
- From fiscal year 2022 to 2023, total revenues from governmental activities increased approximately \$4.8 million primarily due to additional operating grants of \$2.588 million and property taxes increases of \$1.288 million. Charges for services increased \$.170 million and utility taxes increased \$.066 million.
- The District adopted a \$37 million general fund budget in September 2023 for FY2024 with 3% of the budgeted expenses set aside for contingency.
- Food Service and Child Care operating income increased as operations resumed full service, but the increases were lower than the reduced federal grants in FY 2023. Food Service operated at a deficit of \$259,522 for FY 2023, while Child Care improved operations to a surplus of \$467,438 with lower salaries and higher tuition.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

The government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all the District’s assets and liabilities, including capital assets as well as long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

The government-wide financial statements can be found on pages 12 through 13 of this report.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2023

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. There is a state mandated uniform system and chart of accounts for all Kentucky public school Districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into three categories: governmental, proprietary, and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare, and teacher support. The only proprietary funds are food service, day care operations, and adult education. All other activities of the District are included in the governmental funds.

The fund financial statements can be found on pages 14 through 22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23 - 57 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. The District’s assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$5.4 million as of June 30, 2023 compared to \$5.2 million as of June 30, 2022. The increased Federal and State grants helped improve the District’s net position in FY 2023. Total net position increased \$.249 million in fiscal year 2023 with \$4.8 million increase in total revenues and \$19.9 million increase in expenses.

The net pension and OPEB liabilities represents the District’s proportionate share of the collective liability for District employees who participate in the CERS statewide cost-sharing defined benefit pension and OPEB plans. In addition, the District must recognize its proportionate share of the net OPEB liability in the KTRS system. The net pension liability increased from \$11.1 million in 2022 to \$13.5 million in 2023, primarily because volatile investment markets reduced gains from the prior year. CERS OPEB liabilities also increased from \$3.3 million in 2022 to \$3.7 million in 2023 with similar investment losses. TRS OPEB liabilities increased from \$5.0 million in 2022 to \$8.7 million in 2023 with changes in the proportionate share allocations in TRS.

The largest portion of the District’s net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not likely to be sold to provide resources 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 are not likely to be used to liquidate these liabilities.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2023

Net Position

The 2023 Government-wide net position compared to 2022 is as follows:

Net Position, June 30 (Table 1)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 25,985,314	\$ 22,954,600	\$ 1,102,882	\$ 649,773	\$ 27,088,196	\$ 23,604,373
Capital assets	57,450,168	44,379,732	64,319	72,509	57,514,487	44,452,241
Total assets	<u>83,435,482</u>	<u>67,334,332</u>	<u>1,167,201</u>	<u>722,282</u>	<u>84,602,683</u>	<u>68,056,614</u>
Deferred Outflows-Pensions	2,911,762	1,474,726	906,316	431,034	3,818,078	1,905,760
Deferred Outflows-OPEB	7,640,821	3,667,414	484,542	436,930	8,125,363	4,104,344
Deferred Outflows-Refunding	17,520	25,630	-	-	17,520	25,630
Total Deferred Outflows	<u>10,570,103</u>	<u>5,167,770</u>	<u>1,390,858</u>	<u>867,964</u>	<u>11,960,961</u>	<u>6,035,734</u>
Long-term liabilities	53,877,697	39,937,072	70,039	56,467	53,947,736	39,993,539
Net pension liabilities	10,269,997	8,584,572	3,196,644	2,509,102	13,466,641	11,093,674
Net OPEB liabilities	11,547,555	7,583,073	872,662	753,228	12,420,217	8,336,301
Intangible asset lease liabilities	477,658	325,933	-	10,709	477,658	336,642
Other liabilities	3,444,272	1,434,168	3,242	14,055	3,447,514	1,448,223
Total liabilities	<u>79,617,179</u>	<u>57,864,818</u>	<u>4,142,587</u>	<u>3,343,561</u>	<u>83,759,766</u>	<u>61,208,379</u>
Deferred Inflows-Pensions	1,295,138	1,715,024	403,125	501,267	1,698,263	2,216,291
Deferred Inflows-OPEB	5,220,344	4,981,107	458,481	404,839	5,678,825	5,385,946
Total Deferred Inflows	<u>6,515,482</u>	<u>6,696,131</u>	<u>861,606</u>	<u>906,106</u>	<u>7,377,088</u>	<u>7,602,237</u>
Net position:						
Net investment in capital assets	22,962,496	4,365,828	64,318	61,800	23,026,814	4,427,628
Restricted	18,446,499	34,007,392	1,029,601	579,250	19,476,100	34,586,642
Unrestricted	(33,536,071)	(30,432,067)	(3,540,053)	(3,300,471)	(37,076,124)	(33,732,538)
Total Net Position	<u>\$ 7,872,924</u>	<u>\$ 7,941,153</u>	<u>\$ (2,446,134)</u>	<u>\$ (2,659,421)</u>	<u>\$ 5,426,790</u>	<u>\$ 5,281,732</u>

The following are significant current year transactions impacting the Statement of Net Position:

- Capital assets increased with continued construction on the new elementary school plus a new project to repurpose the existing elementary school as a Career Tech Facility on the first floor with additional instructional spaces on the second floor for the high school and middle school. The CTE project utilizes a \$10 million state LAVEC grant. Other capital projects include Guaranteed Energy Savings Contract to cover Geothermal wellfield installation and associated HVAC equipment across the main campus facilities and Early Childhood Education Center.
- The District paid \$1.8 million on the revenue bond debt and \$.116 million on the financed bus purchases. The District also borrowed \$113,069 for one new bus.
- \$18.4 million remained in unspent bond and grant funds at June 30, 2023, which is not included in the net investment in capital assets until construction is completed. Unspent bond funds are reported as Restricted in the statement of net position.
- An additional \$13.4 million was spent on construction projects, \$.120 million on buildings, \$.556 million for technology equipment, and \$.691 for general equipment. After \$1.8 million in depreciation, the net investment in capital assets increased \$13.1 million.
- Deferred outflows of resources related to pensions and OPEB increased \$6 million with additional deferrals for investment losses and changes in proportionate shares. Deferred inflows of resources related to pensions and OPEB decreased \$.233 million lower deferrals for investment differences and higher deferrals for assumption changes.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2023

- Cash increased from \$22.4 million to \$26.3 million after the District issued additional revenue bonds for building renovation and upgrades, and used \$14.4 million for these projects. In addition, Child Care improved operations increased cash by \$.4 million and grants added \$.2 million.

Change in Net Position

Table 2 presents the summary of changes in net position for the fiscal years ending June 30, 2023 and 2022.

Changes in Net Position
Operating Results for the Year Ended June 30, (Table 2)

Revenues:						
Program revenues:						
Charges for services	\$ 926,052	\$ 755,220	\$ 912,998	\$ 681,260	\$ 1,839,050	\$ 1,436,480
Operating grants	18,210,191	6,465,982	2,397,242	2,770,830	20,607,433	9,236,812
Capital grants	98,736	10,096,472	-	-	98,736	10,096,472
General revenues:						
Property taxes	11,243,225	10,240,560	-	-	11,243,225	10,240,560
Motor vehicles taxes	612,605	568,580	-	-	612,605	568,580
Utility taxes	1,191,234	1,124,667	-	-	1,191,234	1,124,667
Distilled spirits tax	2,330,618	2,089,426	-	-	2,330,618	2,089,426
Interest and investment earnings	7,451	25,742	65	-	7,516	25,742
State Aid formula grants	11,586,145	10,660,566	-	-	11,586,145	10,660,566
Unrestricted federal aid	697,390	363,402	-	496	697,390	363,898
Gain(Loss) on disposal of fixed assets	11,417	4,308	-	-	11,417	4,308
Miscellaneous	567,800	349,735	4,100	30	571,900	349,765
Total Revenues	47,575,851	42,744,660	3,314,405	3,452,616	50,890,257	46,197,276
Program Expenses:						
Instruction	29,575,971	15,629,322	-	-	29,575,971	15,629,322
Support Services						
Student	3,504,287	1,810,236	-	-	3,504,287	1,810,236
Instruction staff	1,415,483	679,353	-	-	1,415,483	679,353
District administration	1,415,732	941,885	-	-	1,415,732	941,885
School administration	2,779,305	1,548,119	-	-	2,779,305	1,548,119
Business	1,286,832	1,165,931	-	-	1,286,832	1,165,931
Plant operation and maintenance	3,481,671	3,359,532	-	-	3,481,671	3,359,532
Student transportation	1,608,727	1,385,070	-	-	1,608,727	1,385,070
Adult education	-	51,726	-	-	-	51,726
Community service activities	289,588	168,409	-	-	289,588	168,409
Food service	-	-	2,419,998	2,017,563	2,419,998	2,017,563
Child care	926,931	164,357	576,564	961,034	1,503,495	1,125,391
Interest on long-term debt	1,469,478	946,123	-	-	1,469,478	946,123
Total Expenses	47,754,005	27,850,063	2,996,562	2,978,597	50,750,567	30,828,660
Excess (deficiency) before transfers and special items	(178,154)	14,894,597	317,843	474,019	139,690	15,368,616
Transfers	109,927	33,724	(109,927)	(33,724)	-	-
Net increase (decrease) in net position	\$ (68,227)	\$ 14,928,321	\$ 207,917	\$ 440,295	\$ 139,690	\$ 15,368,616

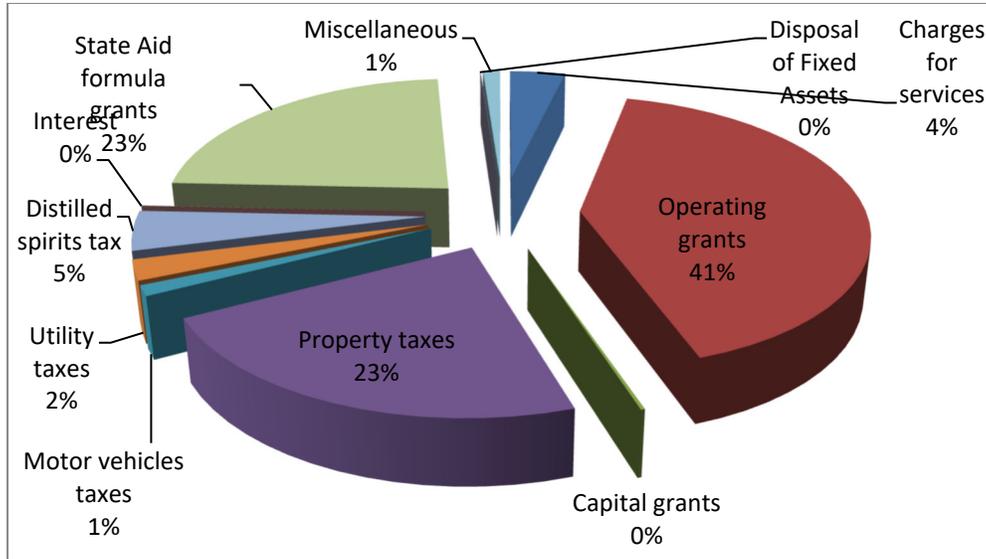
The following are significant current year transactions impacting the Changes in Net Position:

- Additional funding from the \$10 million capital grant for the LAVEC and \$3.7 million in operating grants primarily derived from post pandemic federal and state funding to support academic recovery.
- TRS of Ky is now reporting positive pension expense after amortization of 2018 assumption changes, increased salaries, and volatile investment returns. For the District’s FY 2023, these amounts added on-behalf grant revenues and instruction benefits of \$3.0 million.
- Property taxes increased from \$10.2 million to \$11.2 million with the significant growth of real property assessments within the school taxing District that mirrored national trends in real estate prices.
- Operating expenses increased significantly from \$30.8 million to \$50.3 million or 68.5% from

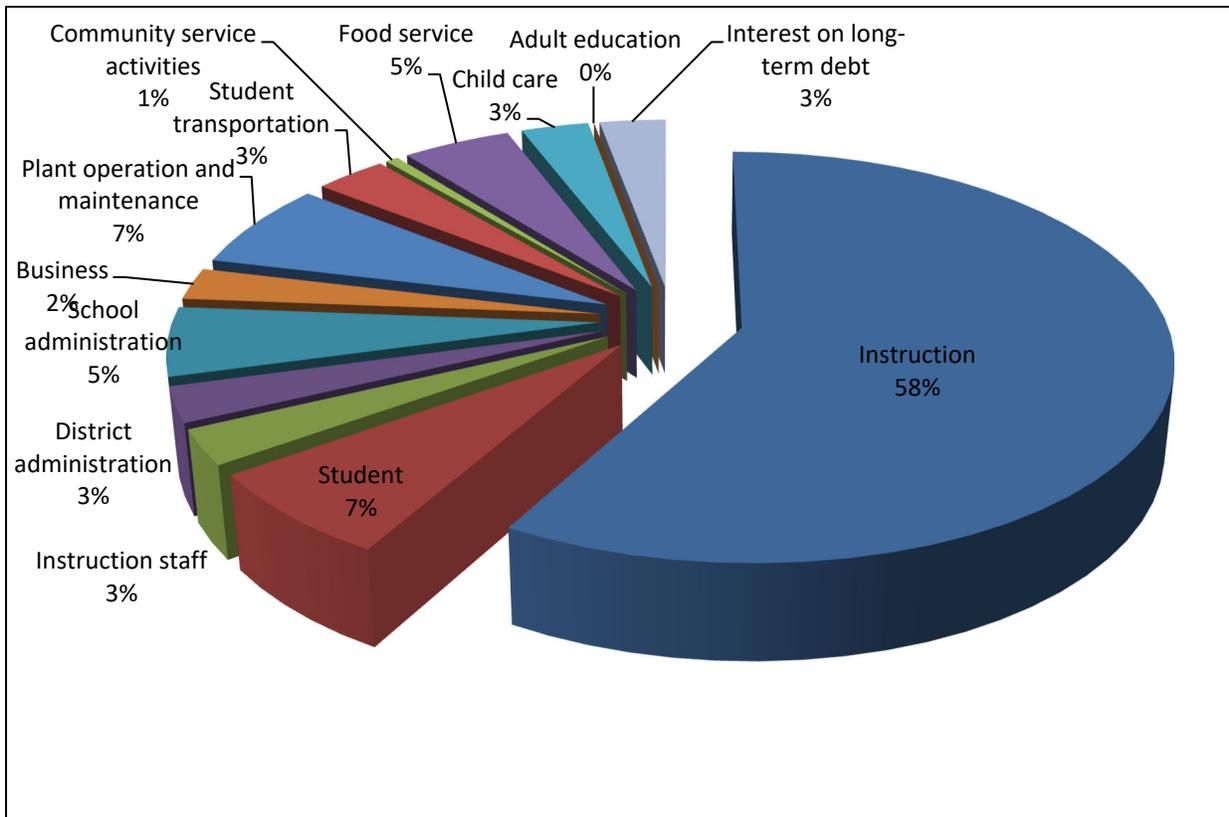
BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2023

the prior year due to ongoing construction projects and academic recovery.

The following provides a breakdown of total primary government revenues for the year ending June 30, 2023:



The following provides a breakdown of total primary government expenses for the year ending June 30, 2023:



BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2023

ANALYSIS OF THE DISTRICT’S FUNDS

Governmental Funds

The General Fund ended FY 2023 with a decrease in fund balance of \$61,119. Total revenues were lower than expenditures by \$1,468,286. Other financing resources added \$1,407,167 to the General Fund, with transfers from Building and Capital Outlay funds for capital purchases and transfers from Special Revenue and Food Service for administrative indirect cost allocations. The net result was a decrease to fund balance of \$61,119. The ending fund balance for General Fund represents 12.1% of the total expenditures, or a balance that would cover about 1.45 months of operations. This ratio is a decrease over the 14.5% ratio in FY 2022 as the adjusted fund balance decreased from \$4.350 million to \$4.288 million in FY 2023. At June 30, 2023, the General Fund is reporting an Assigned Fund Balance of \$3.2 million to finance a portion of the FY 2024 budget.

The Special Revenue fund reports a variety of state and federal grants and normally reports a zero carryover in fund balance. As of June 30, 2023, this grant fund also reported accounts receivable from federal grants of \$411,256 and a liability for grant advances of \$199,261 (for grant funds that have not yet been expended for the allowable grant programs.)

The Construction Fund has been reported as a major fund in FY 2023 with the significant capital improvements currently in progress. Expenditures for the construction of the new elementary school and renovations for the Technical Center included \$4 million for the elementary school, \$5.2 million for the Career and Technical Center, and \$4.5 million for the energy upgrade projects. \$20.5 million remains in cash to cover accounts payable of \$2 million and continued construction in FY 2024.

Proprietary Funds

The District’s proprietary funds include the Food Service and Child Care funds. A portion of the pension and OPEB balances were allocated to Food Service and Child Care based on the covered payroll in each of those departments.

Food Service operations for the year ended with a decrease in net position of \$259,522 after Federal funding decreased. Revenues increased from \$51,132 in FY 2022 to \$139,813 in FY 2023 due to all schools operating under the Community Eligibility Provision allowing all students to receive non-pricing meal service. Operating expenses increased from \$2.0 million to \$2.4 million including the CERS pension and OPEB costs. Federal grants decreased from \$2.2 million to \$1.8 million after the Federal COVID subsidies expired. The deficit in net position increased to \$1,532,221. This deficit reflects the net pension liability of \$1,738,479 and net OPEB liability of \$474,594 for Food Service employees.

The Child Care operations provide staff childcare for infant thru two years and wrap-around childcare for school age children, up to grade 6. This fund ended the fiscal year with an operating surplus of \$467,438 and a deficit in net position of \$913,913, including the effects of net pension (\$1,458,164) and net OPEB liabilities (\$398,068). Tuition and fees increased from \$630,159 to \$777,285 with the additional enrollment opportunity by moving to Bardstown Primary school while salaries and wages decreased from \$883,156 to \$434,261 because grant funds that supported the program have decreased. However, material and supplies costs increased from \$6,153 to \$118,604 primarily due to food costs and classroom enhancements. Amortization on a leased building decrease after the lease was terminated and the facilities moved to a new location.

GENERAL FUND – BUDGET HIGHLIGHTS

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

BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2023

year carryover fund balance included in revenues.

For the General Fund, revenues were budgeted at approximately \$29.5 million in the original budget and \$29.6 million in the final amended budget. Actual revenues were \$33.9 million with most of the positive variance in distilled spirits taxes, property taxes, and increased state on-behalf payments. Budgeted expenditures of \$31.6 million in the original budget the final amended budget compare with actual expenditures of \$35.4 million. Expenditures include on-behalf costs that are not included in the budget and funded with the \$3 million overage in revenues. On-behalf payments are not included in the District’s budget planning because the revenues equal the expenditures and the amounts for this portion of State funding is not available until year-end.

CAPITAL ASSETS

At the end of fiscal year 2023, the School District had approximately \$27.8 million invested in land, building and improvements, vehicles, equipment, and construction in process. Table 3 shows fiscal year 2023 and 2022 balances.

Capital Assets, Net of Depreciation (Table 3)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Construction in progress	\$ 31,999,718	\$ 18,944,782	\$ -	\$ -	\$ 31,999,718	\$ 18,944,782
Land	3,383,461	3,383,461	-	-	3,383,461	3,383,461
Land improvements	238,090	253,223	-	-	238,090	253,223
Buildings and improvements	18,033,124	19,136,093	-	-	18,033,124	19,136,093
Technology equipment	862,209	551,491	-	-	862,209	551,491
Vehicles	725,070	725,398	20,425	21,506	745,495	746,904
General equipment	1,736,394	1,109,465	43,893	41,093	1,780,287	1,150,558
Intangible right-to-use leased equipment	472,102	275,820	-	-	472,102	275,820
Intangible right-to-use building	-	-	-	9,910	-	9,910
Total	\$ 57,450,168	\$ 44,379,732	\$ 64,318	\$ 72,509	\$ 57,514,486	\$ 44,452,241

The following were major additions and capital assets placed in service during fiscal year 2023:

- Construction in progress includes additional expenditures for the new elementary school , renovation for the Career & Technical building, and energy upgrades across the District in 2023.
- One new bus was purchased that is scheduled for delivery in the last quarter of 2023.
- Other capital additions include student Chromebooks, replacement of softball scoreboard replacement and football stadium lights, and expansion of sensory and inclusive equipment for exceptional students.

LONG-TERM BONDED DEBT

At June 30, 2023, the School District had \$52.4 million in bonds outstanding. Of this amount, \$1.3 million will be paid by the Kentucky School Facility Construction Commission. A total of \$2.3 million is due from District funds within one year. In addition, the District owes \$.7 million for financed bus purchases, with \$118,808 due in FY 2023. Remaining balances on the copier lease liabilities are \$447,128 with \$105,992 due in FY 2023. In FY 2023, the District added a SBITA liability of \$45,025, with \$30,530 remaining due at June 30, 2023, and \$15,002 due in FY 2024.

ECONOMIC FACTORS AND FY 2023 BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1 – June 30; other programs, i.e. some federal, operate on a different fiscal year, but are reflected in the District overall June 30 fiscal year budget. By law the budget must have a minimum 2% contingency. The District adopted a budget 2023-2024 that includes a contingency of 3.0%. The District expects that fund balance in the General Fund will decrease in FY 2023

BARDSTOWN INDEPENDENT SCHOOL DISTRICT – BARDSTOWN, KY
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FOR THE YEAR ENDED JUNE 30, 2023

from \$4.3 million to \$1.1 million.

The new elementary school on the Templin Avenue property is almost complete, with a proposed completion date later in 2023.

Local tax for the 2024 school year was levied in September 2023 at 77.7 cents per \$100 for real estate and 77.7 cents tangible property. No change was made in the motor vehicle tax at 53.1 cents per \$100 of assessed property. Real estate rates decreased with the significant increases in real estate values in the District’s jurisdiction that mirrored national trends in real estate values.

ADDITIONAL CONTACT INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. Questions regarding this report or requests for additional information should be directed to Tracey Rogers, Director of Finance, 308 North Fifth Street, Bardstown, Kentucky, 40004, (502) 331-8800.

FINANCIAL STATEMENTS

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2023**

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
Assets:			
Current Assets			
Cash and Cash Equivalents	\$ 25,279,316	\$ 1,025,557	\$ 26,304,873
Inventory	-	19,527	19,527
Accounts Receivable			
Taxes - current	9,598	-	9,598
Taxes - delinquent	48,707	-	48,707
Other	236,438	30,421	266,859
Intergovernmental - indirect Federal	411,255	27,378	438,633
Total Current Assets	<u>25,985,314</u>	<u>1,102,883</u>	<u>27,088,197</u>
Capital Assets - Net			
Construction in Progress	31,999,718	-	31,999,718
Land	3,383,461	-	3,383,461
Net Depreciable Capital Assets	21,594,887	64,318	21,659,205
Net Intangible Right-to-Use Assets	472,102	-	472,102
	<u>57,450,168</u>	<u>64,318</u>	<u>57,514,486</u>
Total Assets	\$ <u>83,435,482</u>	\$ <u>1,167,201</u>	\$ <u>84,602,683</u>
Deferred Outflows of Resources			
Deferred amount on refunding	\$ 17,520	\$ -	\$ 17,520
Proportionate share of deferred outflows of resources - Pension & OPEB	8,901,071	1,018,784	9,919,855
OPEB & Pension Contributions made after the measurement date	1,651,512	372,074	2,023,586
Total Deferred Outflows of Resources	\$ <u>10,570,103</u>	\$ <u>1,390,858</u>	\$ <u>11,960,961</u>
Liabilities			
Current Liabilities			
Accounts Payable	\$ 2,614,454	\$ 3,242	\$ 2,617,696
Accrued salaries and benefits payable	48,204	-	48,204
Grant Advances	199,261	-	199,261
Interest payable	582,352	-	582,352
Current portion of bond obligations	3,585,144	-	3,585,144
Current portion of financed purchases	118,808	-	118,808
Current portion of accrued sick leave	397,233	18,911	416,144
Total Current Liabilities	<u>7,545,456</u>	<u>22,153</u>	<u>7,567,609</u>
Noncurrent Liabilities			
Noncurrent portion of bond obligations	48,166,458	-	48,166,458
Noncurrent portion of financed purchases	536,055	-	536,055
Noncurrent portion of accrued sick leave	1,074,000	51,129	1,125,129
Lease liabilities	447,128	-	447,128
SBITA liabilities	30,530	-	30,530
Net OPEB liability - CERS	2,819,555	872,662	3,692,217
Net OPEB liability - KTRS	8,728,000	-	8,728,000
Net pension liability - CERS	10,269,997	3,196,643	13,466,640
Total Noncurrent Liabilities	<u>72,071,723</u>	<u>4,120,434</u>	<u>76,192,157</u>
Total Liabilities	<u>79,617,179</u>	<u>4,142,587</u>	<u>83,759,766</u>
Deferred Inflows of Resources			
Proportionate share of deferred inflows of resources - Pension & OPEB	6,515,482	861,606	7,377,088
Total Deferred Inflows of Resources	\$ <u>6,515,482</u>	\$ <u>861,606</u>	\$ <u>7,377,088</u>
Net Position			
Net investment in capital assets	22,962,496	64,318	23,026,814
Restricted for:			
Construction	18,446,499	-	18,446,499
Food Service	-	1,029,601	1,029,601
Unrestricted	(33,536,071)	(3,540,053)	(37,076,124)
Total Net Position	\$ <u>7,872,924</u>	\$ <u>(2,446,134)</u>	\$ <u>5,426,790</u>

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

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Program Revenues				Net (Expense) Revenue and		
	Expenses	Operating		Capital	Changes in Net Position		
		Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	TOTAL
Governmental Activities:							
Instruction	\$ (29,575,971)	\$ 926,052	\$ 18,174,177	\$ 2,266	\$ (10,473,476)	\$ -	\$ (10,473,476)
Support Services:							
Student	(3,504,287)	-	-	-	(3,504,287)	-	(3,504,287)
Instruction staff	(1,415,483)	-	-	-	(1,415,483)	-	(1,415,483)
District administration	(1,415,732)	-	-	-	(1,415,732)	-	(1,415,732)
School administrative	(2,779,305)	-	-	-	(2,779,305)	-	(2,779,305)
Business	(1,286,832)	-	-	-	(1,286,832)	-	(1,286,832)
Plant operating and maintenance	(3,481,671)	-	-	-	(3,481,671)	-	(3,481,671)
Student transportation	(1,608,727)	-	36,014	-	(1,572,713)	-	(1,572,713)
Food service (COVID costs)	-	-	-	-	-	-	-
Day Care (COVID costs)	(926,931)	-	-	-	(926,931)	-	(926,931)
Adult Education	-	-	-	-	-	-	-
Community service activities	(289,588)	-	-	-	(289,588)	-	(289,588)
Interest on Long-Term Debt & Bond Issuance Fees	(1,469,478)	-	-	96,470	(1,373,008)	-	(1,373,008)
Total Governmental Activities	<u>(47,754,005)</u>	<u>926,052</u>	<u>18,210,191</u>	<u>98,736</u>	<u>(28,519,026)</u>	<u>-</u>	<u>(28,519,026)</u>
Business-Type Activities							
Food service	(2,419,998)	139,813	2,142,094	-	-	(138,091)	(138,091)
Child care	(576,564)	773,185	255,149	-	-	451,770	451,770
Total Business-Type Activities	<u>(2,996,562)</u>	<u>912,998</u>	<u>2,397,242</u>	<u>-</u>	<u>-</u>	<u>313,678</u>	<u>313,678</u>
Total Primary Government	<u>\$ (50,750,567)</u>	<u>\$ 1,839,050</u>	<u>\$ 20,607,433</u>	<u>\$ 98,736</u>	<u>\$ (28,519,026)</u>	<u>\$ 313,678</u>	<u>\$ (28,205,348)</u>
			General Revenues:				
			Taxes:				
			Property taxes	\$ 11,243,225	\$ -	\$ 11,243,225	
			Motor vehicle taxes	612,605	-	612,605	
			Utility taxes	1,191,234	-	1,191,234	
			Distilled spirits tax	2,330,618	-	2,330,618	
			Investment Income	7,451	65	7,516	
			State aid formulas	11,586,145	-	11,586,145	
			Unrestricted federal aid	697,390	-	697,390	
			Insurance recovery	92,988	-	92,988	
			Miscellaneous	567,800	4,100	571,900	
			Gain (Loss) on lease termination	6,888	-	6,888	
			Gain (Loss) on disposal of fixed assets	4,529	-	4,529	
			Transfers	109,927	(109,927)	-	
			Total General Revenues	<u>\$ 28,450,800</u>	<u>\$ (105,762)</u>	<u>\$ 28,345,038</u>	
			Change in Net Position	(68,227)	207,917	139,690	
			Net Position June 30, 2022	7,941,154	(2,654,051)	5,287,103	
			Net Position June 30, 2023	<u>\$ 7,872,924</u>	<u>\$ (2,446,134)</u>	<u>\$ 5,426,790</u>	

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

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Construction Fund</u>	<u>NonMajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 4,419,189	\$ -	\$ 20,478,286	\$ 381,841	\$ 25,279,316
Receivables:					
Accounts receivable	230,488	-	5,953	-	236,441
Taxes receivable - current	9,598	-	-	-	9,598
Taxes receivable - delinquent	48,707	-	-	-	48,707
Intergovernmental - Indirect Federal	-	411,256	-	-	411,256
Due from other funds	163,138	-	-	-	163,138
Total assets	\$ 4,871,120	\$ 411,256	\$ 20,484,239	\$ 381,841	\$ 26,148,456
Liabilities and Fund Balances:					
Liabilities					
Accounts payable	\$ 475,625	\$ 48,857	\$ 2,087,788	\$ 2,184	\$ 2,614,454
Accrued liabilities	48,204	-	-	-	48,204
Due to other funds	-	163,138	-	-	163,138
Grant advances	-	199,261	-	-	199,261
Total liabilities	523,829	411,256	2,087,788	2,184	3,025,057
Deferred Inflows of Resources					
Unavailable revenues	58,306	-	-	-	58,306
Fund Balances:					
Restricted	-	-	18,396,451	50,047	18,446,498
Committed	-	-	-	329,610	329,610
Assigned	3,168,198	-	-	-	3,168,198
Unassigned	1,120,787	-	-	-	1,120,787
Total fund balances	4,288,985	-	18,396,451	379,657	23,065,093
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 4,871,120	\$ 411,256	\$ 20,484,239	\$ 381,841	\$ 26,148,456

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

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Total Governmental Fund Balances		\$ 23,065,093
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the Statement of Net Position		57,450,168
Deferred outflows of resources and deferred inflows of resources related to the District's proportionate share of these amounts reported by the CERS pension plan are reported in the governmental activities in the Statement of Net Position		
Deferred outflows of resources - pension contributions to CERS made after the measurement date	1,044,116	
Deferred outflows of resources - OPEB contributions to CERS made after the measurement date	163,007	
Deferred outflows of resources - OPEB contributions to TRS made after the measurement date	444,388	
Deferred outflows of resources - other CERS pension factors	1,867,645	
Deferred outflows of resources - other CERS OPEB factors	1,413,426	
Deferred outflows of resources - other TRS OPEB factors	5,620,000	
Deferred inflows of resources - CERS pension factors	(1,295,138)	
Deferred inflows of resources - CERS OPEB factors	(1,481,344)	
Deferred inflows of resources - TRS OPEB factors	(3,739,000)	
		4,037,100
Certain liabilities and deferred inflows are not reported in this fund statement because they are not due and payable, but they are presented in the Statement of Net Position		
Bonds payable	(52,387,365)	
Bond discount	635,759	
Financed purchase obligations	(654,863)	
Intangible asset lease liabilities	(447,128)	
SBITA liabilities	(30,530)	
Deferred outflows of resources - refunding	17,520	
Accrued interest	(582,353)	
Unavailable property taxes	58,306	
Proportionate share of net pension liability - CERS	(10,269,996)	
Proportionate share of net OPEB liability - CERS	(2,819,555)	
Proportionate share of net OPEB liability - KTRS	(8,728,000)	
Accrued sick leave	(1,471,232)	(76,679,437)
Net Position of Governmental Activities		<u>\$ 7,872,924</u>

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

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

	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
From local sources:					
Taxes:					
Property	\$ 8,711,474	\$ -	\$ -	\$ 2,518,833	\$ 11,230,307
Motor vehicle	612,605	-	-	-	612,605
Utilities	1,191,234	-	-	-	1,191,234
Distilled spirits tax	2,330,618	-	-	-	2,330,618
Tuition and fees	168,623	-	-	757,428	926,051
Earnings on investments	870	2	6,579	-	7,451
Other local revenues	365,525	111,671	-	90,603	567,799
Intergovernmental - state	19,858,004	1,351,352	2,266	1,336,867	22,548,489
Intergovernmental - indirect federal	697,390	3,940,767	-	-	4,638,157
Total revenues	<u>33,936,343</u>	<u>5,403,792</u>	<u>8,845</u>	<u>4,703,731</u>	<u>44,052,711</u>
Expenditures					
Current					
Instruction	20,959,310	3,604,845	-	1,070,728	25,634,883
Support services:					
Student	2,871,430	78,494	-	-	2,949,924
Instruction staff	982,180	224,133	-	20,509	1,226,822
District administration	1,214,755	-	-	-	1,214,755
School administrative	2,205,037	166,660	-	-	2,371,697
Business	1,121,450	3,037	-	-	1,124,487
Plant operation and maintenance	2,586,035	16,320	-	-	2,602,355
Student transportation	1,471,487	9,929	-	3,083	1,484,499
Food Service (COVID costs)	-	-	-	-	-
Child Care (COVID costs)	-	926,931	-	-	926,931
Adult education	-	-	-	-	-
Community service activities	22,883	255,000	-	-	277,883
Capital Outlay	1,581,249	140,778	13,391,262	16,495	15,129,784
Debt service - principal	316,810	-	-	1,778,467	2,095,277
Debt service - interest	71,229	-	-	798,675	869,904
Debt service - issuance costs	774	-	-	-	774
Total Expenditures	<u>35,404,629</u>	<u>5,426,125</u>	<u>13,391,262</u>	<u>3,687,957</u>	<u>57,909,973</u>
Excess (Deficit) of Revenues over Expenditures	<u>(1,468,286)</u>	<u>(22,333)</u>	<u>(13,382,417)</u>	<u>1,015,774</u>	<u>(13,857,262)</u>
Other Financing sources (uses)					
Proceeds from sale of bonds	-	-	14,695,000	-	14,695,000
Proceeds of Financed Purchases	113,069	-	-	-	113,069
Proceeds from sale of fixed assets	4,529	-	-	-	4,529
Intangible asset leases	594,505	-	-	-	594,505
Insurance recovery	92,988	-	-	-	92,988
Bond discount and fees	-	-	(327,175)	-	(327,175)
Operating transfers in	1,364,730	48,611	417,633	3,194,701	5,025,675
Operating transfers out	(762,654)	(26,278)	(10,286)	(4,116,530)	(4,915,748)
Total other financing sources (uses)	<u>1,407,167</u>	<u>22,333</u>	<u>14,775,172</u>	<u>(921,829)</u>	<u>15,282,843</u>
Net change in fund balances	(61,119)	-	1,392,755	93,945	1,425,581
Fund Balance June 30, 2022	<u>4,350,104</u>	<u>-</u>	<u>17,003,696</u>	<u>285,712</u>	<u>21,639,512</u>
Fund Balance June 30, 2023	<u>\$ 4,288,985</u>	<u>\$ -</u>	<u>\$ 18,396,451</u>	<u>\$ 379,657</u>	<u>\$ 23,065,093</u>

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

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

Net Change in Fund Balances - Total Governmental Funds		\$	1,425,581
Amounts reported for governmental activities in the statement of activities are different because of the following:			
Capital outlays are reported as expenditures in the fund financial statement because they are current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which depreciation expense exceeds capital outlays for the year.			
Capital expenditures	15,129,784		
Amortization of intangible right-to-use assets	(122,403)		
Adjust sale of equipment to accrual basis			
Depreciation	<u>(1,661,126)</u>	13,346,255	
Proceeds from long-term debt are reported as revenues in the fund statements because they create current financial resources, but they are separated and shown as long-term debt on the statement of net position.			
Bond proceeds	(14,695,000)		
Proceeds of Financed purchases	(113,069)		
		(14,808,069)	
Gain/loss on lease termination			6,888
Long-term lease proceeds			(549,480)
SBITA contract proceeds			(45,025)
Debt service payments are reported as expenditures in this fund financial statement because they use current financial resources, but they are separated and shown as payments of long-term debt on the statement of net position and interest expense on the statement of activities. The difference is the amount of principal payment made for the year:			
Bond principal payments	1,818,860		
Financed purchases principal	116,345		
Long-term lease principal	145,577		
SBITA principal	14,495		
Accrued interest on long-term debt	(417,886)		
Bond discounts to be amortized in future periods	195,397		
Current year recognition of deferred outflows on refunding	(8,110)		
Amortization of Bond discounts (premiums)	(41,026)	1,823,652	
Property taxes that are unavailable are deferred in the fund statements but recognized as revenues in the governmentwide statements			12,917
Additional on-behalf transactions are recorded based on KTRS actuarial reports:			
On-behalf revenues - KTRS share of pension and OPEB expenses			3,405,815
On-behalf expenses - KTRS share of pension and OPEB expenses			(3,405,815)
Sales of capital assets in the fund statements do not include the book value of assets sold that are reported in the statement of activities			
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.			
Accrued sick leave long-term liabilities	(1,222,132)		
KTRS OPEB expense related to changes in the net OPEB liability and the net changes in deferred inflows of resources and deferred outflows of resources		26,875	
CERS OPEB expense related to changes in the net OPEB liability and the net changes in deferred inflows of resources and deferred outflows of resources	(257,187)		
CERS Pension expense related to changes in the net pension liability and the net changes in deferred inflows of resources and deferred outflows of resources	<u>171,498</u>	<u>(1,280,946)</u>	
Change in Net Position of Governmental Activities		\$	<u>(68,227)</u>

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

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
GENERAL FUND**

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Taxes				
Property	\$ 8,329,157	\$ 8,329,157	\$ 8,711,474	\$ 382,317
Motor vehicle	560,000	560,000	612,605	52,605
Utilities	1,100,000	1,100,000	1,191,234	91,234
Distilled spirits tax	2,091,353	2,091,353	2,330,618	239,265
Tuition and fees	150,000	150,000	168,623	18,623
Earnings on investments	1,000	1,000	870	(130)
Other local revenues	288,740	288,740	365,525	76,785
Intergovernmental - state	16,593,680	16,767,322	19,858,004	3,090,682
Intergovernmental - federal	365,000	365,000	697,390	332,390
Total Revenues	<u>29,478,930</u>	<u>29,652,572</u>	<u>33,936,343</u>	<u>4,283,771</u>
Expenditures:				
Instruction	20,948,905	21,122,994	21,162,404	(39,410)
Support services:				
Student	1,952,654	1,952,654	2,871,430	(918,776)
Instruction staff	682,310	682,310	982,180	(299,870)
District administration	1,049,660	1,054,660	1,214,755	(160,095)
School administrative	1,744,072	1,750,285	2,205,037	(454,752)
Business	1,120,646	920,646	2,206,955	(1,286,309)
Plant operation and maintenance	2,634,259	2,671,259	2,759,750	(88,491)
Student transportation	1,279,084	1,304,084	1,590,422	(286,338)
Day Care			-	-
Adult Education		-	-	-
Community service activities	23,391	23,391	22,883	508
Debt service	175,856	175,856	388,813	(212,957)
Total Expenditures	<u>31,610,837</u>	<u>31,658,139</u>	<u>35,404,629</u>	<u>(3,746,490)</u>
Excess (deficit) of revenues over expenditures	<u>(2,131,907)</u>	<u>(2,005,567)</u>	<u>(1,468,286)</u>	<u>537,281</u>
Other financing sources (uses)				
Proceeds of Financed Purchases			113,069	(113,069)
Intangible asset leases			594,505	(594,505)
Proceeds from sale of fixed assets			4,529	(4,529)
Insurance recovery			92,988	(92,988)
Contingency	(2,331,845)	(2,003,746)	-	(2,003,746)
Operating transfers in	115,169	115,168	1,364,730	(1,249,562)
Operating transfers out		(455,958)	(762,654)	306,696
Total other financing sources (uses)	<u>(2,216,676)</u>	<u>(2,344,536)</u>	<u>1,407,167</u>	<u>(3,751,703)</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>(4,348,583)</u>	<u>(4,350,103)</u>	<u>(61,119)</u>	<u>(3,214,422)</u>
Fund Balance June 30, 2022	<u>4,348,583</u>	<u>4,350,103</u>	<u>4,350,104</u>	<u>1</u>
Fund Balance June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,288,985</u>	<u>\$ (3,214,421)</u>

See accompanying report of independent auditors.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
SPECIAL REVENUE FUND**

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ -	\$ -	\$ 2	\$ 2
Tuition and fees	-	-	-	-
Other local revenues	25,000	11,500	111,671	100,171
Intergovernmental - state	1,010,831	1,516,108	1,351,352	(164,756)
Intergovernmental - indirect federal	1,518,408	3,755,572	3,940,767	185,195
Total revenues	<u>2,554,239</u>	<u>5,283,180</u>	<u>5,403,792</u>	<u>120,612</u>
Expenditures				
Instruction	2,159,879	5,074,228	3,745,623	1,328,605
Support services:				
Student	79,090	78,893	78,494	399
Instruction staff	90,512	123,449	224,133	(100,684)
District administrative support	-	-	-	-
School administrative support	-	-	166,660	-
Business support	-	-	3,037	-
Student transportation	590	50,401	16,320	34,081
Plant operations (COVID costs)	-	1,250,000	9,929	-
Day care (COVID costs)	-	-	926,931	-
Community services activities	209,000	185,474	255,000	(69,526)
Total expenditures	<u>2,539,071</u>	<u>6,762,445</u>	<u>5,426,125</u>	<u>1,192,876</u>
Excess (Deficit) of Revenues over Expenditures	<u>15,168</u>	<u>(1,479,266)</u>	<u>(22,333)</u>	<u>1,456,933</u>
Other financing sources (uses)				
Proceeds from sale of fixed assets	-	-	-	-
Operating transfers in	-	46,456	48,611	2,155
Operating transfers out	(15,168)	(472,083)	(26,278)	445,805
Total other financing sources (uses)	<u>(15,168)</u>	<u>(425,627)</u>	<u>22,333</u>	<u>447,960</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	-	(1,904,893)	-	1,904,893
Fund Balance June 30, 2022	-	-	-	-
Fund Balance June 30, 2023	\$ -	\$ (1,904,893)	\$ -	\$ 1,904,893

See accompanying report of independent auditors.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023**

	Food Service Fund	Child Care Fund	Total
Assets			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 333,563	\$ 691,994	\$ 1,025,557
Inventory	19,527	-	19,527
Accounts receivable	-	30,421	30,421
Intergovernmental receivable	27,378	-	27,378
Total Current Assets	<u>380,468</u>	<u>722,415</u>	<u>1,102,883</u>
<u>Capital Assets, Net</u>			
Capital Assets, net	58,169	6,149	64,318
Intangible right-to-use assets, net	-	-	-
Total Capital Assets, net	<u>58,169</u>	<u>6,149</u>	<u>64,318</u>
Total assets	<u>\$ 438,637</u>	<u>\$ 728,564</u>	<u>\$ 1,167,201</u>
Deferred Outflows of Resources			
Deferred Outflows-pension & OPEB contributions	\$ 202,350	\$ 169,724	\$ 372,074
Deferred Outflows-Other CERS & OPEB Factors	554,061	464,723	1,018,784
Total Deferred Outflows of Resources	<u>\$ 756,411</u>	<u>\$ 634,447</u>	<u>\$ 1,390,858</u>
Liabilities & Net Position			
<u>Current Liabilities</u>			
Accounts Payable	\$ 1,497	\$ 1,745	\$ 3,242
Current Portion of Accrued Sick Leave	11,912	6,999	18,911
Total Current Liabilities	<u>13,409</u>	<u>8,744</u>	<u>22,153</u>
<u>Noncurrent Liabilities</u>			
Accrued Sick Leave	32,206	18,923	51,129
Lease Liability	-	-	-
Net Pension Liability	1,738,479	1,458,164	3,196,643
Net OPEB Liability	474,594	398,068	872,662
Total Noncurrent Liabilities	<u>2,245,279</u>	<u>1,875,155</u>	<u>4,120,434</u>
Total Liabilities	<u>\$ 2,258,688</u>	<u>\$ 1,883,899</u>	<u>\$ 4,142,587</u>
Deferred Inflows of Resources			
Deferred inflows-Pension & OPEB	\$ 468,581	\$ 393,025	\$ 861,606
Total Deferred Outflows of Resources	<u>\$ 468,581</u>	<u>\$ 393,025</u>	<u>\$ 861,606</u>
NET POSITION:			
Net Investment in Capital Assets	\$ 58,169	\$ 6,149	\$ 64,318
Restricted	334,853	694,748	1,029,601
Unrestricted	(1,925,243)	(1,614,810)	(3,540,053)
Total Net Position	<u>\$ (1,532,221)</u>	<u>\$ (913,913)</u>	<u>\$ (2,446,134)</u>

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

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Food Service Fund	Child Care Fund	TOTAL
Operating revenues:			
Lunchroom sales	\$ 139,410	\$ -	\$ 139,410
Tuition and fees	-	773,185	773,185
Other operating revenues	403	4,100	4,503
Total operating revenues	<u>139,813</u>	<u>777,285</u>	<u>917,098</u>
Operating expenses:			
Salaries and wages	1,232,249	434,261	1,666,510
Materials and supplies	1,153,747	118,604	1,272,351
Depreciation	10,981	9,931	20,912
Other operating expenses	23,021	13,733	36,754
Total operating expenses	<u>2,419,998</u>	<u>576,530</u>	<u>2,996,528</u>
Income (loss) from operations	(2,280,185)	200,755	(2,079,430)
Non-operating revenues (expenses):			
Federal grants	1,823,800	37,037	1,860,837
State grants - matching	16,421	190,961	207,382
State grants - on behalf	129,942	26,569	156,511
Other donations	-	582	582
Donated commodities	171,930	-	171,930
Sale of equipment	-	-	-
Transfers to governmental funds	(121,483)	-	(121,483)
Transfers from governmental funds	14	11,542	11,556
Interest expense on lease liabilities	-	(34)	(34)
Interest income	39	27	66
Total non-operating revenues	<u>2,020,663</u>	<u>266,683</u>	<u>2,287,346</u>
Net Change in Net Position	(259,522)	467,438	207,916
Net Position, July 1, 2021	<u>(1,272,699)</u>	<u>(1,381,351)</u>	<u>(2,654,050)</u>
Net Position, June 30, 2022	<u>\$ (1,532,221)</u>	<u>\$ (913,913)</u>	<u>\$ (2,446,134)</u>

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

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Food Service Fund</u>	<u>Child Care Fund</u>	<u>TOTAL</u>
Cash Flows from Operating Activities			
Cash received from:			
Lunchroom sales	\$ 139,410	\$ -	\$ 139,410
Tuition and fees		742,765	742,765
Other activities	403	4,100	4,503
Cash paid to/for:			
Employees	(1,047,173)	(215,901)	(1,263,074)
Supplies	(981,431)	(105,942)	(1,087,373)
Other activities	(23,021)	(13,733)	(36,754)
Net Cash Provided (Used) by Operating Activities	<u>(1,911,812)</u>	<u>411,289</u>	<u>(1,500,523)</u>
Cash Flows from Non-Capital Financing Activities			
Federal grants	2,153,623	37,037	2,190,660
State grants	16,421	190,960	207,381
Other grants	-	582	582
Transfers	(121,469)	11,542	(109,927)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>2,048,575</u>	<u>240,121</u>	<u>2,288,696</u>
Cash Flows from Capital & Related Financing Activities			
Purchase of property	(6,551)	-	(6,551)
Sale of equipment	-	-	-
Payment on Long-Term Debt		(16,845)	(16,845)
Interest on Long-Term Debt	-	(34)	(34)
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(6,551)</u>	<u>(16,879)</u>	<u>(23,430)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	130,251	634,558	764,809
Cash and Cash Equivalents, Beginning of Year	203,312	52,099	255,411
Cash and Cash Equivalents, End of Year	<u>\$ 333,563</u>	<u>\$ 686,657</u>	<u>\$ 1,020,221</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ (2,280,185)	\$ 200,755	\$ (2,079,430)
Adjustments to Reconcile Net Income (Loss) to Net Cash from Operating Activities:			
Depreciation/Amortization	10,981	9,931	20,912
Donated commodities	171,930	-	171,930
State on-behalf payments	129,942	26,569	156,511
Change in assets, deferred resources, and liabilities:			
Accounts receivable	-	(30,421)	(30,421)
Accounts payable	(7,375)	(3,438)	(10,813)
Inventory	7,761	9,872	17,633
Interfund payables	-	-	-
Accrued sick leave	(9,496)	23,069	13,573
Deferred outflows of resources	(267,103)	(255,791)	(522,894)
Net pension liability	323,994	363,548	687,542
Net OPEB liability	49,968	69,466	119,434
Deferred inflows of resources	(42,229)	(2,271)	(44,500)
Net Cash Provided by Operating Activities	<u>\$ (1,911,812)</u>	<u>\$ 411,288</u>	<u>\$ (1,500,523)</u>
Non-cash transactions			
Donated commodities	171,930	-	171,930
State on-behalf payments	129,942	26,569	156,511
CERS pension & OPEB expenses	(44,785)	193,660	148,875

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

NOTES TO THE FINANCIAL STATEMENTS

BARDSTOWN INDEPENDENT SCHOOL DISTRICT BARDSTOWN,
KENTUCKY
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JUNE 30, 2023

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**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Bardstown Independent School District (the District) conform to generally accepted accounting principles (GAAP) as applicable to governmental entities in the United States of America. U. S. governmental accounting standards are established by the Governmental Accounting Standards Board (GASB) for state and local governmental entities. In addition, the District is required by law to follow the accounting requirements of the Kentucky Department of Education (KDE) Financial Management Manual. The following discussion is a summary of the more significant accounting policies that apply to the District.

Reporting Entity

The Bardstown Independent Board of Education (Board), a five-member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Bardstown Independent Board of Education (District). The District receives funding from Local, State and Federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. 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, for financial purposes, includes all the funds and account groups relevant to the operation of the Bardstown Independent Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself or the activities are managed by District school personnel, such as School-Based Decision-Making Councils, Family Resource Centers, or the Bardstown Foundation for Excellence in Public Education.

The financial statements of the District include those of separately administered organizations that are controlled by or dependent on the Board. Control or dependence is determined by considering budget adoption policies, funding, and appointment of the respective governing board. Based on the foregoing criteria, the financial statements of the following organization is included in the accompanying financial statements:

Bardstown Independent School District Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Bardstown Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the Corporation) as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors. The Corporation is blended into the District's financial statements.

Basis of Presentation

The District's basic financial statements present 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.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all the District's assets and liabilities, including capital assets as well as long-term liabilities are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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 “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 as available if they are collected within the 60 days of the end 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.

Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for on the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statements of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. The primary revenue sources, which have been treated as susceptible to accrual by the District are property tax and utility tax. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The District has the following funds:

I. Governmental Fund Types

- A. The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund and any fund balances are considered as resources available for use. This is a major fund of the District.
- B. The Special Revenue (Grants) Fund account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report on pages 74-76. This is a major fund of the District.
- C. The District Activity Fund is a Special Revenue Fund type and is used to account for funds received at the school level. This is a nonmajor fund.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- D. The School Activity Fund is a Special Revenue Fund type and is used to account for activities and programs for athletic, community service, and scholastic organizations managed by each school to benefit student activities. This fund was added in FY 2020 after the District implemented GASBS No. 84, *Fiduciary Activities*. This is a nonmajor fund.
 - E. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Fund).
 - 1. The Capital Outlay Fund receives those funds from Support Education Excellence in Kentucky (SEEK) designated by the state as Capital Outlay Funds. These resources are restricted for use in financing projects identified in the district's facility plan. This is a nonmajor fund.
 - 2. The Building Fund includes resources from the Facility Support Program of Kentucky (FSPK) and accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the district's facility plan. This is a nonmajor fund.
 - 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.
 - F. The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest. This is a nonmajor fund.
- II. Proprietary Fund Types (Enterprise Funds)
- A. The Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. Management has determined that the Food Service Fund should be reported as a major fund.
 - B. The Child Care Fund is used to account for after school revenues and programs where a fee is charged for participating. Management has determined that the Child Care fund should be reported as a major fund.

Basis of Accounting

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

Revenues – Exchange and Nonexchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of the fiscal year-end.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue – Unearned revenue arises when assets are recognized before eligibility criteria other than time requirements have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. Unused donated commodities are reported as inventory.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Property Taxes

Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer. However, the actual due date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund when tax revenues are restricted to a specific purpose. During fiscal year 2018, the Board expanded efforts to collect delinquent property taxes. Therefore, the balances as of June 30, 2023, now include legal fees for collection efforts plus penalties and interest due on the remaining balances.

The property tax rates assessed for the year ended June 30, 2023, to finance the General Fund operations were \$0.808 per \$100 valuation for real property, \$0.856 per \$100 valuation for business personal property and \$0.531 per \$100 valuation for motor vehicles.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets

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

Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000 except real property for which there is no threshold. Computer equipment is inventoried for control purposes for all purchases, but the \$5,000 threshold is used for financial reporting purposes. Land and building improvements are capitalized, but capitalization does not include the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	25-50 years
Land Improvements	20 years
Technology Equipment	5 years
Vehicles	5-10 years
Food Service Equipment	10-12 years
Furniture and Fixtures	7 years

Unpaid Accrued Sick Leave

For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “accumulated sick leave payable” in the general fund. The non-current portion of the liability is not reported in the governmental funds, but is included in the government-wide financial statements.

Budgetary Process

Budgetary Basis of Accounting: The District’s budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

- a) Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP) during the year and adjusted to modified accrual for the governmental funds at year-end.
- b) Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP) during the year and adjusted to modified accrual for the governmental funds at year-end.
- c) Capital outlay is budgeted within the departmental budget (budgetary) as opposed to separate classification by character (GAAP).

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end in accordance with state law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year end.

Cash and Cash Equivalents

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

Inventories

On government-wide financial statements inventories are stated at cost and are expensed when used. The food service fund uses the specific identification method for valuation of ending inventory.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of long-term leases, accumulated sick leave, contractually required pension contributions, the net pension liability, and the net OPEB liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within 60 days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kentucky County Employees Retirement System Non-Hazardous ("CERS") and Teachers Retirement System of the State of Kentucky ("TRS of Ky") and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by these multiple-employer cost-sharing public employee retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the pension plans when due and payable in accordance with the benefit terms. Investments are reported at fair value by the pension plans. Both systems publish separate financial statements as described in Note H.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Kentucky County Employees Retirement System Non-Hazardous ("CERS") and Teachers Retirement System of the State of Kentucky ("TRS of Ky") and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by these multiple-employer cost-sharing public employee retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the OPEB plans when due and payable in accordance with the benefit terms. Investments are reported at fair value by the pension systems. Both systems publish separate financial statements as described in Note Q.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances

Governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

- a) Nonspendable fund balance - amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- b) Restricted fund balance - amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation.
- c) Committed fund balance – amounts constrained to specific purposes by the District itself, using its decision-making authority to be reported as committed, amounts cannot be used for any other purpose unless the District’s governing Board votes to remove or change the constraint. A Board resolution is required to commit funds.
- d) Assigned fund balance - amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Only the Board has the authority to assign amounts to be used for specific purposes. Assigned fund balance in the General Fund includes amounts that have been appropriated for expenditures in the budget for the District’s subsequent fiscal year.
- e) Unassigned fund balance - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position

Net position represents the difference between a) assets plus deferred outflows of resources and b) liabilities plus deferred inflows of resources. Net position invested 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 invested in capital assets may also include related deferred outflows or inflows of resources related to capital assets or capital borrowings. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

Operating Revenues

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, those revenues are primarily charges for meals provided by the various schools, fees for after school programs, and fees for adult education programs.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

**ARDSTOWN INDEPENDENT SCHOOL DISTRICT
ARDSTOWN, KY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Activity

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 as nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

NOTE B – 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 assets, liabilities, fund balances, and disclosure of contingent assets and liabilities at the date of the general-purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE C—CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the District’s cash and cash equivalents was \$22,400,704. \$250,000 of bank account balances per separate banks is covered by Federal Depository insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks’ trust departments in the District’s name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

Breakdown per financial statements:

Governmental Funds	\$ 25,279,318
Proprietary Funds	<u>1,025,557</u>
	<u>\$ 26,304,875</u>

Due to the nature of the accounts and limitations imposed by the purposes of the various funds, all cash balances are classified restricted except for the General Fund.

NOTE D – DEPOSITS AND INVESTMENTS

The Kentucky Revised Statutes authorize the District to invest money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security obligations, as permitted by KRS 41.240 (4), having a current quoted market value at least equal to uninsured deposits. As of June 30, 2023, the District did not hold any invested funds.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE E – CAPITAL ASSETS

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

	Beginning Balance	Additions	Transfers & Retirements	Ending Balance
Governmental activities:				
Non-depreciable capital assets:				
Construction in progress	\$ 18,944,782	\$ 13,054,936	\$ -	\$ 31,999,718
Land	3,383,461	-	-	3,383,461
Total Non-depreciable capital assets	<u>22,328,243</u>	<u>13,054,936</u>	<u>-</u>	<u>35,383,179</u>
Depreciable capital assets:				
Land improvements	302,664	-	-	302,664
Buildings	42,560,691	120,515	-	42,681,206
Technology equipment	2,455,895	556,347	-	3,012,242
Vehicles	2,560,914	112,295	-	2,673,209
Other equipment	2,143,285	691,186	-	2,834,471
Total depreciable capital assets	<u>50,023,449</u>	<u>1,480,343</u>	<u>-</u>	<u>51,503,792</u>
Less accumulated depreciation				
Land improvements	(49,441)	(15,134)	-	(64,575)
Buildings	(23,424,598)	(1,223,485)	-	(24,648,083)
Technology equipment	(1,904,403)	(245,629)	-	(2,150,032)
Vehicles	(1,835,516)	(112,623)	-	(1,948,139)
Other equipment	(1,033,820)	(64,256)	-	(1,098,076)
Total accumulated depreciation	<u>(28,247,778)</u>	<u>(1,661,127)</u>	<u>-</u>	<u>(29,908,905)</u>
Total depreciable capital assets, net	<u>21,775,671</u>	<u>(180,784)</u>	<u>-</u>	<u>21,594,887</u>
Intangible Right-to-Use assets:				
Leased equipment	551,639	594,505	(551,639)	594,505
Less accumulated amortization	(275,820)	(122,403)	275,820	(122,403)
Net intangible right-to-use assets	<u>275,820</u>	<u>472,102</u>	<u>(275,819)</u>	<u>472,102</u>
Governmental activities capital assets, net	<u>\$ 44,379,734</u>	<u>\$ 13,346,254</u>	<u>\$ (275,819)</u>	<u>\$ 57,450,168</u>

Depreciation and amortization expenses were charged to governmental functions as follows:

Instruction	\$ 467,302
Support Services	
Student	158,944
Instruction staff	1,111
District administration	17,774
School administration	29,932
Business	773
Plant operation and maintenance	870,476
Student transportation	114,815
	<u>\$ 1,661,127</u>

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE E – CAPITAL ASSETS (CONTINUED)

Business-type Activities capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Transfers & Retirements	Ending Balance
Business-type activities:				
Depreciable capital assets:				
Buildings	\$ -	\$ 6,170	\$ -	\$ 6,170
Vehicles	30,242	-	-	30,242
Equipment	614,566	6,552	-	621,118
Total depreciable capital assets	<u>644,808</u>	<u>12,722</u>	<u>-</u>	<u>657,530</u>
Less accumulated depreciation				
Vehicles	(8,736)	(1,093)	-	(9,829)
Equipment	(573,473)	(9,910)	-	(583,383)
Total accumulated depreciation	<u>(582,209)</u>	<u>(11,003)</u>	<u>-</u>	<u>(593,212)</u>
Total depreciable capital assets, net	<u>62,599</u>	<u>1,719</u>	<u>-</u>	<u>64,318</u>
Intangible Right-to-Use assets:				
Leased building	297,305	-	(297,305)	-
Less accumulated amortization	(287,395)	(9,910)	297,305	-
Net intangible right-to-use assets	<u>9,910</u>	<u>(9,910)</u>	<u>-</u>	<u>-</u>
Business-type activities capital assets, net	<u>72,509</u>	<u>(8,191)</u>	<u>-</u>	<u>64,318</u>
Primary government capital assets, net	<u>\$ 44,452,243</u>	<u>\$ 13,338,065</u>	<u>\$ (275,819)</u>	<u>\$ 57,514,486</u>

Intangible Right-to-Use Assets

In FY 2020, the District implemented the guidance in GASBS No. 87, *Leases*, and recognized the value of copiers leased under long-term contracts and a building leased for a Child Care facility. In FY 2023, the District implemented the guidance in GASBS No. 96, *Subscription-Based Information Technology Arrangements*, for a contract with Microsoft.

As of June 30, 2023, the District had one lease agreement in place for copiers. In May 2022, the District negotiated a new lease agreement to replace the copiers leased under the 2020 lease with new leased equipment and terminated the 2020 lease. The District reported a loss on this termination of \$6,888 in FY 2023. Terms of the new lease are described in Note F.

In FY 2023, the District executed a contract with Microsoft for Microsoft Office 365 software. An intangible right-to-use asset of \$45,025 was recognized with this contract. Terms of this contract are described in Note F.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE F – LONG-TERM OBLIGATIONS

The original amount of each District bond issue, issue date, and interest rates are summarized below:

Issue Date	Original Proceeds	Interest Rates	Final Maturity Date
2008	1,620,000	2.30% - 4.00%	4/1/2028
2010 RF	6,380,000	.60% - 3.10%	5/15/2024
2012 RF	4,650,000	1.75% - 2.62%	8/15/2025
2012 EN	275,000	1.25% - 3.00%	9/15/2028
2013 RF	2,750,000	.75% - 2.00%	8/1/2026
2014	925,000	2.00% - 3.75%	5/1/2034
2015 RF A	1,245,000	2.00% - 3.75%	8/1/2027
2015 RF B	2,075,000	2.00% - 2.55%	8/1/2031
2016	4,505,000	2.15% - 3.20%	2/1/2036
2017	1,250,000	3.00% - 3.50%	3/15/2037
2019	1,770,000	2.50% - 3.25%	3/1/2039
2020	23,590,000	1.00% - 2.00%	8/1/2041
2022 Energy	3,410,000	3.50% - 4.50%	2/1/2043
2023	11,285,000	4%	2/1/2043

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Bardstown Independent School District to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding. The District executed “participation agreements” with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs.

In February 2016, the Board issued \$1,245,000 of 2015-A School Building Refunding Revenue Bonds refunding the 2006 Series Bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$18,577. This difference, reported in the accompanying government-wide financial statements as deferred outflows of resources, is being charged to operations through the year 2030 using the straight-line method which approximates the effective-interest method. As of June 30, 2023, \$9,199 remains to be charged to future operations. The District completed the refunding to reduce its total debt service payments by \$102,590 between 2015 and 2030.

In February 2016, the Board issued \$2,075,000 of 2015-B School Building Refunding Revenue Bonds refunding the 2010 Series Build America Bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$65,552. This difference, reported in the accompanying government-wide financial statements as deferred outflows of resources, is being charged to operations through the year 2031 using the straight-line method which approximates the effective-interest method. As of June 30, 2023, \$49,300 remains to be charged to future operations. The District completed the refunding to reduce its total debt service payments by \$171,051 between 2016 and 2027.

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.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE F – LONG-TERM OBLIGATIONS (CONTINUED)

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:

	Bardstown Independent School District		Kentucky School Facility Construction Commission		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	2,217,392	1,408,778	80,408	29,840	2,297,800	1,438,618
2025	2,008,804	1,280,521	70,196	27,825	2,079,000	1,308,346
2026	2,060,939	1,233,589	71,576	26,445	2,132,515	1,260,034
2027	2,117,131	1,190,026	72,994	25,027	2,190,125	1,215,053
2028	2,171,344	1,146,026	74,581	23,440	2,245,925	1,169,466
2029 - 2033	11,785,955	4,968,829	388,045	89,796	12,174,000	5,058,625
2034 - 2038	13,544,901	3,509,002	308,099	45,150	13,853,000	3,554,152
2039 - 2043	15,209,631	1,566,851	205,369	12,695	15,415,000	1,579,546
Thereafter	-	-	-	-	-	-
	<u>\$ 51,116,097</u>	<u>\$ 16,303,621</u>	<u>\$ 1,271,268</u>	<u>\$ 280,218</u>	<u>\$ 52,387,365</u>	<u>\$ 16,583,840</u>

Financed Purchases

The District finances several buses under financing agreements issued by the Kentucky Interlocal School Transportation Association (KISTA). Future minimum lease payments under the terms of the leases are as follows:

Year Ending June 30:	
2024	136,658
2025	111,790
2026	100,148
2027	91,263
2028	76,551
2029 - 2033	216,747
	<u>733,157</u>
Less: amount representing interest	(78,294)
Present value of minimum lease payments	<u>\$ 654,863</u>
Current maturities	\$ 118,808
Non-current maturities	536,055
	<u>\$ 654,863</u>

The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense.

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments. The entire compensated absence liability is reported on the government-wide financial statements.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE F – LONG-TERM OBLIGATIONS (CONTINUED)

For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “accumulated sick leave payable” in the general fund. The noncurrent portion of the liability is not reported.

Changes in Long-term Obligations

Long-term liabilities, except net pension and OPEB liabilities, are all reported in governmental activities. Long-term liability activity for the year ended June 30, 2023, was as follows:

<u>Describe</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Noncurrent Balance</u>
Revenue bonds payable	\$ 39,511,225	\$ 14,695,000	\$ 1,818,860	\$ 52,387,365	\$ 3,626,170	\$ 48,761,195
Bond premium (discount)	(481,392)	(195,397)	(41,026)	(635,763)	(41,026)	(594,737)
Financed purchases	658,139	113,069	116,345	654,863	118,808	536,055
Accrued sick leave	249,099	1,222,133	-	1,471,232	397,233	1,073,999
Total Governmental	<u>\$ 39,937,071</u>	<u>\$ 15,834,805</u>	<u>\$ 1,894,179</u>	<u>\$ 53,877,697</u>	<u>\$ 4,101,185</u>	<u>\$ 49,776,512</u>

The debt service fund is primarily responsible for paying the bond obligations through funding from the capital outlay fund. However, the general fund pays the debt service for the 2019 Energy bond and the KISTA bus financed purchases. In addition, the general fund is primarily responsible for paying accrued sick leave.

Intangible Right-to-Use Lease Liabilities

The District leases a variety of copier/printers from XBS Office Solutions for a term of 60 months. A new lease was executed in May 2022 and replaced the 2020 lease. The 2022 lease requires a minimum monthly lease payment of \$9,996, plus additional charges for excess usage and excluding applicable taxes. For purposes of discounting future payments on the 2022 lease, the District used the interest rate (3.5%) on its KISTA financing agreements to determine an appropriate discount rate. The gain on the termination of the 2020 lease was \$6,888. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note E.

Minimum lease payments over the next five years include:

	<u>Lease Payments to Maturity</u>		
	<u>2022 Lease</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY 2024	105,992	13,960	119,952
FY 2025	109,762	10,190	119,952
FY 2026	113,666	6,286	119,952
FY 2027	117,709	2,243	119,952
FY 2028	-	-	-
Totals	<u>\$ 447,128</u>	<u>\$ 32,680</u>	<u>\$ 479,808</u>

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE F – LONG-TERM OBLIGATIONS (CONTINUED)

Subscription-Based Information Technology Liabilities

The District leases Microsoft Office 365 software with a SBITA contract for three years. This agreement is recognized as a liability under the provisions of GASBS No. 96, *Subscription-Based Information Technology Arrangements*, issued in May 2020 and effective for fiscal years beginning after June 15, 2022. The current contract was executed in August 2022, so there was no prior period adjustment for the implementation of GASBS No. 96 in FY 2023. Annual payments of \$16,071 are required for the next three years. The District used the 3.5% KISTA interest rate to discount future annual payments. Assets related to this contract are reported as intangible right-to-use assets in the capital assets table in Note E.

The contract payments to maturity are as follows:

	2023 Microsoft		
	Principal	Interest	Total
FY 2024	15,002	1,069	16,071
FY 2025	15,528	543	16,071
FY 2026			
Totals	\$ 30,530	\$ 1,612	\$ 32,142

NOTE G – FUND BALANCES

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2023, the District had \$18,396,451 in restricted fund balance for future construction projects for unspent bond proceeds. In addition, \$50,047 in the Building Fund was also restricted for future construction projects.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. At June 30, 2023, the District had \$68,481 committed fund balance for District activities and \$261,129 for school activity funds for a total of \$329,610 in committed balances in the governmental fund statements.

Assigned fund balances represent amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed, (b) amounts in the general fund that are intended to be used for a specific purpose, and (c) amounts appropriated from existing fund balance to eliminate a projected budgetary deficit in the FY 2023 budget. The District assigned fund balance of \$3,168,198 related to FY 2024 budget appropriations.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The District considers unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Also, the District has established the order of assigned, committed and restricted when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE H – RETIREMENT PLANS

The District’s employees are provided with two pension plans, based on each position’s college degree requirement. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification. The Kentucky Teachers Retirement System covers positions requiring teaching certification or otherwise requiring a college degree.

General information about the County Employees Retirement System Non-Hazardous (“CERS”)

Plan description—Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Public Pensions Authority (KPPA), an agency of the Commonwealth of Kentucky. As of April 1, 2021, Kentucky Revised Statute (“KRS”) Section 78.782 shifted the governance of CERS to a separate Board of Trustees of the County Employees Retirement System. The CERS Board manages the CERS trust, including investment management. KPPA provides the day-to-day administration (KRS 61.505) for accounting and benefit administration for CERS. The Kentucky General Assembly has the authority to establish and amend benefit provisions. The Kentucky Public Pensions Authority issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

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

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

Cost of living adjustments are provided at the discretion of the General Assembly. In 2013, the General Assembly established funding status thresholds which must be achieved before another COLA can be awarded to retirees. 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.

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.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE H – RETIREMENT PLANS (CONTINUED)

Employer Contributions – For the year ended June 30, 2023, employer contributions were established by the County Employees Retirement Systems in December 2021. The governing Board establishes employer contribution rates based on the annual actuarial valuation completed in November each year for the fiscal year beginning the following July 1. For fiscal year 2023, the employer contribution rate for CERS nonhazardous pensions was 23.4% and hazardous pensions was 42.81%. In fiscal year 2022, these rates were 22.78% and 35.60%, respectively. Rates for both 2023 and 2022 reflect the adjustments enacted by the Kentucky General Assembly to phase-in the actuarially determined rates. (See Note Q for additional rate information for the OPEB plans.)

Employee Contributions – Required contributions by the employee are based on the tier:

	<u>NonHazardous</u>	<u>Hazardous</u>
Tier 1	5%	8%
Tier 2	5% + 1% for insurance	8% + 1% for insurance
Tier 3	5% + 1% for insurance	8% + 1% for insurance

General information about the Teachers' Retirement System of the State of Kentucky ("TRS of Ky")

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 (TRS of Ky)—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. TRS of Ky was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. TRS of Ky is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS of Ky issues a separate publicly available financial report that can be obtained from the TRS of Ky website, at <https://trs.ky.gov/administration/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.

Employees that 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 two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation.

Effective July 1, 2008, the System was amended to change the benefit structure for employees hired on or after that date. Members hired after July 1, 2008, must complete 27 years of service, attain age 60 and 5 years of service, or attain age 55 and 10 years of service. The annual retirement allowance for members hired after July 1, 2008, is 1.7% for 10 years or less of service; 2.0% for 10 -20 years; 2.3% for 20 – 26 years; 2.5% for 26 – 30 years; or 3.0% for more than 30 years of service. The annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE H – RETIREMENT PLANS (CONTINUED)

In 2021, the Kentucky General Assembly added a fourth tier to the TRS System. Members hired on or after January 1, 2022, will be eligible for a combined defined benefit and defined contribution plan. The defined benefit portion is based on length of service, final average salary, a multiplier, and the annuity option selected by the member. The defined contribution benefit portion is determined by an account balance funded by mandatory and voluntary contributions and the payment options selected by the member.

Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS of Ky also provides disability benefits for vested employees 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 employees and \$5,000 for retired or disabled employees.

TRS provides disability retirement allowance for members who are totally and permanently disabled after completing at least 5 years of service, but less than 27 years. The disability allowance is equal to 60% of the member's final average salary, payable over an entitlement period equal to 25% of the service credited to the member at the date of disability or five years, whichever is longer. If the member is still disabled after the end of the entitlement period, the member receives a service retirement allowance, including additional service credit for the period of disability retirement. This extended allowance will not be less than \$6,000 and is not reduced for retirement prior to age 60 or completion of 27 years of service.

TRS provides a death benefit to a surviving spouse of an active member with less than 10 years of service. This benefit is \$2,880 per year unless the spouse has income from other sources that exceed \$6,600 which will reduce this death benefit to \$2,160 per year. A surviving spouse of an active member with 10 or more years of service is eligible for a death benefit actuarially equivalent to the allowance that the member would have received upon retirement. This benefit will commence on the date the deceased member would have been eligible for the service retirement and is payable during the life of the spouse. Additional benefits are provided for unmarried children under age 18 who are also survivors of the deceased member.

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

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). Tiers 1, 2, and 3 non-university employees are required to contribute 9.105% of their salaries to the System for pension benefits. (See OPEB discussion for additional contribution rates.) For the FY22 measurement period, the Commonwealth of Kentucky, as a non-employer contributing entity, paid matching contributions at the rate of 16.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 17.105% for those hired after July 1, 2008, for pension benefits. (See OPEB discussion for additional contribution rates.) The 2020 actuarially determined combined member and state contribution rates for the fiscal year ended June 30, 2023 was 30.665% for non-university members hired before July 1, 2008, and 31.665% for those hired after July 1, 2008. The 2019 actuarially determined combined member and state contribution rates for the fiscal year ended June 30, 2022 was 38.56% for non-university members hired before July 1, 2008, and 39.56% for those hired after July 1, 2008. The Kentucky General Assembly increased the employer contribution in the state's fiscal year 2022 budget to reflect the actuarially determined rates, less the employee contribution.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE H – RETIREMENT PLANS (CONTINUED)

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

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

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

District's proportionate share of the CERS net pension liability	\$ 13,466,640
Commonwealth's proportionate share of TRS of Ky net pension liability associated with the District	<u>81,916,822</u>
Total	<u>\$ 95,383,462</u>

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

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2021, the District’s proportion was 0.186286 percent. For the year ended June 30, 2023, the District recognized a negative pension expense of \$57,382 related to CERS and expense of \$2,987,815 related to TRS of Ky. The District also recognized on-behalf revenue of \$7,474,177 for TRS of Ky support provided by the Commonwealth paid directly to TRS of Ky. The CERS negative expense reflects the impact of significant investment returns for the fiscal year ended June 30, 2021, which are recognized over a 5-year period in the actuarial valuation.

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
CERS:		
Difference between expected and actual experience	\$ 14,398	\$ 119,926
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,867,385	1,495,534
Changes in proportion and idifferences between District contributions and proportionate share of contributions	602,165	91,165
District contributions subsequent to the measurement date	1,380,853	
Totals	\$ 3,864,801	\$ 1,706,625

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE H – RETIREMENT PLANS (CONTINUED)

\$1,369,109 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 related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended	
June 30:	
2023	\$ 203,848
2024	277,467
2025	(113,166)
2026	382,558
2027	-0-
Thereafter	-0-

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

	<u>CERS</u>	<u>TRS of Ky</u>
Inflation	2.30%	2.5%
Payroll growth rate	2.00%	N/A
Cost-of-living adjustment	0.0%	1.5%
Salary Increases	3.30% - 10.30%	3.0-7.5%
Investment rate of return	6.25%	7.1%

For CERS, mortality tables used for active members was the PUB-2010 General Mortality table, for the non-hazardous system, and the PUB-2010 Public Safety Mortality table for the Hazardous system, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members and beneficiaries, the mortality table used is a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the table used is the PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

For TRS of Ky, mortality rates were based on the Pub2010 (Teachers Benefit-Weighted Mortality Table projected generationally with MP-2020 and various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.0 percent to 2.5 percent. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years, at a minimum. The most recent analysis, performed for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE H – RETIREMENT PLANS (CONTINUED)

The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized the table below. The current long-term inflation assumption is 2.3% per annum for both the non-hazardous and hazardous plan.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equity	37.4%	4.2%
Small Cap U.S. Equity	2.6%	4.7%
Developed International Equity	16.5%	5.3%
Emerging Markets Equity	5.5%	5.4%
Fixed Income	15.0%	(0.1)%
High Yield Bonds	2.0%	1.7%
Other Additional Categories	5.0%	2.2%
Real Estate	7.0%	4.0%
Private Equity	7.0%	6.9%
Cash	2.0%	-0.3%
Total	<u>100.0%</u>	

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE H – RETIREMENT PLANS (CONTINUED)

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

For TRS of Ky, the discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. The actuary 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 employees. Therefore, the long- term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease</u>		<u>Current Discount Rate</u>		<u>1% Increase</u>
CERS	5.25%		6.25%		7.25%
District's proportionate share of the net pension liability	\$ 16,831,629	\$	13,466,640	\$	10,683,515
KTRS	6.10%		7.10%		8.10%
District's proportionate share of the net 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 both CERS and TRS of Ky.

Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, was amended by GASBS No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The GASB standards allow entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities for these defined contribution plans from their financial statements. The District therefore does not show these assets and liabilities in this financial statement.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE I – COMMITMENTS AND CONTINGENCIES

The District receives funding from Federal, State and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantor's review, the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies 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.

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 of 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 J – LITIGATION

The District is subject to various other legal actions in various stages of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the combined financial statements as a result of the cases presently in progress. The Bardstown Independent School District is covered by insurance which provides for a defense and response to the litigation.

NOTE K – INSURANCE AND RELATED ACTIVITIES

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

NOTE L – RISK MANAGEMENT

The District is exposed to various risks of loss related to injuries to employees. To obtain insurance of workers' compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund.

The public entity risk pools operate as common risk management and insurance programs for all school district and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. Contributions to the Workers' Compensation fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until 24 months after the expiration of the self-insurance term. The Liability Insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving 90 days' notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the members on a pro-rata basis. The District purchases unemployment insurance through the Kentucky School Board's Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE M – DEFICIT OPERATING BALANCES

In the proprietary funds, deficit net positions are caused by the recognition of the net pension liability and the net OPEB liability for CERS employees. The unrestricted deficit in Food Service is \$1,925,243 and Day Care is \$1,614,810. Pension liabilities are \$1,738,479 in Food Service and \$1,458,164 in Day Care. The net OPEB liability in Food Service is \$474,594 and in Day Care the balance is \$398,068. These liabilities will be funded with resources in future years as local governments in Ky amortize the unfunded liabilities of CERS over the next 30 years. The following funds had operations that resulted in a current year deficit of revenues over expenditures resulting in a corresponding reduction of net position:

General	\$ 61,119
District Activity Fund	4,406
Food Service Fund	259,522

NOTE N – 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 penalty.

NOTE O - TRANSFERS

The following transfers were made during the year ending June 30, 2023:

From Fund	To Fund	Purpose	Amount
General	District Activity	Community service	40,757
General	Special Revenue	KETS Transfer	48,611
General	Building	CTE Reno project	407,347
General	Food Service	Uncollectible debt	14
General	School Activity	Program support	265,925
Special Revenue	General	Indirect costs	14,736
Special Revenue	Day Care	Asset purchase	6,170
Special Revenue	Day Care	Bldg lease payments	5,372
Building	Debt Service	Bond payments	2,480,672
Building	Construction	Transfer SFCC funds	407,347
Building	General	Capital asset purchases	997,031
Capital Outlay	General	Bldg & Equipment	231,480
Food Service	General	Indirect costs	121,483

NOTE P – ON-BEHALF PAYMENTS

The District receives on-behalf payments from the State of Kentucky for items including retirement and insurance. The amount received for the fiscal year ended June 30, 2023 for retirement and OPEB was \$8,113,328, plus \$195,972 for other projects. These payments were recorded as follows:

	Purposes		Fund Allocations	
KTRS	\$	7,638,318	General Fund	\$ 10,827,594
Other benefit payments		3,245,575	Debt Service	96,470
Technology purchases		100,212	Food Service	129,942
Debt service		96,470	Child Care	26,569
Total	\$	<u>11,080,575</u>		<u>\$ 11,080,575</u>

In addition, the District recognized revenue and expense of \$2,987,815 from TRS of Ky for on-behalf pension expense and \$418,000 from TRS for on-behalf OPEB expense as a nonemployer contributing entity.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS

The District's employees are provided with two OPEB plans, based on each position's college degree requirement. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification. The Teachers Retirement System of Kentucky (TRS of Ky) covers positions requiring teaching certification or otherwise requiring a college degree. Retired District employees receive some health care benefits depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advance funded on an actuarially determined basis through the CERS and TRS of Ky plans. The change in governance for CERS discussed in Note H for pension plan governance also applies to the CERS OPEB plans. The Kentucky Public Pensions Authority's publicly available financial report includes the CERS OPEB plan reports and may be obtained from <http://kyret.ky.gov/>. TRS of Ky issues a publicly available financial report that can be obtained at http://www.TRS_of_Ky.ky.gov/05_publications/index.htm.

CERS Other Postemployment Benefits

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

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

Hazardous retirees receive \$15 toward the monthly premium and the hazardous retiree's spouse may also receive this contribution upon the retiree's death. The monthly insurance benefit has been increased annually by a Cost of Living Adjustment (COLA) since July 2004.

Contributions—CERS allocates a portion of the employer contributions to the health insurance benefit plans. CERS allocated 3.39% in FY 2023 and 4.17% in FY 2022 for the actuarially required contribution rate paid by employers for funding the nonhazardous healthcare benefit. Contributions for the hazardous OPEB plan were 6.78% in FY 2023 and 8.73% in FY 2022. In addition, 1% of the Tier 2 and 3 employee contributions are allocated to the health insurance plan for both hazardous and nonhazardous plans. OPEB contribution rates are declining as the funded status for CERS health insurance benefit plans approach 100%.

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

At June 30, 2023, the District reported a liability of \$3,692,217 for its proportionate share of the CERS collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.186282 percent. The District recognized OPEB expense of \$378,096 as the OPEB liability and the related deferred inflows of resources and deferred outflows of resources increased.

**BARSTOWN INDEPENDENT SCHOOL DISTRICT
 BARSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
CERS:		
Difference between expected and actual experience	\$ 370,050	\$ 843,061
Changes of assumptions	581,433	479,097
Net difference between projected and actual earnings on pension plan investments	684,565	535,353
Changes in proportion and differences between District contributions and proportionate share of contributions	206,859	73,952
District contributions subsequent	198,345	
Totals	<u>\$ 2,041,252</u>	<u>\$ 1,931,463</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$198,345 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Fiscal Year ended June 30*:	BISD Portion
2024	\$ 26,360
2025	15,162
2026	(186,623)
2027	56,545
2028	-
Thereafter	-
Total Deferred to Future Years	<u>\$ (88,556)</u>

**ARDSTOWN INDEPENDENT SCHOOL DISTRICT
ARDSTOWN, KY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

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

Investment rate of return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.30% - 10.30%, for non-hazardous, depending on years of service 3.55% to 19.05%, for hazardous, depending on years of service
Inflation rate	2.30%
Healthcare cost trend rates:	
Under 65	Initial trend rate starts at 6.40%, January 2021, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years
Ages 65 and Older	Initial trend starting at 6.30%, January 2021, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years
Municipal Bond Index Rate	3.69%
Discount Rate	5.70% non-hazardous and 5.061 hazardous

Post-retirement mortality rates (non-disabled) used a system-specific mortality table based on mortality experience from 2013 – 2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. The investment return, price inflation, and payroll growth assumption were adopted by the Board in May 2021 for use with the June 30, 2021 valuation to reflect future economic expectations.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years, at a minimum. The most recent analysis, performed for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized the table below. The current long-term inflation assumption is 2.3% per annum for both the non-hazardous and hazardous plan.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

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

Discount rate – Discount rate – The single discount rate of 5.70% for CERS nonhazardous and 5.61% for CERS hazardous was used to measure the total OPEB liability as of June 30, 2022. The Single discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.69%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2022. Future contributions are projected in accordance with the current funding policy mandated in Ky Revised Statutes 61.565, as amended, which includes the requirement that each participating employer in the System contribute the actuarially determined contribution rate, which is determined using a closed funding period (the Kentucky General Assembly reset the amortization period to 30 years in 2020) and the actuarial assumptions and methods adopted by the Board of Trustees. Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system.

However, the cost associated with the implicit employer subsidy for non-Medicare retirees is not currently included in the calculation of the System’s actuarial determined contributions and any cost associated with the implicit subsidy is not paid out of the System’s trust. The implicit rate subsidy is paid by the Commonwealth of Kentucky self-insurance fund, Kentucky Employees Health Plan. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

The following table presents the District’s proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.20%, as well as what the District’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u> <u>Rate</u>	<u>1% Increase</u>
CERS	4.20%	5.20%	6.20%
District’s proportionate share of the net OPEB liability	\$ 4,914,628	\$ 3,692,217	\$ 2,652,617

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

	<u>1% Decrease</u>	<u>Current Trend</u> <u>Rates</u>	<u>1% Increase</u>
CERS			
District’s proportionate share of the net OPEB liability	\$ 2,733,248	\$ 3,692,217	\$ 4,808,729

The Kentucky Public Pensions Authority’s publicly available financial report includes financial reports for the CERS OPEB plans and may be obtained from <http://kyret.ky.gov/>.

TRS of Ky POST-EMPLOYMENT HEALTH CARE BENEFITS

The Commonwealth of Kentucky (State) reports a liability, deferred outflows of resources and deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the TRS of Ky Medical Insurance and Life Insurance Plans in a special funding situation for local school districts. Local school districts include a proportionate share of the liability, deferred outflows of resources and deferred inflows of resources, and expenses for the cost-sharing medical insurance plan.

Plan description—In addition to the pension benefits described in Note H, KRS 161.675 requires TRS of Ky to provide post-employment healthcare benefits to eligible employees and dependents. The TRS of Ky Medical Insurance Fund is a cost-sharing multiple-employer defined benefit plan. Changes made to the medical plan may be made by the TRS of Ky 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 of Ky Medical Insurance Fund offers coverage to employees under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. Once retired employees and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS of Ky Medicare Eligible Health Plan.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Contributions—KRS 161.540 requires non-university members to contribute 3.75% to fund the post-retirement healthcare benefit, including members in Tier 4 hired after January 1, 2022. The Commonwealth of Kentucky contributes three quarters percent (.75%) from state appropriation and local school district employers contribute three percent (3.00%). In addition, the state contributes 1.57% for the cost of health insurance for retirees who are not eligible for Medicare. The total member and employer actuarially determined contribution based on the 2021 valuation was 4.62% for school district employees. The FY 22 difference between the total contributions and actuarially determined contribution (4.45%) was applied to reduce the unfunded actuarial accrued liability. The FY21 total member and employer actuarially determined contribution rate was 4.64% and 4.44% (the excess payment) was applied to the unfunded actuarial accrued liability.

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

At June 30, 2023, the District reported a liability of \$8,728,000 for its proportionate share of the collective net OPEB liability for medical insurance. The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the District’s proportion was .3515880 percent.

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	\$ 8,728,000
State’s proportionate share of the net OPEB liability associated with the District	<u>2,867,000</u>
Total	<u>\$ 11,595,000</u>

For the year ended June 30, 2023, the District recognized a decrease in OPEB expense of \$26,875. In addition, the District recognized on-behalf revenue and expenses of \$571,256 for support provided by the State as a nonemployer contributing entity. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Outflows of Resources	Deferred Inflows of Resources
KTRS:		
Difference between expected and actual experience	\$ -	\$ 3,669,000
Changes of assumptions	1,773,000	-
Net difference between projected and actual earnings on OPEB plan investments	464,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,383,000	70,000
District contributions subsequent to the measurement date	444,388	-
Totals	\$ 6,064,388	\$ 3,739,000

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Of the total amount reported as deferred outflows of resources related to OPEB, \$444,388 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District’s OPEB expense as follows:

Fiscal Year ended June 30:	BISD Portion
2024	\$ 104,000
2025	128,000
2026	163,000
2027	684,000
2028	564,000
Thereafter	238,000
Total Deferred to Future Years	<u>\$ 1,881,000</u>

Actuarial assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Long-term 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%
Wage Inflation	2.75%
Single Equivalent Interest Rate	7.10%, net of OPEB Plan investment expense, including inflation
Healthcare cost trend rates	
Under 65	7.0% for FYE 2021 decreasing to an ultimate rate of 4.50% by FY 2031
Ages 65 and Older	5.125% for FYE 2023* decreasing to an ultimate rate of 4.50% by FY 2025
Medicare Part B Premiums	6.97% for FYE 2022 with an ultimate rate of 4.50% by 2034

*Based on a known expected increase in Medicare-eligible costs in the year following the valuation date, an increase rate of 20.00% was used for FYE 2021.

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

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

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends) used in the June 30, 2022 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation. The health care cost trend assumption was updated for the June 30, 2021 valuation and wash show as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

The long-term expected rate of return on 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	5.10 %
Fixed Income	9.0%	(0.10)%
Real Estate	6.5%	4.00 %
Private Equity	8.5%	6.90 %
High Yield Credit	8.0%	1.70 %
Other Additional Categories	9.0%	2.20 %
Cash	<u>1.0%</u>	(0.30)%
Total	<u>100.0%</u>	

Discount rate - The discount rate used to measure the total health care OPEB liability was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection’s basis was an actuarial valuation performed as of June 30, 2020. In addition to the actuarial methods and assumptions of the June 30, 2022 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%
- The pre-65 retiree health care costs for members retired on or after July 1, 2010 were assumed to be paid by either the State or the retirees themselves.
- Administrative expenses, except the administrative fee of \$8 PMPM paid to KEHP by TRS, were assumed to be paid in all years by the employer as they come due and are not considered in the cash flow projections.
- Cash flows occur mid-year.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

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

These adjustments were incorporated into the valuation with open group projections that assumed an equal, pro rata reduction to the current statutory amounts in the years if/when the Health Trust is projected to achieve a Funded Ratio of 100% or more. Here, the current statutory amounts are adjusted to achieve total contributions equal to the Actuarially Determined Contribution (ADC), as determined by the prior year’s valuation and in accordance with the Health Trust’s funding policy (Schedule B). As the specific methodology to be used for the adjustments has yet to be determined, there may be differences between the projected results and future experience. This may also include any changes to retiree contributions for KEHP coverage pursuant to KRS 161.675(4)(b).

- Adjustments to the statutory contributions in future years were based on the following assumptions:
 - Liabilities and cash flows are net of expected retiree contributions and any implicit subsidies attributable to coverage while participating in KEHP.
 - Estimates for new entrants were based on the assumption that active headcounts would remain flat for all future years.

Based on these assumptions, the Health Trust’s fiduciary net position was projected to be sufficient to pay benefits.

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

DISCOUNT RATE SENSITIVITY ANALYSIS				
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>	
KTRS	6.10%	7.10%	8.10%	
District's proportionate share of the net OPEB liability	\$ 10,951,000	\$ 8,728,000	\$ 6,888,000	

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

HEALTHCARE TREND RATE SENSITIVITY ANALYSIS				
	1% Decrease	4.40% - 7.00%	1% Increase	
KTRS				
District's proportionate share of the net OPEB liability	\$ 6,543,000	\$ 8,728,000	\$ 11,446,000	

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

OPEB plan fiduciary net position – TRS of Ky issues a publicly available financial report that can be obtained at http://www.TRS of Ky.ky.gov/05_publications/index.htm.

TRS Life Insurance Plan

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

Benefits provided – TRS provides a life insurance benefit of \$5,000 payable for members who retire based on service or disability. TRS provides a life insurance benefit of \$2,000 payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member’s estate or to a party designated by the member.

Contributions – The Commonwealth of Kentucky contributed 0.07% of salary to the Life Insurance Trust for the fiscal year ended June 30, 2023 and 0.06% for fiscal year June 30, 2021. The actuarial determined contribution rate for FY 22 was 0.07% and 0.06% for FY 21.

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

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

District’s proportionate share of the net OPEB liability	\$ -0-
State’s proportionate share of the net OPEB liability associated with the District	<u>143,000</u>
Total	<u>\$ 143,000</u>

For the year ended June 30, 2023, the District recognized OPEB revenue and expense of \$ 10,885 for support provided by the State.

Actuarial assumptions – The total OPEB liability in the June 30, 2021 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%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (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 in the June 30, 2020 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends) used in the June 30, 2022 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation. The health care cost trend assumption was updated for the June 30, 2021 valuation and wash show as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

The long-term expected rate of return on 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U S Equity	40.0%	4.40 %
International Equity	23.0%	5.60 %
Fixed Income	18.0%	(0.10)%
Real Estate	6.0%	4.00 %
Private Equity	5.0%	6.90 %
Other Additional Categories*	6.0%	2.10 %
Cash	<u>2.0%</u>	(-0.30)%
Total	<u>100.0%</u>	

* Includes high yield, non-US developed bonds, and private credit strategies

Single Equivalent Interest 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 75. The projection’s basis was an actuarial valuation performed as of June 30, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of the Life Trust’s cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.
- The employer will contribute the Actuarially Determined Contribution (AC) in accordance with the Life Trust’s funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applied.
- Administrative expenses were assumed to paid in all years by the employer as they come due and are not considered in the cash flow projections.

**BARDESTOWN INDEPENDENT SCHOOL DISTRICT
BARDESTOWN, KY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

- Active employees do not explicitly contribute to the plan.
- Cash flows occur mid-year.

Based on these assumptions, the Life Trust's fiduciary net position was projected to be sufficient to pay all benefits for all current members projected through 2119.

OPEB plan fiduciary net position – TRS of Ky issues a publicly available financial report that can be obtained at [http://www.TRS of Ky.ky.gov/05_publications/index.htm](http://www.TRSofKy.ky.gov/05_publications/index.htm).

NOTE R – EFFECT OF NEW ACCOUNTING STANDARDS ON DISTRICT FINANCIAL STATEMENTS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*, that will be effective for these types of changes in fiscal years beginning after June 15, 2023. The District will apply this guidance, when appropriate.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023 (the District's 2025 fiscal year). This standard revises some definitions for compensated absences and consolidates guidance for all types of leave to a single accounting recognition. This standard is not likely to have a material effect on the District's financial statements since they only provide one type of leave that is already recognized using the principles in GASBS No. 101.

NOTE S – SUBSEQUENT EVENT

Management has evaluated subsequent events through November 3, 2023, the date which the financial statements were available to be issued.

After June 30, 2023, the District approved a decrease in the property tax rate to 77.7 cents per \$100 in assessed value of real estate and 77.7 cents per \$100 in assessed value of personal property for the FY 23 fiscal year property tax billing.

REQUIRED SUPPLEMENTARY INFORMATION

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

**TABLE 1--PROPORTIONATE SHARE OF COLLECTIVE LIABILITY
District's Proportionate Share of the Net Pension Liability**

	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
KTRS									
Proportionate share percentage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Proportionate share amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's proportionate share of the net pension liability	81,916,822	56,495,865	62,015,617	58,545,906	55,155,039	110,729,897	118,804,900	94,384,809	80,555,447
Total	<u>\$ 81,916,822</u>	<u>\$ 56,495,865</u>	<u>\$ 62,015,617</u>	<u>\$ 58,545,906</u>	<u>\$ 55,155,039</u>	<u>\$ 110,729,897</u>	<u>\$ 118,804,900</u>	<u>\$ 94,384,809</u>	<u>\$ 80,555,447</u>
District's covered-employee payroll	\$12,847,732	\$ 14,632,388	\$ 15,435,525	\$ 11,698,141	\$ 12,942,308	\$ 11,003,087	\$ 12,685,204	\$ 12,523,890	\$ 12,290,898
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Plan's fiduciary net position as a percentage of total pension liability	56.41%	65.59%	58.40%	58.76%	59.28%	39.83%	35.22%	42.49%	45.59%
CERS									
Proportionate share percentage	0.18629%	0.17400%	0.17810%	0.17998%	0.17591%	0.17378%	0.17545%	0.17425%	0.17325%
Proportionate share amount	\$ 13,466,640	\$ 11,093,674	\$ 13,660,353	\$ 12,658,003	\$ 10,713,577	\$ 10,172,112	\$ 8,638,512	\$ 7,491,729	\$ 5,619,422
Covered Payroll	\$ 5,855,821	\$ 5,525,178	\$ 4,588,965	\$ 4,944,245	\$ 4,509,221	\$ 4,446,057	\$ 4,095,797	\$ 4,121,647	\$ 4,192,373
Collective share of NPL as % of payroll	230.0%	200.8%	297.7%	256.0%	237.6%	228.8%	210.9%	181.8%	134.0%
Plan's fiduciary net position as a percentage of total pension liability	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

Note: This schedule will be expanded to include 10 years of information as those details become available.

Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

See accompanying report of independent auditors.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

TABLE 2--PENSION CONTRIBUTIONS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
KTRS									
Actuarially Required Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions Recognized by Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Difference	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 12,847,732	\$ 14,632,388	\$ 15,435,525	\$ 11,698,141	\$ 12,942,308	\$ 11,003,087	\$ 12,685,204	\$ 12,523,890	\$ 12,290,898
Contributions as Percentage of Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CERS NONHAZARDOUS PLAN									
Actuarially Required Contributions	\$ 1,380,853	\$ 1,169,680	\$ 1,169,680	\$ 954,239	\$ 756,629	\$ 643,789	\$ 625,055	\$ 508,698	\$ 525,510
Contributions Recognized by Plan	\$ 1,380,853	\$ 1,169,680	\$ 1,169,680	\$ 954,239	\$ 756,629	\$ 643,789	\$ 625,055	\$ 508,698	\$ 525,510
Difference	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 5,855,821	\$ 5,525,178	\$ 4,588,965	\$ 4,944,245	\$ 4,509,221	\$ 4,446,057	\$ 4,095,797	\$ 4,121,647	\$ 4,192,373
Contributions as Percentage of Payroll	23.58%	21.17%	25.49%	19.30%	16.78%	14.48%	15.26%	12.34%	12.53%

Note: This schedule will be expanded to include 10 years of information as those details become available.

Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

See accompanying report of independent auditors.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
FOR THE YEAR ENDED JUNE 30, 2023**

COUNTY EMPLOYEES' RETIREMENT SYSTEM:

The actuarially determined contribution rates are determined on an annual basis using the actuarial valuation conducted two years prior to the year in which the contribution will be assessed.

2020 Changes of Assumptions –The amortization period for the unfunded liability was reset as of June 30, 2019, to a closed 30-year period.

2019 Changes of Assumptions – The 2019 actuarial valuation used updated mortality tables for all categories of members and beneficiaries and a system-specific mortality table for non-disabled retirees. In 2019, mortality rates for active members were based on the PUB-2010 General Mortality table, for the nonhazardous members and the PUB-2010 Public Safety Mortality table for the hazardous members, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Post-retirement mortality rates (non-disabled) used a system-specific mortality table based on mortality experience from 2013 – 2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The PUB-2010 Disabled Mortality Table is used for post-retirement mortality for disabled retirees with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Previous valuations were based on RP-2000 Combined Mortality Tables.

2017 Changes of Assumptions – For the 2017 actuarial valuation, several key actuarial assumptions were revised. Changes in assumptions prior to 2016 provided minor adjustments to the actuarial measurements. The following table outlines the actuarial methods and assumptions that were used in 2019 and 2016 to determine contribution rates reported for all systems:

Assumption	2017 Valuation	2016 Valuation
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level of Percentage of Payroll, closed	Level of Percentage of Payroll, closed
Remaining Amortization Period	26 Years	27 Years
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Post-retirement benefit adjustments	0.00%	0.00%
Inflation	2.30%	3.25%
Salary Increase	3.3% to 11.55% varies by service), average, including Inflation	4% , average, including Inflation
Investment Rate of Return	6.25% , Net of Pension Plan Investment Expense, including Inflation	7.5% , Net of Pension Plan Investment Expense, including Inflation

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION (continued)
FOR THE YEAR ENDED JUNE 30, 2023

COUNTY EMPLOYEES' RETIREMENT SYSTEM (continued):

Changes of Benefit Terms -

2014: A cash balance plan was introduced for member whose participation date begins on or after January 1, 2014

2009: A new benefit tier for members who first participate on or after September 1, 2008 was introduced which included the following changes:

1. Tiered Structure for benefit accrual rates
2. New retirement eligibility requirements
3. Different rules for the computation of final average compensation

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

2022 Benefit Changes – A new benefit tier was added for members joining the system on and after January 1, 2022. This tier increases the retirement age to either age 57 and 10 years of service or attainment of age 65 and 5 years of service. This tier includes a defined benefit foundational benefit based on service and final average salary plus a defined contribution supplemental benefit. More details about this new tier are available on the TRS website, <https://trs.ky.gov/active-members/trs-1-trs-2-and-trs-3-member-information/>.

2021 Changes of Assumptions – The 2020 experience study was used to adjust rates of withdrawal, retirement, disability, mortality, and rates of salary increases to reflect actual experience more closely. The expectation of mortality was changed to the Pub 2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50% to 7.10% and the price inflation assumption was lowered from 3.00% to 2.50%. In addition, the calculation of SEIR results in an assumption change from 7.50% to 7.10%.

2018 Changes of Assumptions – The 2018 actuarial analysis for TRS of Ky indicated that cash flow for the system would be sufficient to pay benefits in all periods. As a result, the discount rate for the 2018 study was the same as the long-term expected yield of 7.5%. In 2017, the analysis used a blended rate of 4.49% which included the application of the municipal bond index to periods after 2038. The actuarial gains for this change will be recognized over the average remaining service lives for active members (10.6 years for the 2020 valuation) and are creating negative pension expense for the TRS pension system.

2017 Changes of Assumptions – The Single Equivalent Interest Rate was increased from 4.20% to 4.49%.

2016 Changes of Assumptions – The Single Equivalent Interest Rate was decreased from 4.88% to 4.20%. Rates of withdrawal, retirement, disability and mortality were adjusted based on an experience study conducted in 2015. The Assumed Salary Scale, Price Inflation, and Wage Inflation were also decreased.

2015 Changes of Assumptions – The Single Equivalent Interest Rate was decreased from 5.23% to 4.88%.

2014 Changes of Assumptions – The Single Equivalent Interest Rate was increased from 5.16% to 5.23%.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

**TABLE 3--PROPORTIONATE SHARE OF COLLECTIVE LIABILITY
District 's Proportionate Share of the Net OPEB Liability**

	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
KTRS - Medical						
Proportionate share percentage	0.35%	0.23%	0.24%	0.23%	0.22%	0.35%
Proportionate share amount	\$ 8,728,000	\$ 5,006,000	\$ 5,962,000	\$ 6,733,000	\$ 7,580,000	\$ 7,758,821
Commonwealth's proportionate share of the net pension liability	2,867,000	4,065,000	6,532,000	6,532,000	6,532,000	6,338,000
Total	<u>\$ 11,595,000</u>	<u>\$ 9,071,000</u>	<u>\$ 12,494,000</u>	<u>\$ 13,265,000</u>	<u>\$ 14,112,000</u>	<u>\$ 14,096,821</u>
District's covered-employee payroll	\$ 12,847,732	\$ 14,632,388	\$ 15,435,525	\$ 11,698,141	\$ 12,942,308	\$ 11,003,087
District's proportionate share of the net pension liability as a percentage of its covered payroll	67.9%	34.2%	38.6%	57.6%	58.6%	70.5%
Plan's fiduciary net position as a percentage of total pension liability	47.75%	51.74%	39.05%	32.58%	25.54%	21.18%
CERS - Medical						
Proportionate share percentage	0.18628%	0.17396%	0.17396%	0.17993%	0.17591%	0.17378%
Proportionate share amount	\$ 3,692,217	\$ 370,050	\$ 4,300,380	\$ 3,026,375	\$ 3,123,158	\$ 3,676,301
Covered Payroll	\$ 5,855,821	\$ 5,525,178	\$ 4,588,965	\$ 4,944,245	\$ 4,509,221	\$ 4,446,057
Collective share of NPL as % of payroll	63.1%	6.7%	93.7%	61.2%	69.3%	82.7%
Plan's fiduciary net position as a percentage of total pension liability	51.67%	51.67%	51.67%	60.44%	57.62%	52.40%

Note: This schedule will be expanded to include 10 years of information as those details become available.

Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

See accompanying report of independent auditors.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

TABLE 4--OPEB CONTRIBUTIONS

	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
KTRS - Medical						
Statutorially Required Contributions (OPEB)	\$ 444,388	\$ 466,513	\$ 414,013	\$ 417,199	\$ 392,924	\$ 372,795
Contributions Recognized by Plan	\$ 444,388	\$ 466,513	\$ 414,013	\$ 417,199	\$ 392,924	\$ 372,795
Difference	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 12,847,732	\$ 14,632,388	\$ 15,435,525	\$ 11,698,141	\$ 12,942,308	\$ 11,003,087
Contributions as Percentage of Payroll	3.46%	3.19%	2.68%	3.57%	3.04%	3.39%
CERS - Medical						
Actuarially Required Contributions	\$ 198,345	\$ 319,355	\$ 319,355	\$ 235,346	\$ 245,368	\$ 222,057
Contributions Recognized by Plan	\$ 198,345	\$ 319,355	\$ 319,355	\$ 235,346	\$ 245,368	\$ 222,057
Difference	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 5,855,821	\$ 4,095,797	\$ 4,095,797	\$ 4,446,057	\$ 4,509,221	\$ 4,095,797
Contributions as Percentage of Payroll	3.39%	7.80%	7.80%	5.29%	5.44%	5.42%

Note: This schedule will be expanded to include 10 years of information as those details become available.
Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

See accompanying report of independent auditors.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MEDICAL INSURANCE PLANS FOR THE YEAR ENDED JUNE 30, 2023**

COUNTY EMPLOYEES' RETIREMENT SYSTEM:

Valuation Date: June 30, 2021

2022 changes in Actuarial Assumptions: Discount rate used to calculate the total OPEB liability increased from 5.20% to 5.70% for the CERs non-hazardous insurance plan.

2021 Changes in Actuarial Assumptions: Initial rates for health cost trends for retirees under age 65 were lowered from 6.4% to 6.25% and rates for retirees ages 65 or older were increased from 2.9% to 5.5%. Municipal bond index rate was lowered from 2.45% to 1.92% (Fidelity 20-Year Municipal GO AA Index). And the single discount rate for the CERS non-hazardous insurance plan was lowered from 5.34% to 5.20%.

2017 Changes in Actuarial Assumptions: The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions which were changed from the 2016 actuarial valuation, applied to all periods included in the measurement:

Investment rate of Return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	4% average
Inflation rate	3.25%
Healthcare cost trend rates	
Under 65	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years
Ages 65 and Older	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years
Municipal Bond Index Rate	3.56%
Discount Rate	5.84%

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MEDICAL INSURANCE PLANS FOR THE YEAR ENDED JUNE 30, 2023**

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

Valuation Date: June 30, 2021

2022 Benefit Changes – A new benefit tier was added for members joining the system on and after January 1, 2022. This tier increases the retirement age to either age 57 and 10 years of service or attainment of age 65 and 5 years of service. This tier includes a defined benefit foundational benefit based on service and final average salary plus a defined contribution supplemental benefit. More details about this new tier are available on the TRS website, <https://trs.ky.gov/active-members/trs-1-trs-2-and-trs-3-member-information/>.

2021 Changes to Actuarial 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 8.00% for the Health Trust to 7.10%. The price inflation assumption was lowered from 3.00% to 2.5%.
- The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

2020 Changes to Actuarial Assumptions:

The actuary updated the health care trend rates based on current economic data.

2019 Changes to Actuarial Assumptions:

The State's biennial budget for the two years ended June 30, 2023, included the actuarially determined contribution (ADC) rate for the TRS of Ky system plus additional contributions to address the shortfall from previous years. The actuarial analysis for the June 30, 2019 measurement included an assumption that future state contributions would be based on the ADC which provides sufficient funding for all future periods. As a result, TRS used the long-term rate of return, 7.5%, as the 2019 discount rate instead of a blended rate that included the municipal bond index for certain future periods.

2017 Changes to benefit terms:

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

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

**TABLE 5 DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
LIFE INSURANCE PLAN**

	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
KTRS						
District Proportionate share percentage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District Proportionate share amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's proportionate share of the net pension liability	143,000	54,000	144,000	126,000	112,000	85,000
Total	<u>\$ 143,000</u>	<u>\$ 54,000</u>	<u>\$ 144,000</u>	<u>\$ 126,000</u>	<u>\$ 112,000</u>	<u>\$ 85,000</u>
District's covered payroll	\$ 12,847,732	\$ 14,632,388	\$ 15,435,525	\$ 11,698,141	\$ 12,942,308	\$ 11,003,087
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Plan's fiduciary net position as a percentage of total pension liability	73.97%	89.15%	71.57%	73.40%	74.97%	79.99%

Note: This schedule will be expanded to include 10 years of information as those details become available.
Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

See accompanying report of independent auditors.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - LIFE INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2023**

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

Valuation Date: June 30, 2021

2022 Benefit Changes – A new benefit tier was added for members joining the system on and after January 1, 2022. This tier increases the retirement age to either age 57 and 10 years of service or attainment of age 65 and 5 years of service. This tier includes a defined benefit foundational benefit based on service and final average salary plus a defined contribution supplemental benefit. More details about this new tier are available on the TRS website, <https://trs.ky.gov/active-members/trs-1-trs-2-and-trs-3-member-information/>.

2021 Changes to 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% for the Life Trust to 7.10%. The price inflation assumption was lowered from 3.00% to 2.5%.
- The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

2017 Changes to benefit terms:

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

OTHER SUPPLEMENTARY INFORMATION

**BARDESTOWN INDEPENDENT SCHOOL DISTRICT
 BARDESTOWN, KENTUCKY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023**

	<u>Debt Service Fund</u>	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>District Activity Fund</u>	<u>School Activity Fund</u>	<u>Total NonMajor Governmental Funds</u>
Assets:						
Cash and cash equivalents	\$ -	\$ -	\$ 50,047	\$ 70,037	\$ 261,757	\$ 381,841
Accounts receivable	-	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,047</u>	<u>\$ 70,037</u>	<u>\$ 261,757</u>	<u>\$ 381,841</u>
Liabilities & Fund Balances:						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ 1,556	\$ 628	\$ 2,184
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,556</u>	<u>628</u>	<u>2,184</u>
Fund Balances						
Restricted	-	-	50,047	-	-	50,047
Committed	-	-	-	68,481	261,129	329,610
Total Fund Balances	<u>-</u>	<u>-</u>	<u>50,047</u>	<u>68,481</u>	<u>261,129</u>	<u>379,657</u>
Total Liabilities & Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,047</u>	<u>\$ 70,037</u>	<u>\$ 261,757</u>	<u>\$ 381,841</u>

See accompanying report of independent auditors.

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

	<u>Debt Service Fund</u>	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>District Activity Fund</u>	<u>School Activity Fund</u>	<u>Total NonMajor Funds</u>
Revenues:						
From Local Sources:						
Taxes:						
Property	\$ -	\$ -	\$ 2,518,833	\$ -	\$ -	\$ 2,518,833
Tuition and fees	-	-	-	179,748	577,680	757,428
Other local revenues	-	-	-	73,741	16,862	90,603
Intergovernmental - State	96,470	231,480	1,008,917	-	-	1,336,867
Total Revenues	<u>96,470</u>	<u>231,480</u>	<u>3,527,750</u>	<u>253,489</u>	<u>594,542</u>	<u>4,703,731</u>
Expenditures						
Current:						
Instruction	-	-	-	277,848	792,880	1,070,728
Support Services:						
Student support	-	-	-	-	-	-
Instruction staff	-	-	-	20,494	15	20,509
Student transportation	-	-	-	310	2,773	3,083
Plant operation and maintenance	-	-	-	-	-	-
Capital Outlay	-	-	-	-	16,495	16,495
Debt service - principal	1,778,467	-	-	-	-	1,778,467
Debt service - interest	798,675	-	-	-	-	798,675
Total expenditures	<u>2,577,142</u>	<u>-</u>	<u>-</u>	<u>298,652</u>	<u>812,163</u>	<u>3,687,957</u>
Excess (Deficit) of Revenues over Expenditures	<u>(2,480,672)</u>	<u>231,480</u>	<u>3,527,750</u>	<u>(45,163)</u>	<u>(217,621)</u>	<u>1,015,774</u>
Other financing sources (uses)						
Proceeds from sale of bonds	-	-	-	-	-	-
Bond discount and fees	-	-	-	-	-	-
Operating transfers in	2,480,672	-	407,347	40,757	265,925	3,194,701
Operating transfers out	-	(231,480)	(3,885,050)	-	-	(4,116,530)
Total other financing sources (uses)	<u>2,480,672</u>	<u>(231,480)</u>	<u>(3,477,703)</u>	<u>40,757</u>	<u>265,925</u>	<u>(921,830)</u>
Net change in fund balance	-	-	50,047	(4,406)	48,304	93,945
Fund Balance June 30, 2022	-	-	-	72,887	212,825	285,712
Fund Balance June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,047</u>	<u>\$ 68,481</u>	<u>\$ 261,129</u>	<u>\$ 379,657</u>

See accompanying report of independent auditors.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KENTUCKY
 COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCE
 ALL ACTIVITY FUNDS
 JUNE 30, 2023**

	<u>Cash</u>	<u>Accounts Receivable</u>	<u>Accounts Payable</u>	<u>Fund Balance</u>
Bardstown Elementary School	\$ 31,037	\$ -	\$ -	\$ 31,037
Bardstown Middle School	38,353	-	-	38,353
Bardstown High School	170,594	-	628	169,966
Bardstown Primary School	10,097	-	-	10,097
Bardstown Early Childhood	11,676	-	-	11,676
	<u>\$ 261,757</u>	<u>\$ -</u>	<u>\$ 628</u>	<u>\$ 261,129</u>
Totals				

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

NOTE: These activities are reported in the School Activity Fund.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KENTUCKY
 COMBINING SCHEDULE OF CHANGES IN FUND BALANCE
 ALL ACTIVITY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Revenues</u>	<u>Expenditures</u>	<u>Transfers</u>	<u>Net Change in Fund Balance</u>	<u>Fund Balance Beginning</u>	<u>Fund Balance Ending</u>
Bardstown Elementary School	\$ 61,403	\$ (50,233)	\$ -	\$ 11,169	\$ 19,866	\$ 31,037
Bardstown Middle School	137,455	(156,994)	31,005	11,466	26,887	38,353
Bardstown High School	355,094	(563,477)	234,920	26,538	143,429	169,967
Bardstown Primary School	19,367	(20,055)	-	(688)	10,785	10,097
Bardstown Early Childhood	21,223	(21,404)	-	(181)	11,857	11,676
Totals	<u>\$ 594,542</u>	<u>\$ (812,163)</u>	<u>\$ 265,925</u>	<u>\$ 48,304</u>	<u>\$ 212,825</u>	<u>\$ 261,129</u>

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

NOTE: These activities are reported in the School Activity Fund.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KENTUCKY
 SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCE
 BARDSTOWN HIGH SCHOOL
 JUNE 30, 2023**

	Cash Balance	Accounts Receivable	Accounts Payable	Fund Balance
Athletics				
Athletics General Tournament	\$ -			\$ -
Athletics General	-			-
Fellowship of Christian Athletes	1,101			1,101
Archery	-			-
Friends of Archery	1,479			1,479
Baseball	-			-
Friends of Baseball	20,425			20,425
Basketball - Boys	2,385			2,385
Friends of Boy's Basketball	3,018			3,018
Basketball - Girls	-			-
Friends of Girls Basketball	17,052			17,052
Bowling	-			-
Friends of Bowling	1,997			1,997
Cheerleading	-			-
Friends of Cheerleading	2,851			2,851
Cross Country	-			-
Friends of Cross Country	6,323			6,323
eSports	-			-
Football	-			-
Football playoffs	-			-
Golf	-			-
Friends of Golf	3,762			3,762
Soccer- Boys	-			-
Friends of Boy's Soccer	3,455			3,455
Soccer- Girls	-			-
Friends of Girl's Soccer	2,412			2,412
Softball/Fast Pitch	-			-
Friends of Softball	10,835			10,835
Swim	-			-
Friends of Swim	1,419			1,419
Tennis	-			-
Track	-			-
Friends of Track	6,493			6,493
Volleyball	-			-
Friends of Volleyball	6,143			6,143
Wrestling	-			-
Friends of Wrestling	891			891
Sub Total Athletics	92,041	-	-	92,041

NOTE: These activities are reported in the School Activity Fund.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCE
BARDSTOWN HIGH SCHOOL (continued)
JUNE 30, 2023

	Cash Balance	Accounts Receivable	Accounts Payable	Fund Balance
Academic				
Academic Club	\$ -			\$ -
Art Club	241			241
Friends of Art	150			150
Band	-			-
Friends of Band	7,360			7,360
BHS Reimbursement - Technology	7,659			7,659
Bookstore	388			388
Career & Transition Experiences	-			-
Chess Club	134			134
Chorus	-			-
Friends of Chorus	2,235			2,235
Debate Team	446			446
Drama	-			-
Educators Rising	-			-
Exams & Testing	5,456			5,456
FBLA Club	649			649
FCCLA	649			649
Foreign Language	-			-
Friends of Foreign Language	-			-
General Fund	6,151		628	5,523
HOSA	4,538			4,538
Industrial Technology	101			101
Junior/Senior Prom	9,531			9,531
Key Club	678			678
Library	110			110
Music Club	7,772			7,772
National Honor Society	1,055			1,055
Orchestra	-			-
Friends of Orchestra	5,352			5,352
Pep Club	95			95
Robotics	-			-
Science Club	113			113
Science Olympiad	-			-
Senior Class	992			992
Skillful Bites	736			736
Special Education	650			650
Speech	-			-
Friends of Speech	2,065			2,065
STEM	7,529			7,529
Student Council	876			876
Technology	840			840
Technology Students Assoc	-			-
Friends of Technology Students	-			-
Tiger Mentoring	1,200			1,200
Vending	712			712
Y-Club	1,105			1,105
Yearbook	986			986
Subtotal Academic	<u>78,554</u>	<u>-</u>	<u>628</u>	<u>77,926</u>
TOTAL	<u>\$ 170,595</u>	<u>\$ -</u>	<u>\$ 628</u>	<u>\$ 169,967</u>

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

NOTE: These activities are reported in the School Activity Fund.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
SCHEDULE OF CHANGES IN FUND BALANCE
BARDSTOWN HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

	Revenues	Expenditures	Transfers	Net Change in Fund Balance	Fund Balance Beginning	Fund Balance Ending
Athletics						
Athletics General Tournament	\$ -	\$ (2,040)	\$ 2,040	\$ -	\$ -	\$ -
Athletics General	13,900	(25,502)	11,602	-	-	-
Fellowship of Christian Athletes	721	(680)		41	1,060	1,101
Archery	-	(4,023)	4,023	-	-	-
Friends of Archery	2,321	(870)		1,451	28	1,479
Baseball	6,995	(14,266)	7,271	-	-	-
Friends of Baseball	33,993	(17,766)		16,227	4,198	20,425
Basketball - Boys	16,125	(13,740)		2,385	-	2,385
Friends of Boy's Basketball	17,238	(20,964)		(3,725)	6,743	3,018
Basketball - Girls	4,622	(17,570)	12,948	-	-	-
Friends of Girls Basketball	10,501	(9,166)		1,335	15,717	17,052
Bowling	-	(5,917)	5,917	-	-	-
Friends of Bowling	40	(4,673)		(4,633)	6,630	1,997
Cheerleading	1,084	(21,273)	20,189	-	-	-
Friends of Cheerleading	11,637	(14,104)		(2,467)	5,318	2,851
Cross Country	-	(5,665)	5,665	-	-	-
Friends of Cross Country	5,100	(1,459)		3,640	2,683	6,323
eSports	-	(1,152)	1,152	-	-	-
Football	26,196	(68,073)	41,877	-	-	-
Golf	-	(3,261)	3,261	-	-	-
Friends of Golf	0	-		0	3,762	3,762
Soccer- Boys	3,116	(4,308)	1,192	-	-	-
Friends of Boy's Soccer	5,872	(3,979)		1,893	1,562	3,455
Soccer- Girls	3,435	(9,884)	6,449	-	-	-
Friends of Girl's Soccer	9,013	(9,195)		(182)	2,594	2,412
Softball/Fast Pitch	-	(7,938)	7,938	-	-	-
Friends of Softball	2,847	(1,959)		888	9,947	10,835
Swim	-	(12,331)	12,331	-	-	-
Friends of Swim	1,158	(2,365)		(1,207)	2,626	1,419
Tennis	-	(1,125)	1,125	-	-	-
Track	-	(30,010)	30,010	-	-	-
Friends of Track	4,445	(3,869)		576	5,917	6,493
Volleyball	4,135	(10,453)	6,317	-	-	-
Friends of Volleyball	5,250	(7,455)	3,038	833	5,310	6,143
Wrestling	4,016	(4,016)		-	-	-
Friends of Wrestling	39	(516)		(476)	1,367	891
Sub Total Athletics	<u>193,799</u>	<u>(361,567)</u>	<u>184,347</u>	<u>16,578</u>	<u>75,462</u>	<u>92,041</u>

NOTE: These activities are reported in the School Activity Fund.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
 BARDSTOWN, KENTUCKY
 SCHEDULE OF CHANGES IN FUND BALANCE
 BARDSTOWN HIGH SCHOOL (continued)
 FOR THE YEAR ENDED JUNE 30, 2023**

	Revenues	Expenditures	Transfers	Net Change in Fund Balance	Fund Balance Beginning	Fund Balance Ending
Academic						
Academic Club	\$ -	\$ (3,048)	\$ 3,048	\$ -	\$ -	\$ -
Art Club	300	(89)		210	31	241
Friends of Art	-	-		-	150	150
Band	-	(21,354)	21,354	-	-	-
Friends of Band	33,905	(32,047)		1,857	5,503	7,360
BHS Reimbursement -- Technology	2,598	(731)		1,867	5,792	7,659
Bookstore	-	-		-	388	388
Career & Transition Experiences	-	(47)	47	-	-	-
Chess Club	-	-		-	134	134
Chorus	-	(4,010)	4,010	-	-	-
Friends of Chorus	3,631	(3,331)		300	1,935	2,235
Debate Team	-	-		-	446	446
Drama	1,472	(6,184)	4,712	-	-	-
Exams & Testing	2,257	(1,830)		427	5,029	5,456
FBLA Club	3,389	(3,226)		164	485	649
FCCLA	4,117	(4,452)		(335)	984	649
Foreign Language	403	(794)		(391)	391	-
General Fund	693	(282)		411	5,112	5,523
Home Economics	23	(23)		-	-	-
HOSA	44,894	(42,896)		1,998	2,540	4,538
Industrial Technology	-	-		-	101	101
Junior/Senior Prom	9,025	(5,661)		3,364	6,167	9,531
Key Club	12,339	(13,399)		(1,060)	1,738	678
Library	110	-		110	-	110
Music Club	0	(420)		(420)	8,192	7,772
National Honor Society	4,077	(3,663)		414	641	1,055
National Technical Honor Society	1,180	(1,180)		-	-	-
Orchestra	-	(2,532)	2,532	-	-	-
Friends of Orchestra	1,130	(587)		542	4,810	5,352
Pep Club	924	(829)		95	-	95
Robotics	-	(1,033)	1,033	-	-	-
Science Club	1,000	(1,000)		0	113	113
Senior Class	7,544	(7,402)		142	850	992
Skillful Bites	1,940	(1,204)		736	-	736
Special Education	-	-		-	650	650
Speech	-	(9,751)	9,751	-	-	-
Friends of Speech	7,510	(7,256)		254	1,811	2,065
STEM	111	(880)		(769)	8,298	7,529
Student Council	808	(1,543)		(735)	1,611	876
Technology	-	-		-	840	840
Tech Student Association	-	(4,087)	4,087	-	-	-
Friends of Tech Students	3,258	(3,521)		(263)	263	-
Tiger Mentoring	-	-		-	1,200	1,200
Vending	-	(468)		(468)	1,180	712
Y-Club	11,512	(10,990)		522	583	1,105
Yearbook	1,148	(162)		986	-	986
Subtotal Academic	<u>161,296</u>	<u>(201,910)</u>	<u>50,573</u>	<u>9,959</u>	<u>67,967</u>	<u>77,926</u>
TOTAL	\$ 355,094	\$ (563,477)	\$ 234,920	\$ 26,538	\$ 143,429	\$ 169,967

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

NOTE: These activities are reported in the School Activity Fund.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2023

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance listing number</i>	<i>Name of Grant - Grant ID No.</i>	<i>Federal Expenditures(\$)</i>
Passed Through Kentucky Department of Education			
United States Department of Agriculture			
<i>Child Nutrition Cluster-Cluster</i>			
National School Lunch Program (NSLP)			
National School Lunch Program (NSLP)	10.555	4000808 COMMODITIES	\$171,930
School Breakfast Program	10.553	7760005-22	94,228
School Breakfast Program	10.553	7760005-23	331,260
National School Lunch Program	10.555	7750002-22	283,583
National School Lunch Program	10.555	7750002-23	1,012,408
National School Lunch Program	10.555	9980000-22	65,599
National School Lunch Program	10.555	9980000-23	31,800
<i>Total Child Nutrition Cluster-Cluster</i>			<u>1,990,808</u>
Child and Adult Care Food Program	10.558	7790021-22	7,178
Child and Adult Care Food Program	10.558	7790021-23	25,371
Child and Adult Care Food Program	10.558	7800016-22	401
Child and Adult Care Food Program	10.558	7800016-23	2627
<i>Total Child and Adult Care Food Program</i>			<u>35,577</u>
State Pandemic Adm Cost Grant	10.649	9990000-22	3,135
State Administrative Expenses for Child Nutrition	10.560	7700001-22	3248
Total United States Department of Agriculture			<u>2,032,768</u>
United States Department of Education			
<i>Special Education Cluster (IDEA)-Cluster</i>			
Special Education - Grants to States (IDEA, Part B)			
Special Education - Grants to States (IDEA, Part B)	84.027	3810002-21	61,292
Special Education - Grants to States (IDEA, Part B)	84.027	3810002-22	632,972
		4910002-21	
Special Education - Grants to States (IDEA, Part B)	84.027	Covid 19	70,617
<i>Total Special Education - Grants to States (IDEA, Part B)</i>			<u>764,881</u>
Special Education - Preschool Grants (IDEA Preschool)			
Special Education - Preschool Grants (IDEA Preschool)	84.173	3800002-22	28,361
Special Education - Preschool Grants (IDEA Preschool)	84.173	3800002-21	7,883
		4900002-21	
Special Education - Preschool Grants (IDEA Preschool)	84.173	Covid 19	22,064
<i>Total Special Education - Preschool Grants (IDEA Preschool)</i>			<u>58,308</u>
<i>Total Special Education Cluster (IDEA)-Cluster</i>			<u>823,189</u>
<i>Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)</i>			
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	3100002-21	232,060
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	3100002-22	447,431
<i>Total Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)</i>			<u>679,491</u>

The accompanying notes are an integral part of this schedule.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2023

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance listing number</i>	<i>Name of Grant - Grant ID No.</i>	<i>Federal Expenditures(\$)</i>
<i>Career and Technical Education--Basic Grants to States (Perkins V)</i>			
Career and Technical Education--Basic Grants to States (Perkins V)	84.048	3710002-20	1
Career and Technical Education--Basic Grants to States (Perkins V)	84.048	3710002-21	3,105
Career and Technical Education--Basic Grants to States (Perkins V)	84.048	3710002-22	22,494
<i>Total Career and Technical Education--Basic Grants to States (Perkins V)</i>			<u>25,600</u>
<i>Rural Education</i>			
Rural Education	84.358	3140002-20	12,461
Rural Education	84.358	3140002-21	54,853
<i>Total Rural Education</i>			<u>67,314</u>
<i>English Language Acquisition State Grants</i>			
English Language Acquisition State Grants	84.365	3300002-21	10,978
English Language Acquisition State Grants	84.365	3300002-22	12,748
<i>Total English Language Acquisition State Grants</i>			<u>23,726</u>
<i>Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)</i>			
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	3230002-22	5,221
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	3230002-20	70,397
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	3230002-21	87,004
<i>Total Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)</i>			<u>162,622</u>
<i>Student Support and Academic Enrichment Program</i>			
Student Support and Academic Enrichment Program	84.424	3420002-21	21,542
Student Support and Academic Enrichment Program	84.424	3420002-22	40,254
<i>Total Student Support and Academic Enrichment Program</i>			<u>61,796</u>
<i>Education Stabilization Fund (ESF)</i>			
Education Stabilization Fund (ESF)	84.425D	4200002-21 COVID-19 CRRSA ACT ESSER II 4300002-21	279,371
Education Stabilization Fund (ESF)	84.425U	Covid-19 ESSER 4300005-21	705,073
Education Stabilization Fund (ESF)	84.425U	Covid-19 ESSER ED COOP ARP ESSER DEEPER	5,663
Education Stabilization Fund (ESF)	84.425U	LEARNING--563J	15,156
<i>Total Education Stabilization Fund (ESF)</i>			<u>1,005,263</u>
Total Department of Education			<u>2,849,001</u>

The accompanying notes are an integral part of this schedule.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2023

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance listing number</i>	<i>Name of Grant - Grant ID No.</i>	<i>Federal Expenditures(\$)</i>
Passed Through Kentucky Department of Health and Family Services			
Department of Health and Human Services			
<i>CCDF Cluster-Cluster</i>			
Child Care and Development Block Grant	93.575	ARPA PRESCHOOL PARTNERSHIP PROG 23--562JP	150,000
Child Care and Development Block Grant	93.575	ARP CHILD CARE SUSTAINABILITY--576I	928,601
Child Care and Development Block Grant	93.575	ARPA CHILD CARE FACILITY REPAIRS--553I	9,872
<i>Total Child Care and Development Block Grant</i>			<u>1,088,473</u>
Passed Through Kentucky Department of Education			
<i>Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance</i>			
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	PROMOTING ADOLESCENT HEALTH--493E	600
<i>Total Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance</i>			<u>600</u>
Total Department of Health and Human Services			<u>1,089,073</u>
Total Expenditures of Federal Awards			<u><u>\$ 5,970,842</u></u>

The accompanying notes are an integral part of this schedule.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

NOTE 1- BASIS OF PRESENTATION

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

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 1) 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.
- 2) Bardstown Independent School District did not elect to use the 10% de minimus indirect cost rate.

NOTE 3 – FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2023, the District received food commodities totaling \$171,930.

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

Section II – Financial Statement Findings

No findings in the current year.

Section III – Federal Award Findings and Questioned Costs

No findings in the current year.

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

Section II – Financial Statement Findings

No findings in the prior year.

Section III – Federal Award Findings and Questioned Costs

No findings in the prior year.

SUMMERS, MCCRARY & SPARKS, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS:

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1982-2022

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

To the Kentucky State Committee for School District Audits
Members for the Board of Education
Bardstown Independent School District
Bardstown, KY 40004

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bardstown Independent School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Bardstown Independent School District's basic financial statements, and have issued our report thereon dated November 3, 2023.

Report on Internal Control over Financial Reporting

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

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

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management for the District in a separate letter 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.

Summers, McCrary & Sparks, PSC

Lexington, KY
November 3, 2023

SUMMERS, MCCRARY & SPARKS, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS:

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

To the Kentucky State Committee for School District Audits
Members for the Board of Education
Bardstown Independent School District
Bardstown, KY 40004

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements prescribed by Kentucky State Committee for School District Audits, in the *Auditor Responsibilities, Cost Principles, and Audit Requirements* sections contained in the Kentucky Public School District's Audit Contract and Requirements. 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 Bardstown Independent School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Bardstown Independent School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Bardstown Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the audit requirements prescribed by Kentucky State Committee for School District Audits, in the *Auditor Responsibilities, Cost Principles, and Audit Requirements* sections contained in the Kentucky Public School District's Audit Contract and Requirements 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 Bardstown Independent School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the audit requirements prescribed by Kentucky State Committee for School District Audits, in the *Auditor Responsibilities, Cost Principles, and Audit Requirements* sections contained in the Kentucky Public School District's Audit Contract and Requirements, 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 Bardstown Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Bardstown Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Bardstown Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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.

Summers, McCrary & Sparks, PSC

Lexington, KY
November 3, 2023

SUMMERS, MCCRARY & SPARKS, P.S.C.
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Members of the Board of Education
Bardstown Independent School District
Bardstown, Kentucky

In planning and performing our audit of the financial statements of Bardstown Independent School District for the year ended June 30, 2023, we considered the District's internal control structure 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 structure.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated November 3, 2023 on the financial statements of the Bardstown Independent School District

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

Respectfully,

Summers, McCrary & Sparks, PSC

Summers, McCrary & Sparks, PSC
Lexington, Kentucky
November 3, 2023

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2023**

BOARD

No comments in the current year.

SCHOOL ACTIVITY FUNDS

BARDSTOWN INDEPENDENT HIGH SCHOOL

Any exceptions noted in testing appeared to be isolated incidents only and were communicated to management

BARDSTOWN MIDDLE SCHOOL

Any exceptions noted in testing appeared to be isolated incidents only and were communicated to management

BARDSTOWN ELEMENTARY SCHOOL

Any exceptions noted in testing appeared to be isolated incidents only and were communicated to management.

BARDSTOWN EARLY CHILDHOOD

Any exceptions noted in testing appeared to be isolated incidents only and were communicated to management.

BARDSTOWN EARLY CHILDHOOD

Comment: During our testing of cash receipts, we found two multiple receipt forms (Form F-SA-6) that were not signed by the School Treasurer. We recommend the School Treasurer review the Multiple Receipt Form (Form F-SA-6) to ensure they are familiar with all required components of the form.

Response: The permanent school treasurer was hired 9/20/22. When these findings occurred, there was a temporary treasure in place. The permanent treasurer has received formal REDBOOK training and in her tenure, she has performed her duties with fidelity.

BARDSTOWN PRIMARY

Any exceptions noted in testing appeared to be isolated incidents only and were communicated to management.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2023**

STATUS OF PRIOR YEAR COMMENTS

BOARD

No comments in the prior year.

SCHOOL ACTIVITY FUNDS

BARDSTOWN ELEMENTARY SCHOOL

Previously during testing of cash disbursements, there was one instance where the school bookkeeper did not attach proper supporting documents to a disbursement. We recommend the bookkeeper review the “Purchasing” section of the Redbook, which states “Before being processed, each disbursement shall be documented by a completed purchase order and an original vendor invoice. If a vendor invoice is not available, the disbursement shall be supported by a Standard Invoice (Form F-SA-8), which must be signed by the payee. There was no similar finding in the current year.

Previously during testing of end of the year reports for a school, there were multiple instances of fundraiser summary forms not being completed at the end of a fundraiser. We recommend the bookkeeper review the “Fundraising” section of the Redbook, which states “Fundraisers where items are sold, whether they are purchased or donated or both, require the use of the Fundraiser Summary (Form F-SA-2B), which is used to recap the profitability of a fundraiser sales cycle.” There was no similar finding in the current year.

BARDSTOWN EARLY CHILDHOOD

Previously during testing of end of the year reports, there were several instances of inventory control worksheet forms not being completed. We recommend the bookkeeper, and principal, review the “Fundraiser” section of the Redbook, which states “The Sales from Concessions/Bookstore/School Store/Pencil Machine Form (Form F-SA-17) is to be used each time money is collected from these activities and turned in with the money to the school treasurer.” There was no similar finding in the current year.

Previously during testing of end of the year reports, it was noted that the principal did not fill out a combining budget. e) We recommend the principal review the “Budgets” section of the Redbook, which states “The principal shall prepare the Principal’s Combining Budget (Form F-SA-3). The Principal’s Combining Budget will list the summary budget information for each activity account in the school activity fund. The Principal’s Combining Budget is due to the district finance officer by May 1. The district finance officer will work with the superintendent to submit all school budgets to the local board for approval by the end of May. Within 30 days of the beginning of the school year, the principal shall adopt the board approved tentative activity fund budget for the current year. There was no similar finding in the current year.

**BARDSTOWN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2023**

Previously during testing of receipts and disbursements, there were multiple instances of items not containing any backup documentation. We recommend the bookkeeper review the "Purchasing" section of the Redbook, which states "Before being processed, each disbursement shall be documented by a completed purchase order and an original vendor invoice. If a vendor invoice is not available, the disbursement shall be supported by a Standard Invoice (Form F-SA-8), which must be signed by the payee." There was no similar finding in the current year.

Previously while reviewing fundraisers, it was noted that the school did not complete a fundraiser summary form when the fundraiser was over. We recommend the bookkeeper review the fundraising section of the Redbook, which states, Fundraisers where items are sold, whether they are purchased or donated or both, require the use of the Fundraiser Summary (Form F-SA-2B), which is used to recap the profitability of a fundraiser sales cycle. There was no similar finding in the current year.

Previously while reviewing cash receipts, it was noted that the funds collected were not being turned in on a daily basis. We recommend the bookkeeper review the "receipts" section of the Redbook, which states, "All monies collected shall be deposited on a daily basis except for: a) A deposit shall be made on any day in which at least \$100 is on hand to deposit. In the event that less than \$100 is on hand to deposit, smaller amounts may be held in a secure location until the earlier of when \$100 is collected or the weekly deposit is made as required by paragraph c) of this item. If not deposited the day the money is collected, the treasurer still must write the receipt the day the money is collected." There was no similar finding in the current year.

Previously while reviewing cash receipts, it was noted that a multiple receipt form did not have the required signatures of the person turning in the funds. We recommend the bookkeeper review the "receipts" section of the Redbook, which gives guidance on correctly completing the Multiple Receipt Form. There was no similar finding in the current year.

Previously during our review of cash receipts, it was noted a deposit ticket did not have any backup documentation for the receipt. We recommend the bookkeeper review the "receipts" section of the Redbook, which states, "A pre-numbered receipt shall be issued to the payer immediately any time money is received, and all receipt numbers shall be accounted for (if electronic receipts are issued, print a copy for the payer). There was no similar finding in the current year.