

BOYD COUNTY SCHOOL DISTRICT

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

TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for
School District Audits
Members of the Board of Education
Boyd County School District
Ashland, Kentucky

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on pages 6 through 10 and the Schedule of District's Proportionate Share of the Net Pension Liability and Schedule of Pension Contributions, Schedule of District's Proportionate Share of the Net OPEB Liability and Schedule of OPEB Contributions on pages 55 through 66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplemental schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) 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.

The other supplemental schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is 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 14, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
November 14, 2023

**BOYD COUNTY SCHOOL DISTRICT - ASHLAND, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2023**

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

FINANCIAL HIGHLIGHTS

- The General Fund had \$37,504,839 in revenues (excluding inter-fund transfers, gain on sale of equipment and proceeds from KISTA obligations), which primarily consisted of the State SEEK program, property taxes, utility taxes, and motor vehicle taxes. Excluding inter-fund transfers, there was \$38,974,916 in General Fund expenditures. On-behalf payments of \$11,049,005 are included in revenues and expenditures of the General Fund.
- The District approved to implement a Guaranteed Energy Savings project in fiscal year 2023. The project will continue into the fiscal year 2024. The total cost of the project as of June 30, 2023 was \$1,124,923. The total project cost will be \$9,235,000.
- The District began a construction project for the new Career & Technical School that is partially funded by a grant from the Commonwealth of Kentucky. The grant from the Commonwealth was for \$10,000,000. The total project is expected to cost \$20,093,226. The total cost of the project as of June 30, 2023 was \$748,171. The project will continue into fiscal years 2024 and 2025.
- The District began a renovation project for Cannonsburg Elementary School that is partially funded from the Commonwealth of Kentucky. The grant from the Commonwealth was for \$11,477,300. The project is expected to cost \$12,086,170. The total cost of the project as of June 30, 2023 was \$565,644. The project will continue into fiscal years 2024 and 2025.
- The District implemented GASB 68 in 2015. There are two sources of pension liabilities with which the District has to contend. The Kentucky Teachers Retirement System covers the District's professional staff members. It had analysis performed by Cavanaugh Macdonald Consulting, LLC to determine each Kentucky school district's share of pension liabilities for its professional staff. This debt is the responsibility of the Commonwealth of Kentucky. The District's allocated amount was \$77,681,550, as of June 30, 2022. The District's non-professional staff members are covered by the Kentucky County Employee Retirement System. Under this system the District's share of the pension liabilities was \$17,603,082, as of June 30, 2022. The District does not believe these disclosures will have a major impact on our day to day operations or the financial health of District. The District's bond rating is based on the State's rating so we have little control over our cost of borrowing.
- The District implemented GASB 75 in 2018. There are two sources of OPEB liabilities with which the District has to contend. The Kentucky Teachers Retirement System (KTRS) Medical Insurance Plan and Life Insurance Plan cover the District's professional staff members. The District's allocated OPEB liability as of June 30, 2022 for KTRS Medical Insurance Plan was \$10,996,000 with the District's responsibility being \$8,277,000 and the Commonwealth of Kentucky's responsibility being \$2,719,000. The liability for the KTRS Life Insurance Plan is the responsibility of the Commonwealth of Kentucky and the District's allocated amount as of June 30, 2022 was \$135,000. Non-professional staff members are covered by the County Employee Retirement System Insurance Fund. Under this fund the District's share of OPEB liability was \$4,804,795 as of June 30, 2022. The District does not believe these disclosures will have a major impact on their day to day operations or the financial health of District. The District's bond rating is based on the State's rating, so the District has little control over the cost of borrowing.

- The Governor and the General Assembly continue to review, monitor and take steps over the past three budget cycles to reduce the projected shortfalls of the State's retirement system. They will continue to review the State retirement systems during the General Session beginning January 2024.
- State funding for K-12 education remains a concern. This past legislative session, the State government did increase the SEEK base amount to \$4,100 per ADA in 2022-2023 and \$4,200 ADA in 2023-2024. While this will go a great way, there are still some funding issues that need to be reviewed in future sessions.
- The District received federal grant funding during the 2021 and 2022 fiscal years under the Elementary and Secondary School Emergency Relief (ESSER) Fund and American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) Fund. Under ESSER, the District received a grant allocation of \$3,809,205. Under ARP ESSER, the District received a grant allocation of \$7,776,537. The District will be using these funds to provide educational resources to the schools to assist students in overcoming gaps in learning that occurred during the COVID-19 pandemic. These funds will be fully expended by the fiscal year 2024.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Taxes and intergovernmental revenues also support fixed assets and related debt. The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary, and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The proprietary funds consist of our food service and day care operations. All other activities of the District are included in the governmental funds. The basic governmental fund financial statements can be found on pages 13 through 23 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 54 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources were exceeded by liabilities and deferred inflows of resources by roughly \$2,289,000 as of June 30, 2023.

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

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

Government-wide Basis	June 30, 2023	June 30, 2022
Current Assets	\$ 36,440,973	\$ 9,130,467
Noncurrent Assets	62,179,501	63,654,353
Total Assets	<u>98,620,474</u>	<u>72,784,820</u>
Deferred Outflows	9,922,248	7,240,547
Current Liabilities	24,820,470	5,634,158
Noncurrent Liabilities	80,608,805	68,437,656
Total Liabilities	<u>105,429,275</u>	<u>74,071,814</u>
Deferred Inflows	5,402,076	8,079,299
Investment in capital assets (net of debt)	17,797,424	20,068,491
Restricted	7,687,543	(1,941,327)
Unrestricted	(27,773,596)	(20,252,910)
Total Net Position	<u>\$ (2,288,629)</u>	<u>\$ (2,125,746)</u>

The following table presents a summary of revenue and expense on a government-wide basis for the fiscal years ended June 30, 2023 and 2022, respectively.

	2023	2022
	<u>Amount</u>	<u>Amount</u>
Revenues:		
Local Revenue Sources	\$ 17,968,157	\$ 16,251,693
State and Federal Revenue Sources	37,777,248	23,958,402
Total revenues	<u>55,745,405</u>	<u>40,210,095</u>

Expenses:		
Instruction	30,437,733	18,695,939
Student Support Services	3,388,127	2,825,221
Instructional Support	2,664,632	2,078,370
District Administration	1,030,422	884,026
School Administration	2,512,581	2,077,985
Business Support	922,855	766,935
Plant Operations	6,911,026	5,941,825
Student Transportation	3,214,842	2,089,367
Child Care Operations	452,406	304,401
Community Services	296,402	268,690
Other Non-Instruction	229,468	141,575
Food Service Operations	2,552,331	2,352,454
Day Care Operations	(225,017)	613,733
Debt Service - Interest	1,520,480	1,522,737
Total expenses	<u>55,908,288</u>	<u>40,563,258</u>
Revenue over (under) expenses	<u>\$ (162,883)</u>	<u>\$ (353,163)</u>

FUND BASIS

- The District's total revenues for the governmental funds for the fiscal year ended June 30, 2023 and 2022, net of inter-fund transfers and bond proceeds, was approximately \$56.3 million and \$51.8 million, respectively.
- The total cost of all programs and services for the governmental funds was approximately \$51.0 million and \$46.9 million, net of debt service and facilities acquisition and construction, for the fiscal years ended June 30, 2023 and 2022, respectively.

Comments on Budget Comparisons

- General Fund budgeted revenues varied from line item to line item again this year. Total revenues were approximately \$7.5 million above budget projections with Intergovernmental - State receipts and taxes greatly exceeding the budgeted amount. Total expenditures were approximately \$6.3 million above budget, excluding contingency.

CAPITAL ASSETS

At the end of June 30, 2023, the District's investment in capital assets for its governmental and business-type activities was \$62,179,501, representing a decrease of \$1,475,852, net of depreciation, from the prior year.

DEBT SERVICE

At year-end, the District had approximately \$52.5 million in outstanding debt, net of discounts, compared to \$46.1 million last year. The District continues to maintain favorable debt ratings from Moody's and Standard & Poor's.

FUTURE BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1-June 30; other programs, (i.e. some federal programs) operate on a different fiscal calendar, but are reflected in the District's overall budget. By state law the budget must have a minimum 2% contingency. The District adopted a budget for 2024 with \$3,468,069 million in contingency (10.65%). The general fund cash balance for beginning the next fiscal year is \$3,181,229.

Results of the current fiscal year and recent historical trends for the District were taken into account when preparing the subsequent year budget. No significant changes in revenue or expense items are foreseeable. The District's tax rates and tax base remain effectively the same. The District has assessed and considered underlying economical and funding factors at the federal, state, and local levels and other non-financial areas including demographics, local economy and risk of loss of student population that may have a significant impact on the financial statements when preparing subsequent year budgets.

Questions regarding this report should be directed to Superintendent, William Boblett (606) 928-4141 or to Director of Finance, Scott Burchett (606) 928-4141 or by mail at 1104 Bob McCullough Drive, Ashland, Kentucky 41102.

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 13,274,924	\$ 751,490	\$ 14,026,414
Investments	19,321,680	-	19,321,680
Receivables (net of allowances for uncollectibles):			
Taxes	671,444	-	671,444
Other	42,277	112,954	155,231
Intergovernmental - state	1,920,458	-	1,920,458
Intergovernmental - federal	-	253,766	253,766
Inventories	-	91,980	91,980
Capital assets, not being depreciated	5,196,367	-	5,196,367
Capital assets, being depreciated, net	56,407,463	575,671	56,983,134
Total assets	<u>96,834,613</u>	<u>1,785,861</u>	<u>98,620,474</u>
Deferred Outflows of Resources			
Deferred savings from refunding bonds	3,837	-	3,837
Deferred outflows - pension related	2,508,528	352,975	2,861,503
Deferred outflows - OPEB related	6,820,289	236,619	7,056,908
Total deferred outflows of resources	<u>9,332,654</u>	<u>589,594</u>	<u>9,922,248</u>
Liabilities			
Accounts payable	427,018	1,642	428,660
Accrued salaries and benefits payable	229,881	-	229,881
Accrued interest payable	282,874	-	282,874
Unearned revenue	20,565,099	-	20,565,099
Portion due or payable within one year:			
Debt obligations	3,125,000	-	3,125,000
KISTA obligations	188,956	-	188,956
Noncurrent liabilities:			
Portion due or payable after one year:			
Debt obligations, net of discounts of \$706,655	48,140,345	-	48,140,345
KISTA obligations	1,041,690	-	1,041,690
Accrued sick leave	741,893	-	741,893
Net pension liability	15,431,690	2,171,392	17,603,082
Net OPEB liability	12,489,109	592,686	13,081,795
Total liabilities	<u>102,663,555</u>	<u>2,765,720</u>	<u>105,429,275</u>
Deferred Inflows of Resources			
Deferred inflows - pension related	137,426	19,337	156,763
Deferred inflows - OPEB related	5,028,667	216,646	5,245,313
Total deferred inflows of resources	<u>5,166,093</u>	<u>235,983</u>	<u>5,402,076</u>
Net Position			
Net investment in capital assets	17,221,753	575,671	17,797,424
Restricted	8,889,462	(1,201,919)	7,687,543
Unrestricted	(27,773,596)	-	(27,773,596)
Total net position	<u>\$ (1,662,381)</u>	<u>\$ (626,248)</u>	<u>\$ (2,288,629)</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
Instruction	\$ 30,437,733	\$ -	\$ 8,419,766	\$ -	\$ (22,017,967)	\$ -	\$ (22,017,967)
Support services:							
Students	3,388,127	-	676,387	-	(2,711,740)	-	(2,711,740)
Instructional staff	2,664,632	-	420,065	-	(2,244,567)	-	(2,244,567)
District administration	1,030,422	-	-	-	(1,030,422)	-	(1,030,422)
School administration	2,512,581	-	282,583	-	(2,229,998)	-	(2,229,998)
Business and other support services	922,855	-	52,911	-	(869,944)	-	(869,944)
Operation and maintenance of plant	6,911,026	-	501,655	1,313,815	(5,095,556)	-	(5,095,556)
Student transportation	3,214,842	-	312,035	-	(2,902,807)	-	(2,902,807)
Child care operations	452,406	-	452,406	-	-	-	-
Community services	296,402	-	296,402	-	-	-	-
Other Non-instruction	229,468	-	-	-	(229,468)	-	(229,468)
Debt service - interest	1,520,480	-	-	1,789,896	269,416	-	269,416
Total governmental activities	<u>53,580,974</u>	<u>-</u>	<u>11,414,210</u>	<u>3,103,711</u>	<u>(39,063,053)</u>	<u>-</u>	<u>(39,063,053)</u>
Business-type activities:							
Food service	2,552,331	70,715	2,331,995	-	-	(149,621)	(149,621)
Day care operations	(225,017)	834,232	54,465	-	-	1,113,714	1,113,714
Total business-type activities	<u>2,327,314</u>	<u>904,947</u>	<u>2,386,460</u>	<u>-</u>	<u>-</u>	<u>964,093</u>	<u>964,093</u>
Total primary government	<u>\$ 55,908,288</u>	<u>\$ 904,947</u>	<u>\$ 13,800,670</u>	<u>\$ 3,103,711</u>	<u>\$ (39,063,053)</u>	<u>\$ 964,093</u>	<u>\$ (38,098,960)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					\$ 10,557,232	\$ -	\$ 10,557,232
Motor vehicle					1,698,246	-	1,698,246
Utilities					2,879,625	-	2,879,625
Intergovernmental revenues:							
State					20,872,867	-	20,872,867
Investment earnings					429,371	2,695	432,066
Gain on sale of assets					400	-	400
Other local revenues					1,461,032	34,609	1,495,641
Total general revenues and transfers					<u>37,898,773</u>	<u>37,304</u>	<u>37,936,077</u>
Change in net position					(1,164,280)	1,001,397	(162,883)
Net position, June 30, 2022					(498,101)	(1,627,645)	(2,125,746)
Net position, June 30, 2023					<u>\$ (1,662,381)</u>	<u>\$ (626,248)</u>	<u>\$ (2,288,629)</u>

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

**BOYD COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	Special Revenue Fund	Construction Fund	Debt Service Funds	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 3,181,229	\$ -	\$ 9,525,733	\$ 37,277	\$ 530,685	\$ 13,274,924
Investments	-	-	19,321,680	-	-	19,321,680
Receivables (net of allowances for uncollectibles):						
Property taxes	671,444	-	-	-	-	671,444
Other	42,277	-	-	-	-	42,277
Intergovernmental - state	20,764	1,899,694	-	-	-	1,920,458
Intergovernmental - federal	-	-	-	-	-	-
Interfund receivable	1,451,852	-	-	-	-	1,451,852
Total assets	<u>\$ 5,367,566</u>	<u>\$ 1,899,694</u>	<u>\$ 28,847,413</u>	<u>\$ 37,277</u>	<u>\$ 530,685</u>	<u>\$ 36,682,635</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 157,167	\$ 46,228	\$ 192,480	\$ 27,413	\$ 3,730	\$ 427,018
Accrued salaries and benefits payable	229,881	-	-	-	-	229,881
Interfund payable	-	1,451,852	-	-	-	1,451,852
Unearned revenue	-	401,614	20,163,485	-	-	20,565,099
Total liabilities	<u>387,048</u>	<u>1,899,694</u>	<u>20,355,965</u>	<u>27,413</u>	<u>3,730</u>	<u>22,673,850</u>
Fund balances:						
Restricted	-	-	8,491,448	9,864	388,150	8,889,462
Committed	259,417	-	-	-	133,248	392,665
Assigned	-	-	-	-	5,557	5,557
Unassigned	4,721,101	-	-	-	-	4,721,101
Total fund balances	<u>4,980,518</u>	<u>-</u>	<u>8,491,448</u>	<u>9,864</u>	<u>526,955</u>	<u>14,008,785</u>
Total liabilities and fund balances	<u>\$ 5,367,566</u>	<u>\$ 1,899,694</u>	<u>\$ 28,847,413</u>	<u>\$ 37,277</u>	<u>\$ 530,685</u>	<u>\$ 36,682,635</u>

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

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

Fund balances—total governmental funds		\$ 14,008,785
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		61,603,830
Savings from refunding bonds are not available to pay current period expenditures and therefore are not reported in the funds.		3,837
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		2,371,102
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds.		1,791,622
Some liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.		
Net pension liability	(15,431,690)	
Net OPEB liability	(12,489,109)	
Bonds payable	(51,265,345)	
Capital leases payable	(1,230,646)	
Accrued sick leave	(741,893)	
Accrued interest payable	(282,874)	
		<u>(81,441,557)</u>
Net position of governmental activities		<u>\$ (1,662,381)</u>

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

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

	General Fund	Special Revenue Fund	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
From local sources:						
Taxes -						
Property	\$ 8,772,428	\$ -	\$ -	\$ -	\$ 1,784,804	\$ 10,557,232
Motor vehicles	1,698,246	-	-	-	-	1,698,246
Utilities	2,879,625	-	-	-	-	2,879,625
Interest income	49,800	-	366,326	9,671	3,574	429,371
Other local revenues	665,336	58,060	-	-	795,696	1,519,092
Intergovernmental - State	23,189,471	1,868,583	1,313,815	1,789,896	1,340,515	29,502,280
Intergovernmental - Indirect federal	205,436	6,829,861	-	-	-	7,035,297
Intergovernmental - Direct federal	44,497	2,657,706	-	-	-	2,702,203
Total revenues	<u>37,504,839</u>	<u>11,414,210</u>	<u>1,680,141</u>	<u>1,799,567</u>	<u>3,924,589</u>	<u>56,323,346</u>
Expenditures:						
Current:						
Instruction	21,654,795	8,538,953	-	-	458,825	30,652,573
Support services:						
Students	2,604,002	676,387	-	-	-	3,280,389
Instructional staff	2,115,494	420,065	-	-	38,204	2,573,763
District administration	1,014,875	-	-	-	-	1,014,875
School administration	2,142,258	282,583	-	-	-	2,424,841
Business and other support services	859,470	52,911	-	-	-	912,381
Operation and maintenance of plant	5,404,906	501,655	-	-	-	5,906,561
Student transportation	3,010,239	312,035	-	-	13,565	3,335,839
Food service operation	-	-	-	-	-	-
Day care operations	-	452,406	-	-	-	452,406
Community services	-	296,402	-	-	-	296,402
Other non-instruction	-	-	-	-	229,468	229,468
Facilities acquisition and construction	-	-	2,184,132	-	-	2,184,132
Debt service	168,877	-	68,790	4,347,352	-	4,585,019
Total expenditures	<u>38,974,916</u>	<u>11,533,397</u>	<u>2,252,922</u>	<u>4,347,352</u>	<u>740,062</u>	<u>57,848,649</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,470,077)</u>	<u>(119,187)</u>	<u>(572,781)</u>	<u>(2,547,785)</u>	<u>3,184,527</u>	<u>(1,525,303)</u>
Other financing sources (uses):						
Gain on sale of equipment	400	-	-	-	-	400
Bond proceeds	-	-	9,235,000	-	-	9,235,000
Discount on bonds	-	-	(185,816)	-	-	(185,816)
Proceeds from KISTA obligation	411,494	-	-	-	-	411,494
Transfers in	567,863	119,187	-	2,557,456	55,039	3,299,545
Transfers out	(119,187)	-	-	-	(3,180,358)	(3,299,545)
Total other financing sources and uses	<u>860,570</u>	<u>119,187</u>	<u>9,049,184</u>	<u>2,557,456</u>	<u>(3,125,319)</u>	<u>9,461,078</u>
Net change in fund balances	(609,507)	-	8,476,403	9,671	59,208	7,935,775
Fund balances, June 30, 2022	<u>5,590,025</u>	<u>-</u>	<u>15,045</u>	<u>193</u>	<u>467,747</u>	<u>6,073,010</u>
Fund balances, June 30, 2023	<u>\$ 4,980,518</u>	<u>\$ -</u>	<u>\$ 8,491,448</u>	<u>\$ 9,864</u>	<u>\$ 526,955</u>	<u>\$ 14,008,785</u>

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

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

Net change in fund balances—total governmental funds \$ 7,935,775

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	3,518,577	
Depreciation expense	<u>(4,883,940)</u>	(1,365,363)

Generally, expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred for the following:

Long-term portion of accrued sick leave		(175,549)
Amortization of deferred savings from refunding bonds		(2,084)
Amortization of bond discounts and premiums		(53,672)
Accrued interest payable		13,042

Governmental funds report pension contributions as expenditures when paid. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions, and investment experience.

KTRS nonemployer support revenue - pension	(4,254,407)	
KTRS expense - pension	4,254,407	
KTRS nonemployer support revenue - OPEB	347,355	
KTRS expense - OPEB	(185,355)	
KTRS contributions - OPEB	35,317	
CERS contributions - OPEB	(505,124)	
CERS expense - OPEB	(109,782)	
CERS contributions - pension	(1,050,539)	
CERS expense - pension	<u>305,124</u>	(1,163,004)

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and interest consumes current financial resources of governmental funds.

Bond proceeds	(9,235,000)	
KISTA obligation proceeds	(411,494)	
Discount on bonds	185,816	
Debt and lease payments	<u>3,107,253</u>	<u>(6,353,425)</u>

Change in net position of governmental activities \$ (1,164,280)

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

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

	Food Service Fund	Day Care Fund	Total Proprietary Funds
Assets			
Current assets:			
Cash and cash equivalents	\$ 82,424	\$ 669,066	\$ 751,490
Receivables (net of allowances for uncollectibles)			
Other	-	112,954	112,954
Intergovernmental - federal	253,766	-	253,766
Inventories	91,980	-	91,980
Total current assets	<u>428,170</u>	<u>782,020</u>	<u>1,210,190</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	575,671	-	575,671
Total noncurrent assets	<u>575,671</u>	<u>-</u>	<u>575,671</u>
Total assets	<u>1,003,841</u>	<u>782,020</u>	<u>1,785,861</u>
Deferred Outflows of Resources			
Deferred outflows - pension related	292,894	60,081	352,975
Deferred outflows - OPEB related	196,343	40,276	236,619
Total deferred outflows of resources	<u>489,237</u>	<u>100,357</u>	<u>589,594</u>
Total assets and deferred outflows	<u>\$ 1,493,078</u>	<u>\$ 882,377</u>	<u>\$ 2,375,455</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 382	\$ 1,260	\$ 1,642
Total current liabilities	<u>382</u>	<u>1,260</u>	<u>1,642</u>
Noncurrent liabilities:			
Net pension liability	1,801,793	369,599	2,171,392
Net OPEB liability	491,803	100,883	592,686
Total noncurrent liabilities	<u>2,293,596</u>	<u>470,482</u>	<u>2,764,078</u>
Total liabilities	<u>2,293,978</u>	<u>471,742</u>	<u>2,765,720</u>
Deferred Inflows of Resources			
Deferred inflows - pension related	16,046	3,291	19,337
Deferred inflows - OPEB related	179,770	36,876	216,646
Total deferred inflows of resources	<u>195,816</u>	<u>40,167</u>	<u>235,983</u>
Net Position			
Net investment in capital assets	575,671	-	575,671
Restricted	(1,572,387)	370,468	(1,201,919)
Total net position	<u>(996,716)</u>	<u>370,468</u>	<u>(626,248)</u>
Total liabilities and net position	<u>\$ 1,493,078</u>	<u>\$ 882,377</u>	<u>\$ 2,375,455</u>

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

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

	Food Service Fund	Day Care Fund	Total Proprietary Fund
	<u> </u>	<u> </u>	<u> </u>
Operating revenues:			
Lunchroom sales	\$ 70,715	\$ -	\$ 70,715
Day care revenue	-	834,232	834,232
Miscellaneous	31,159	3,450	34,609
Total operating revenues	<u>101,874</u>	<u>837,682</u>	<u>939,556</u>
Operating expenses:			
Salaries and wages	751,362	203,594	954,956
Employee benefits	259,813	(473,522)	(213,709)
Materials and supplies	1,410,646	43,518	1,454,164
Depreciation	128,785	-	128,785
Other operating expenses	1,725	1,393	3,118
Total operating expenses	<u>2,552,331</u>	<u>(225,017)</u>	<u>2,327,314</u>
Operating loss	<u>(2,450,457)</u>	<u>1,062,699</u>	<u>(1,387,758)</u>
Nonoperating revenues:			
Federal grants	2,041,218	-	2,041,218
Investment income	2,695	-	2,695
Gain on sale of equipment	-	-	-
Donated commodities	116,811	-	116,811
State grants	173,966	54,465	228,431
Total nonoperating revenue	<u>2,334,690</u>	<u>54,465</u>	<u>2,389,155</u>
Change in net position	(115,767)	1,117,164	1,001,397
Net position, June 30, 2022	<u>(880,949)</u>	<u>(746,696)</u>	<u>(1,627,645)</u>
Net position, June 30, 2023	<u>\$ (996,716)</u>	<u>\$ 370,468</u>	<u>\$ (626,248)</u>

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

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

	Food Service Fund	Day Care Fund	Total Proprietary Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Cash flows from operating activities:			
Cash received from:			
Lunchroom sales	\$ 70,715	\$ -	\$ 70,715
Day care revenue	-	790,670	790,670
Miscellaneous	31,159	3,450	34,609
Cash paid to/for:			
Payments to suppliers and providers of goods and services	(1,321,768)	(47,206)	(1,368,974)
Payments to employees	(1,013,662)	(257,630)	(1,271,292)
Other payments	(1,725)	(1,393)	(3,118)
Net cash provided by (used for) operating activities	<u>(2,235,281)</u>	<u>487,891</u>	<u>(1,747,390)</u>
Cash flows from noncapital financing activities:			
Government grants	<u>2,087,440</u>	<u>-</u>	<u>2,087,440</u>
Net cash provided by noncapital and related financing activities	<u>2,087,440</u>	<u>-</u>	<u>2,087,440</u>
Cash flows from capital and related financing activities:			
Proceeds from sale of assets	-	-	-
Purchases of capital assets	<u>(19,296)</u>	<u>-</u>	<u>(19,296)</u>
Net cash used for capital and related financing activities	<u>(19,296)</u>	<u>-</u>	<u>(19,296)</u>
Cash flows from investing activities:			
Interest received on investments	<u>2,695</u>	<u>-</u>	<u>2,695</u>
Net cash provided by investing activities	<u>2,695</u>	<u>-</u>	<u>2,695</u>
Net increase (decrease) in cash and cash equivalents	(164,442)	487,891	323,449
Cash and cash equivalents, June 30, 2022	<u>246,866</u>	<u>181,175</u>	<u>428,041</u>
Cash and cash equivalents, June 30, 2023	<u>\$ 82,424</u>	<u>\$ 669,066</u>	<u>\$ 751,490</u>
Reconciliation of operating income (loss) to net cash used by operating activities:			
Operating income (loss)	\$ (2,450,457)	\$ 1,062,699	\$ (1,387,758)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	128,785	-	128,785
Donated commodities	116,811	-	116,811
On-behalf payments	144,296	54,465	198,761
Net pension adjustment	(151,619)	(462,093)	(613,712)
Net OPEB adjustment	4,836	(119,930)	(115,094)
Change in assets and liabilities:			
Accounts receivable	-	(43,562)	(43,562)
Inventory	(28,315)	-	(28,315)
Accounts payable	382	(3,688)	(3,306)
Interfund payable	-	-	-
Net cash provided by (used for) operating activities	<u>\$ (2,235,281)</u>	<u>\$ 487,891</u>	<u>\$ (1,747,390)</u>
Non-cash items:			
Donated commodities	\$ 116,811	\$ -	\$ 116,811
On-behalf payments	144,296	54,465	198,761

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

**BOYD COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023**

	Trust Fund
Assets	
Cash and cash equivalents	\$ 108,198
Accounts receivable	-
Total assets	108,198
Liabilities	
Accounts payable	-
Interfund payable	-
Due to students	-
Total liabilities	-
Net position held in trust	\$ 108,198

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

**BOYD COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Trust Fund</u>
Additions -	
Interest income	\$ -
Other local revenues	-
Intergovernmental - State (on-behalf)	-
	<u>-</u>
Deductions -	
Operating expenses	-
Benefits paid	-
	<u>-</u>
Change in net position	-
Net position, June 30, 2022	<u>108,198</u>
Net position, June 30, 2023	<u><u>\$ 108,198</u></u>

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

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 7,645,000	\$ 7,645,000	\$ 8,772,428	\$ 1,127,428
Motor vehicles	1,150,000	1,200,000	1,698,246	498,246
Utilities	2,300,000	2,500,000	2,879,625	379,625
Interest income	2,000	2,000	49,800	47,800
Other local revenues	405,000	510,725	665,336	154,611
Intergovernmental - State	18,909,307	17,997,053	23,189,471	5,192,418
Intergovernmental - Indirect federal	135,000	150,000	205,436	55,436
Intergovernmental - Direct federal	55,000	55,000	44,497	(10,503)
Total revenues	<u>30,601,307</u>	<u>30,059,778</u>	<u>37,504,839</u>	<u>7,445,061</u>
Expenditures:				
Current:				
Instruction	19,717,393	18,751,937	21,654,795	(2,902,858)
Support services:				
Students	1,969,073	2,065,734	2,604,002	(538,268)
Instructional staff	1,374,729	1,626,139	2,115,494	(489,355)
District administration	782,889	783,850	1,014,875	(231,025)
School administration	1,858,490	2,005,750	2,142,258	(136,508)
Business and other support services	700,370	775,442	859,470	(84,028)
Operation and maintenance of plant	3,791,745	4,520,740	5,404,906	(884,166)
Student transportation	1,839,069	1,957,572	3,010,239	(1,052,667)
Debt service	168,877	168,877	168,877	-
Contingency	2,838,672	2,938,235	-	2,938,235
Total expenditures	<u>35,041,307</u>	<u>35,594,276</u>	<u>38,974,916</u>	<u>(3,380,640)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,440,000)</u>	<u>(5,534,498)</u>	<u>(1,470,077)</u>	<u>4,064,421</u>
Other financing sources (uses):				
Gain on sale of equipment	15,000	15,000	400	(14,600)
Proceeds from KISTA obligations	-	-	411,494	411,494
Transfers in	-	-	567,863	567,863
Transfers out	(75,000)	(75,000)	(119,187)	(44,187)
Total other financing sources and uses	<u>(60,000)</u>	<u>(60,000)</u>	<u>860,570</u>	<u>920,570</u>
Net change in fund balances	(4,500,000)	(5,594,498)	(609,507)	4,984,991
Fund balances, June 30, 2022	<u>4,500,000</u>	<u>5,594,498</u>	<u>5,590,025</u>	<u>(4,473)</u>
Fund balances, June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,980,518</u>	<u>\$ 4,980,518</u>

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

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest income	\$ -	\$ -	\$ -	\$ -
Other local revenues	-	-	58,060	58,060
Intergovernmental - State	1,631,758	1,724,201	1,868,583	144,382
Intergovernmental - Indirect federal	2,382,220	2,352,273	6,829,861	4,477,588
Intergovernmental - Direct federal	1,978,176	1,978,176	2,657,706	679,530
Total revenues	<u>5,992,154</u>	<u>6,054,650</u>	<u>11,414,210</u>	<u>5,359,560</u>
Expenditures:				
Current:				
Instruction	4,613,184	4,552,446	8,538,953	(3,986,507)
Support services:				
Students	236,406	309,457	676,387	(366,930)
Instructional staff	354,630	403,699	420,065	(16,366)
School administration	240,205	288,171	282,583	5,588
Business and other support services	49,241	37,397	52,911	(15,514)
Operation and maintenance of plant	148,272	147,414	501,655	(354,241)
Student transportation	177,005	107,566	312,035	(204,469)
Food service operations	-	-	-	-
Day care operations	-	-	452,406	(452,406)
Community services	248,211	283,500	296,402	(12,902)
Total expenditures	<u>6,067,154</u>	<u>6,129,650</u>	<u>11,533,397</u>	<u>(5,403,747)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(75,000)</u>	<u>(75,000)</u>	<u>(119,187)</u>	<u>(44,187)</u>
Other financing sources (uses):				
Transfers in	264,248	231,320	119,187	(112,133)
Transfers out	<u>(189,248)</u>	<u>(156,320)</u>	<u>-</u>	<u>156,320</u>
Total other financing sources and uses	<u>75,000</u>	<u>75,000</u>	<u>119,187</u>	<u>44,187</u>
Net change in fund balances	-	-	-	-
Fund balances, June 30, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

BOYD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(1) REPORTING ENTITY

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

The Board, for financial reporting purposes, includes all of the funds and account groups relevant to the operation of the Boyd County School District. 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 such as Band Boosters, Parent-Teacher Associations, etc.

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

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements. Copies of component unit reports may be obtained from the District's Finance Office at 1104 Bob McCullough Drive, Ashland, Kentucky 41102.

Boyd County School District Finance Corporation

On August 28, 1989, Boyd County, Kentucky, Board of Education resolved to authorize the establishment of the Boyd County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Boyd County Board of Education also comprise the Corporation's Board of Directors.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Boyd County School District substantially comply with the rules prescribed by the Kentucky Department of Education for local school districts.

Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

Government-wide statements provide information about the primary government (the District). The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government, except for fiduciary activities. They also distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses to programs or functions, except where allowable for certain grant programs. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including internally dedicated resources and all taxes, are reported as general revenues, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds. Fiduciary funds are aggregated and reported by fund type.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in total net position. The proprietary fund and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes.
 - 1. The Special Revenue Fund includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.
 - 2. The District Activity Fund is a special revenue fund used to account for funds collected at individual schools for operation costs of the school or school district that allows for more flexibility in the expenditure of those funds.
 - 3. The School Activity Fund is a special revenue fund used to account for funds collected at individual schools for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the *Uniform Program of Accounting for School Activity Funds*.

- (C) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by the Proprietary Fund).
1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
 2. The Facility Support Program of Kentucky (FSPK) Fund 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.
 3. The School Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction expenditures. This is a major fund of the District.
- (D) The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related costs; and, for the payment of interest on general obligation notes payable, as required by Kentucky Law. This is a major fund of the District.

II. Proprietary Fund (Enterprise Fund)

- (A) The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). This is a major fund of the District.
- (B) The Day Care Fund is used to account for day care activities. This is listed as a major fund due to the nature of the activity.

III. Fiduciary Fund Types (includes agency and trust funds)

The Hamilton Scholarship Fund is accounted for as an expendable trust fund on the modified accrual basis. The principal and interest earned may be used for scholarships to Boyd County High School students.

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions - Revenues resulting from exchange transactions, in which each party receives essentially equal value, are 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 sixty days of the fiscal year-end.

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 nonexchange transactions must also be available before they can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

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 (expenditure) 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 collected are recorded as revenues in the fund for which they were levied. The District's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. The assessed value of property upon which the levy for the 2023 fiscal year was based was \$1,551,408,909.

The tax rates assessed for the year ended June 30, 2023 to finance general fund operations were \$0.673 on real estate, \$0.673 on tangible property, and \$0.547 on motor vehicles per \$100 valuation on tangible property.

Taxes are due on October 1 and become delinquent by February 1 following the October 1 levy date.

In-Kind

Local contributions, which include contributed services provided by individuals, private Districts and local governments, are used to match federal and state administered funding on various grants. The District also receives commodities from the USDA. The amounts of such services and commodities are recorded in the accompanying financial statements at their estimated fair market values.

Cash and Cash Equivalents

The Board considers demand deposits, money market funds, and other investments with an original maturity of 6 months or less, to be cash equivalents.

Inventories

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

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. 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 fund 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 five thousand dollars with the exception of computers, digital cameras and real property for which there is no threshold. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not.

All reported capital assets, other than 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
Infrastructure	20 years
Technology equipment	5 years
Vehicles	5-10 years
Food service equipment	5-12 years
Other general	7-11 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the governmental and business-type activities columns of the statements of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Budgetary Process

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

Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

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, claims and judgments, the noncurrent portion of capital leases, accumulated sick leave, contractually required pension contributions, and special termination benefits 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, all payments made within sixty 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.

Fund Balance Reserves

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

- Nonspendable fund balance-amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by the District itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint;
- Assigned fund balance-amounts the District intends to use for a specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority;
- Unassigned fund balance-amounts that are available for any purpose; unassigned amounts are reported only in the General Fund.

Net Position

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

Operating Revenues and Expenses

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

Interfund Activity

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances, and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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.

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 in the fund financial statements but is reflected in the statement of net position.

Bond Issuance Costs

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

Deferred Inflows and Outflows of Resources

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

Pension

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Recent Accounting Pronouncements

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* ("GASB 96"). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. The Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. GASB 96 will be effective for the District beginning with its year ending June 30, 2023. Adoption of the provisions of this Statement did not have a material effect on the District's financial statements.

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

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

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

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

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

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

The requirements of GASB 100 are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and for all reporting periods thereafter. Management is currently evaluating the impact of this Statement on its financial statements.

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

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

Additionally, GASB 101 (1) provides an alternative to the existing requirement to disclose the gross annual increases and decreases in long-term liability for compensated absences, allowing governments to disclose only the net annual change in the liability as long as it is identified as such; and (2) removes the disclosure of the government funds used to liquidate the liability for compensated absences. The requirements of GASB 101 are effective for fiscal years beginning after December 15, 2023. Management is currently evaluating the impact of this Statement on its financial statements.

(3) CASH, CASH EQUIVALENTS, CERTIFICATES OF DEPOSIT AND INVESTMENTS

Cash, Cash Equivalents, and Certificates of Deposit

The funds of the District must be deposited and invested under the terms of a contract. The depository bank places approved pledged securities for safekeeping and trust with the District’s agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance.

At June 30, 2023, the carrying amount of the Board's cash and cash equivalents, excluding the Trust Fund, was \$14,026,414 and the bank balances totaled \$15,562,490. Of the total bank balances, \$877,598 was insured by Federal Depository insurance, with the remainder covered by a collateral agreement and collateral held by the pledging banks’ trust departments in the District’s name.

The cash deposits held at financial institutions can be categorized according to three levels of risk.

These three levels of risks are as follows:

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

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

General Fund cash and cash equivalents at June 30, 2023 consisted of a money market checking account.

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

Investments

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

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

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

- a. Obligations of the United States and of its agencies, national corporations, and instrumentalities, including repurchase agreements
- b. Certificates of deposit issued by banks or savings and loan institutions
- c. Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and municipalities
- d. Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, but only if fully defeased by direct obligations of or guaranteed by the United States of America
- e. Interest bearing deposits in national and state banks chartered in Kentucky and insured by an agency of the United States up to the amount so insured, and in larger amounts providing such bank shall pledge as security obligations having a current quoted market value at least equal to any uninsured deposits.

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

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Interest</u>	<u>Moody's Rating</u>
U.S Treasury Notes	\$ 17,200,676	Various thru 7/1/24	0.125%-2.50%	Aaa
Money Market Funds	\$ 2,121,004	WAM	4.68%	Aaa-mf

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

- Level 1: Investments reflect prices quoted in active markets.
- Level 2: Investments reflect prices that are based on similar observable assets either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3: Investments reflect prices based upon unobservable sources.

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

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

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Notes	\$ 17,200,676	\$ -	\$ -	\$ 17,200,676
Money Market Funds	2,121,004	-	-	2,121,004
Total	<u>\$ 19,321,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,321,680</u>

(4) CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>June 30, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2023</u>
Capital Assets, Not Depreciated:				
Land	\$ 2,125,034	\$ -	\$ -	\$ 2,125,034
Construction in progress	49,263	3,071,333	49,263	3,071,333
Capital Assets, Depreciated:				
Land improvements	19,450	25,350	-	44,800
Buildings and improvements	126,999,529	104,830	-	127,104,359
Technology equipment	4,140,081	-	-	4,140,081
Vehicles	4,941,316	272,820	12,800	5,201,336
General	2,411,619	64,862	-	2,476,481
Infrastructure	409,706	28,645	-	438,351
Totals at historical cost	<u>141,095,998</u>	<u>3,567,840</u>	<u>62,063</u>	<u>144,601,775</u>
Less: accumulated depreciation -				
Land improvements	(15,832)	(2,029)	-	(17,861)
Buildings and improvements	(68,276,740)	(4,412,917)	-	(72,689,657)
Technology equipment	(4,023,629)	(91,388)	-	(4,115,017)
Vehicles	(3,990,676)	(291,350)	(12,800)	(4,269,226)
General	(1,730,830)	(81,580)	-	(1,812,410)
Infrastructure	(89,098)	(4,676)	-	(93,774)
Total accumulated depreciation	<u>(78,126,805)</u>	<u>(4,883,940)</u>	<u>(12,800)</u>	<u>(82,997,945)</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 62,969,193</u>	<u>\$ (1,316,100)</u>	<u>\$ 49,263</u>	<u>\$ 61,603,830</u>
Business - Type Activities				
Capital Assets, Depreciated:				
Food service equipment	\$ 2,014,536	\$ 19,296	\$ -	\$ 2,033,832
Buildings and improvements	63,756	-	-	63,756
Vehicles	27,706	-	-	27,706
Technology equipment	49,472	-	-	49,472
Totals at historical cost	<u>2,155,470</u>	<u>19,296</u>	<u>-</u>	<u>2,174,766</u>
Less: accumulated depreciation				
Food service and equipment	(1,357,767)	(120,694)	-	(1,478,461)
Buildings and improvements	(42,292)	(2,550)	-	(44,842)
Vehicles	(20,779)	(5,541)	-	(26,320)
Technology equipment	(49,472)	-	-	(49,472)
Total accumulated depreciation	<u>(1,470,310)</u>	<u>(128,785)</u>	<u>-</u>	<u>(1,599,095)</u>
Business-Type Activities				
Capital Assets - Net	<u>\$ 685,160</u>	<u>\$ (109,489)</u>	<u>\$ -</u>	<u>\$ 575,671</u>

Depreciation expense was allocated to governmental functions as follows:

Instruction	\$ 3,651,922
District administration	991
Plant operation & maintenance	968,689
Student transportation	262,338
	<u>\$ 4,883,940</u>

(5) LONG-TERM OBLIGATIONS

A summary of activity in bond obligations and other long-term obligations is as follows:

<u>Description</u>	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance at June 30, 2023</u>	<u>Due Within One Year</u>
General obligation bonds - \$72,036,000 originally issued with interest rates ranging from 1.00% to 4.125%	\$ 45,693,000	\$ 9,235,000	\$ 2,956,000	\$ 51,972,000	\$ 3,125,000
KISTA with interest rates ranging from 2.00% to 3.75%	970,405	411,494	151,253	1,230,646	188,956
Accrued Interest Payable	295,916	-	13,042	282,874	282,874
Net Pension Liability	14,957,463	2,645,619	-	17,603,082	-
Net OPEB Liability	9,932,208	3,149,587	-	13,081,795	-
Accumulated unpaid sick leave benefits	566,344	175,549	-	741,893	-
Less: Discounts on bonds	(574,511)	(185,816)	(53,672)	(706,655)	-
	<u>\$ 71,840,825</u>	<u>\$ 15,431,433</u>	<u>\$ 3,066,623</u>	<u>\$ 84,205,635</u>	<u>\$ 3,596,830</u>

Bonds

The amounts shown in the accompanying financial statements as debt obligations represents the Board's future obligations to make lease payments relating to the bonds issued by the Boyd County Fiscal Court and the Boyd County School District Finance Corporation ("BCSDFC"), in the original amount of \$72,036,000.

The General Fund, Facilities Support Program (FSPK) Fund and the SEEK Capital Outlay Fund are obligated to make lease payments. The lease agreements provide among other things, (1) for rentals sufficient to satisfy debt service requirements on bonds issued by the Fiscal Court and the BCSDFC to construct school facilities and (2) the Board with the option to purchase the properties under leases at any time by retiring the bonds then outstanding. The proceeds from certain refunding issues have been placed in escrow accounts to be used to service the related debt.

The original amount of present outstanding issues, the issue dates, and interest rates are summarized below:

<u>Issue</u>	<u>Original Amount</u>	<u>Interest Rates</u>
Issue of 2014R	\$ 30,710,000	2.00-3.50%
Issue of 2015	24,685,000	2.00-3.25%
Issue of 2017	1,865,000	3.00-3.375%
Issue of 2019	5,090,000	2.00-2.80%
Issue of 2021R	451,000	1.00-1.50%
Issue of 2023	9,235,000	4.00-4.125%
	<u>\$ 72,036,000</u>	

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

The bonds may be called prior to maturity at dates and redemption premiums specified in each issue.

The 2014R, 2015, 2017, 2019, 2021R, and 2023 bond issues were sold at a discount of \$318,023, \$493,700, \$17,435, \$101,453, \$4,510, and \$185,816, respectively. These amounts are being amortized over the life of the respective debt.

In connection with the bond issues of 2014R, 2015, 2017, 2019, 2021R, 2023, the Board entered into a participation agreement with the Kentucky School Facilities Construction Commission, whereby the Commission has agreed to provide amounts on an annual basis (reflected in the following table) toward the payment of principal and interest requirements on the bonds. The agreement is in effect for a period of two years. The obligation of the Commission to make said payments shall automatically renew every two years, unless the Commission provides the Board notice of its intention not to participate within sixty days prior to the expiration of the two year period.

Assuming no issues are called prior to scheduled maturity and that the Kentucky School Facilities Construction Commission continues to renew its agreement, the minimum obligations at June 30, 2023 for debt service (principal and interest) are as follows:

Year	Kentucky School Facilities Construction Commission		Boyd County School District		Total
	Principal	Interest	Principal	Interest	
2024	\$ 1,335,596	\$ 725,247	\$ 1,789,404	\$ 949,869	\$ 4,800,116
2025	1,613,287	698,858	1,835,713	902,331	5,050,189
2026	1,420,814	648,149	1,891,186	847,437	4,807,586
2027	1,471,180	605,574	1,949,820	790,746	4,817,320
2028	1,524,495	560,573	2,010,505	727,537	4,823,110
2029-2033	7,770,499	2,067,948	9,594,501	2,597,321	22,030,269
2034-2038	5,457,598	841,150	7,087,402	1,175,553	14,561,703
2039-2043	1,925,402	249,875	3,294,598	296,946	5,766,821
	<u>\$22,518,871</u>	<u>\$ 6,397,374</u>	<u>\$ 29,453,129</u>	<u>\$ 8,287,740</u>	<u>\$ 66,657,114</u>

Future minimum debt service on notes payable to KISTA by the District, at June 30, 2023, is as follows:

June 30,	District's Portion		Total
	Principal	Interest	
2024	\$ 188,956	\$ 29,159	\$ 218,115
2025	146,740	26,359	173,099
2026	146,086	22,924	169,010
2027	149,468	19,559	169,027
2028	153,012	16,101	169,113
2029-2033	446,384	32,308	478,692
	<u>\$ 1,230,646</u>	<u>\$ 146,410</u>	<u>\$ 1,377,056</u>

Net Pension Liability

Net pension liability is \$15,431,690 and \$2,171,392 for governmental activities and business-type activities, respectively, at June 30, 2023. See Note (7) for more detailed information.

Net OPEB Liability

Net OPEB liability is \$12,489,109 and \$592,686 for governmental activities and business-type activities, respectively, at June 30, 2023. See Note (8) for more detailed information.

(6) 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. At June 30, 2023, this amount totaled \$741,893. 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.

(7) RETIREMENT PLANS

Kentucky Teachers Retirement System

Plan description: Teaching-certified employees of the Kentucky School District are provided pensions through the Teachers' Retirement System of the State of Kentucky (KTRS), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

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

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

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

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

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

- 1.) Attain age 60 and complete five years of Kentucky service, or
- 2.) Complete 27 years of Kentucky service, or
- 3.) Attain age 55 and complete 10 years of Kentucky service.

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

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

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

- 1.) Attain age 57 and complete 10 years of Kentucky service, or
- 2.) Attain age 65 and complete five years of Kentucky service.

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

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

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

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

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

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

District's proportionate share of the net Pension liability	\$ -
Commonwealth's proportionate share of the Net Pension liability associated with the District	<u>77,681,550</u> <u>\$ 77,681,550</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2022, the District's proportion was 0.4585%.

For the year ended June 30, 2023, the District recognized pension expense of \$(4,254,407) and revenue of \$(4,254,407) for support provided by the State.

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	21.9 years
Asset Valuation Method	5-year smoothed market value
Single Equivalent Interest Rate	7.10%
Municipal Bond Index Rate	3.37%
Inflation	2.5%
Salary Increase	3.0-7.5%, including inflation
Investment Rate of Return	7.1%, net of pension plan investment expense, including inflation
Post-retirement Benefit Increases	1.50% annually

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the five-year period ending June 30, 2020 adopted by the Board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.5% to 7.1% and the price inflation assumption was lowered from 3% to 2.5%. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

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

<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>	

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

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

	1% Decrease (6.10%)	Current discount rate (7.10%)	1% Increase (8.10%)
Commonwealth's proportionate share of the Net Pension liability associated with the District	\$ 98,601,000	\$ 77,681,550	\$ 59,472,000

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

County Employees Retirement System

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

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

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

Contributions: Funding for CERS is provided by members, who contribute 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2022, employers were required to contribute 26.79% (23.40% - pension, 3.39% - insurance) of the member's salary. During the year ending June 30, 2023, the District contributed \$1,717,981 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2022. At June 30, 2022, the District's proportion was 0.243506%.

For the year ended June 30, 2023, the District recognized pension expense of approximately \$1,944,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 18,820	\$ 156,763
Changes of assumptions	-	-
Net difference between projected and actual earnings on investments	451,279	-
Changes in proportion and differences between District contributions and proportionate share of contributions	673,423	-
District contributions subsequent to the measurement date	1,717,981	-
	<u>\$ 2,861,503</u>	<u>\$ 156,763</u>

The \$1,717,981 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

<u>Year</u>	
2024	\$ 409,443
2025	225,177
2027	(147,926)
2028	500,065
	<u>\$ 986,759</u>

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

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

The mortality table used for active members is PUB-2010 General Mortality Table projected with ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For non-disable retired members, a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019 is utilized. For disabled

members, the mortality table used is the PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

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

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

<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 Equity	10.00%	10.15%
Fixed Income	20.00%	
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	(0.91)%
Inflation Protected	20.00%	
Real Estate	7.00%	3.67%
Real Return	<u>13.00%</u>	<u>4.07%</u>
Expected Real Return	<u>100.00%</u>	4.28%
Long Term Inflation Assumption		<u>2.30%</u>
Expected Nominal Return for Portfolio		<u>6.58%</u>

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

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

	<u>1% Decrease (5.25%)</u>	<u>Current discount rate (6.25%)</u>	<u>1% Increase (7.25%)</u>
District's proportionate share of the net pension liability	\$ 22,001,668	\$ 17,603,082	\$ 13,965,086

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

Payables to the pension plan: At June 30, 2023, there was a total payable to CERS pension plan of \$346,367.

(8) OTHER POSTEMPLOYMENT BENEFIT (“OPEB”) PLANS

Kentucky Teachers Retirement System OPEB Plans

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

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

Medical Insurance Plan

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

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

Contributions: In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three and three quarters percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. During the year ending June 30, 2023, the District contributed \$447,682 to the Medical Insurance Plan.

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

At June 30, 2023, the District reported a liability of \$8,277,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2021. An expected total OPEB liability as of June 30, 2022 was determined using standard roll-forward techniques. The total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District’s proportion was 0.442913%.

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	\$ 8,277,000
Commonwealth's proportionate share of the Net OPEB liability associated with the District	<u>2,719,000</u>
	<u>\$ 10,996,000</u>

For the year ended June 30, 2023, the District recognized OPEB expense of \$(223,000) and revenue of \$347,355 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,479,000
Changes of assumptions	1,681,000	-
Net difference between projected and actual earnings on investments	440,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,540,000	10,000
District contributions subsequent to the measurement date	<u>477,682</u>	<u>-</u>
	<u>\$ 5,138,682</u>	<u>\$ 3,489,000</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$477,682 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:

<u>Year</u>	
2024	\$ (18,000)
2025	16,000
2026	50,000
2027	540,000
2028	420,000
Thereafter	<u>164,000</u>
	<u>\$ 1,172,000</u>

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Investment rate of return	7.1%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.0 – 7.5%, including wage inflation
Inflation rate	2.5%
Real Wage Growth	0.25%
Wage Inflation	2.75%

Municipal bond index rate	3.37%
Discount rate	7.1%
Single equivalent interest rate	7.1%, net of OPEB plan investment expense, including price inflation
Healthcare cost trend rates	
Under 65	7% for FY 2022 decreasing to an ultimate rate of 4.5% by FY 2032
Ages 65 and Older	5.125% for FY 2022* decreasing to an ultimate rate of 4.5% by FY 2025
Medicare Part B Premiums	6.97% for FY 2022 with an ultimate rate of 4.5% by 2034

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	5.1%
Fixed Income	9.0%	(0.1)%
Real Estate	6.5%	4.0%
Private Equity	8.5%	6.9%
Additional categories: high yield	8.0%	1.7%
Other Additional Categories	9.0%	2.2%
Cash	1.0%	(0.3)%
Total	<u>100.0%</u>	

Discount rate: The discount rate used to measure the TOL as of the Measurement Date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2021. In addition to the actuarial

methods and assumptions of the June 30, 2021 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

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

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

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

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:

	1% Decrease (6.10%)	Current discount rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net OPEB liability	\$ 10,384,000	\$ 8,277,000	\$ 6,532,000

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:

	<u>1% Decrease</u>	<u>Current trend rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 6,205,000	\$ 8,277,000	\$ 10,853,000

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

Life Insurance Plan

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

Benefits provided: TRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. TRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

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

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

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

District's proportionate share of the net OPEB liability	\$ -
Commonwealth's proportionate share of the Net OPEB liability associated with the District	<u>135,000</u> <u>\$ 135,000</u>

The net OPEB liability was measured as of June 30, 2022, and the total pension liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. An expected total OPEB liability as of June 30, 2022 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability was based on the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2022, the District's proportion was 0.434862%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$-0- and revenue of \$10,322 for support provided by the State.

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

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

Mortality rates were based on the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards set-backs and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2021, valuation were based on the results of the most recent actuarial experience study for the system, which covered the five-year period ending June 30, 2020, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

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

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

	<u>Target Allocation</u>	<u>Long-Term 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 (LIBOR)	2.0%	-0.30%
Total	<u>100.0%</u>	

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

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.
- The employer will contribute the actuarially determined contribution (ADC) in accordance with the Life Insurance Trust's funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.

- As administrative expenses were assumed to be paid in all years by the employer as they come due, they were not considered.
- Active employees do not contribute to the plan.
- Cash flows occur midyear.

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

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

	1% Decrease (6.10%)	Current discount rate (7.10%)	1% Increase (8.10%)
Commonwealth’s proportionate share of the net OPEB liability associated with the District	\$ 209,000	\$ 135,000	\$ 76,000

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

County Employees Retirement System Insurance Fund

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

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

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

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

Contributions: CERS allocates a portion of the employer contributions to the health insurance benefit plans. For the year ending June 30, 2023, CERS allocated 3.39% of the 26.79% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1.00% of the contributions by employees hired after September 1, 2008 are allocated to the health insurance plan. During the year ending June 30, 2023,

the District contributed \$248,797 to the CERS Insurance Fund. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

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

At June 30, 2023, the District reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability was based on contributions to CERS during the fiscal year ended June 30, 2022. At June 30 2022, the District's proportion was 0.243464%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$791,656, including an implicit subsidy of \$155,421. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 483,643	\$ 1,101,851
Changes of assumptions	759,912	626,163
Net difference between projected and actual earnings on investments	195,014	-
Changes in proportion and differences between District contributions and proportionate share of contributions	230,860	28,299
District contributions subsequent to the measurement date	248,797	-
	<u>\$ 1,918,226</u>	<u>\$ 1,756,313</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$248,797 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2024.

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

Year	
2024	\$ 53,878
2025	42,384
2026	(232,848)
2027	49,702
Thereafter	-
	<u>\$ (86,884)</u>

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

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

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

Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003, by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA. The total OPEB liability as of June 30, 2022, is determined using these updated benefit provisions. There were no other material plan provision changes.

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

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

<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 Equity	10.00%	10.15%
Fixed Income	20.00%	
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	(0.91)%
Inflation Protected	20.00%	
Real Estate	7.00%	3.67%
Real Return	<u>13.00%</u>	<u>4.07%</u>
Expected Real Return	<u>100.00%</u>	4.28%
Long Term Inflation Assumption		<u>2.30%</u>
		<u>6.58%</u>
Expected Nominal Return for Portfolio		

Discount rate - The discount rate used to measure the total OPEB liability was 5.70%. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.69%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022. However, the cost associated with the implicit employer subsidy was not included in the calculation of the KRS' actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KRS' trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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

	<u>1% Decrease (4.70%)</u>	<u>Current discount rate (5.70%)</u>	<u>1% Increase (6.70%)</u>
District's proportionate share of the net OPEB liability	\$ 6,423,245	\$ 4,804,795	\$ 3,466,876

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 rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 3,572,258	\$ 4,804,795	\$ 6,284,839

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

Payables to the OPEB plan: At June 30, 2023, there was a total payable to CERS OPEB plan of \$58,100.

(9) 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 on the grantor's review the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies advanced, or refuse to reimburse the District for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

The District has outstanding construction commitments in the amount of roughly \$38,976,000 at June 30, 2022 for the energy project, the Cannonsburg Elementary project and the Career and Technical School project.

The District is subject to certain legal proceedings arising from normal business activities. Administrative officials believe that these actions are without merit or that the ultimate liability, if any, resulting from them will not materially affect the accompanying financial statements.

(10) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions, and general liability coverage, the District carries their insurance with Kentucky Employers' Mutual Insurance (KEMI), which is located in Lexington, Kentucky. KEMI is a mutual insurance company regulated by the Kentucky Department of Insurance. The District pays annual premiums for their coverage. The premium for workers' compensation is based on a formula. The District is assigned a classification code for their industry and each classification code has a corresponding rate. Multiplying the rate times the estimated payroll for operations then dividing by 100 will give the base premium. In some cases, modifiers may also be added, based on eligibility, which may increase or decrease the premium. In other cases, additional coverages may be requested that increase the premium.

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

(11) COBRA

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

(12) ON-BEHALF PAYMENTS

For the year ended June 30, 2023, total payments of \$13,037,662 were made by the Commonwealth of Kentucky on behalf of the District for life insurance, health insurance, and KTRS matching and administrative fees, and SFCC debt service. These payments were recognized as on-behalf payments and are recorded in the appropriate revenue and expense accounts on the Statement of Activities and the Government Funds Statement of Revenue, Expenditures and Changes in Fund Balance.

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

<u>Plan/Description</u>	<u>Amount</u>
Kentucky Teachers Retirement System - GASB 68	\$ 7,087,746
Kentucky Teachers Retirement System - GASB 75	155,645
Health Insurance	4,179,291

Life Insurance	7,166
Administrative Fee	57,280
HRA/Dental/Vision	375,725
Federal Reimbursement	(718,717)
Technology	103,630
Debt Service	1,789,896
Total On-Behalf	<u>\$ 13,037,662</u>

(13) INTERFUND TRANSACTIONS

Interfund Receivable and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Interfund receivables and payables between funds are eliminated in the Statement of Net Position. The composition of interfund balances as of June 30, 2023 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 1,451,852

Interfund Transfers

The following transfers were made during the year:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	General	Special Revenue	Technology Match	\$ 119,187
Debt Service	Building	Debt Service	Debt Service	2,557,456
Operating	Capital Outlay	General Fund	KISTA & Insurance	280,047
Operating	Building	General Fund	KISTA & Insurance	287,816
Operating	Student Activity	District Activity	District Activity	55,039

(14) FUND DEFICIT

As of June 30, 2023, the Food Service Fund had a negative net position of \$996,716. This deficit resulted from the fund's proportionate share of the net pension and OPEB liabilities recorded in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

(15) CONSTRUCTION GRANTS

During the year, the District received funds from the Kentucky State Legislature for building and renovation purposes. The District received \$11,477,300 for a major renovation to Cannonsburg Elementary School. The District also received \$10,000,000 for the construction of a new Career and Technical Center. The District plans to issue bonds to put towards the Career and Technical Center to assist in the new building construction. The new Career and Technical Center will be located directly attached to Boyd County High School. This new center will house state of the art equipment for the students to receive instruction and training. As of June 30, 2023, funds in the amount of \$20,163,485 are still unspent, these funds have been recorded as unearned revenue in the Construction Fund.

(16) SUBSEQUENT EVENTS

On September 26, 2023, the District issued \$9,700,000 of School Building Revenue Bonds maturing September 1, 2043. These bonds pay interest semiannually on March 1 and September 1 at rates ranging from 4.00% to 4.375%. These bonds were issued to assist in the construction of certain school building projects.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)	Reporting Fiscal Year (Measurement Date) 2015 (2014)
COUNTY EMPLOYEES RETIREMENT SYSTEM:									
District's proportion of the net pension liability	0.243506%	0.234598%	0.226936%	0.221571%	0.224504%	0.224343%	0.223728%	0.213138%	0.215511%
District's proportionate share of the net pension liability	\$ 17,603,082	\$ 14,957,463	\$ 17,405,803	\$ 15,583,187	\$ 13,672,978	\$ 13,131,486	\$ 11,015,521	\$ 9,163,921	\$ 6,992,000
District's covered payroll	\$ 6,802,326	\$ 6,021,319	\$ 5,855,901	\$ 5,612,281	\$ 5,570,247	\$ 5,469,276	\$ 5,346,755	\$ 4,940,040	\$ 4,944,172
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	258.780%	248.408%	297.235%	277.662%	245.464%	240.096%	206.023%	185.503%	141.419%
Plan fiduciary net position as a percentage of the total pension liability	52.420%	57.330%	47.810%	50.450%	53.540%	53.300%	55.500%	59.970%	66.800%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:									
District's proportion of the net pension liability	0.4585%	0.4729%	0.4548%	0.4486%	0.4412%	0.4344%	0.4456%	0.4534%	0.4663%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	77,681,550	61,544,071	64,458,876	61,213,310	57,769,286	117,225,992	131,446,581	105,518,951	95,830,961
Total	<u>\$ 77,681,550</u>	<u>\$ 61,544,071</u>	<u>\$ 64,458,876</u>	<u>\$ 61,213,310</u>	<u>\$ 57,769,286</u>	<u>\$ 117,225,992</u>	<u>\$ 131,446,581</u>	<u>\$ 105,518,951</u>	<u>\$ 95,830,961</u>
District's covered payroll	\$ -	\$ 17,443,522	\$ 16,222,824	\$ 15,595,198	\$ 15,047,101	\$ 14,653,347	\$ 14,779,021	\$ 14,952,459	\$ 14,614,792
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	56.410%	65.590%	58.270%	58.800%	59.300%	39.830%	35.220%	42.490%	45.590%

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
COUNTY EMPLOYEES RETIREMENT SYSTEM:										
Contractually required contribution	\$ 1,717,981	\$ 1,439,998	\$ 1,162,115	\$ 1,130,189	\$ 910,312	\$ 806,572	\$ 762,965	\$ 664,067	\$ 629,888	\$ 679,358
Contributions in relation to the contractually required contribution	<u>1,717,981</u>	<u>1,439,998</u>	<u>1,162,115</u>	<u>1,130,189</u>	<u>910,312</u>	<u>806,572</u>	<u>762,965</u>	<u>664,067</u>	<u>629,888</u>	<u>679,358</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 7,341,799	\$ 6,802,326	\$ 6,021,319	\$ 5,855,901	\$ 5,612,281	\$ 5,570,247	\$ 5,469,276	\$ 5,346,755	\$ 4,940,040	\$ 4,944,172
District's contributions as a percentage of its covered-employee payroll	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%	13.74%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:										
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 19,426,901	\$ 18,956,695	\$ 17,443,522	\$ 16,222,824	\$ 15,595,198	\$ 15,047,101	\$ 14,653,347	\$ 14,779,021	\$ 14,952,459	\$ 14,614,792
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
COUNTY EMPLOYEES RETIREMENT SYSTEM INSURANCE FUND:						
District's proportion of the net OPEB liability	0.243464%	0.234543%	0.226875%	0.221513%	0.224495%	0.224343%
District's proportionate share of the net OPEB liability	\$ 4,804,795	\$ 4,490,208	\$ 5,478,341	\$ 3,725,749	\$ 3,985,864	\$ 4,510,062
District's covered payroll	\$ 6,802,326	\$ 6,021,319	\$ 5,855,901	\$ 5,612,281	\$ 5,570,247	\$ 5,469,276
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	70.635%	74.572%	93.552%	66.386%	71.556%	82.462%
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%
KENTUCKY TEACHER'S RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN:						
District's proportion of the net OPEB liability	0.442913%	0.459624%	0.441933%	0.435249%	0.426461%	0.418753%
District's proportionate share of the net OPEB liability	\$ 8,277,000	\$ 5,442,000	\$ 6,193,000	\$ 7,047,000	\$ 7,948,000	\$ 8,218,000
State's proportionate share of the net OPEB liability associated with the District	2,719,000	4,420,000	4,961,000	5,691,000	6,849,000	6,713,000
Total	<u>\$ 10,996,000</u>	<u>\$ 9,862,000</u>	<u>\$ 11,154,000</u>	<u>\$ 12,738,000</u>	<u>\$ 14,797,000</u>	<u>\$ 14,931,000</u>
District's covered payroll	\$ 14,745,434	\$ 15,002,252	\$ 14,443,539	\$ 13,976,063	\$ 13,600,872	\$ 13,162,677
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	56.133%	36.275%	42.877%	50.422%	58.437%	62.434%
Plan fiduciary net position as a percentage of the total OPEB liability	47.75%	51.74%	39.05%	32.58%	25.50%	21.18%

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

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

	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
KENTUCKY TEACHER'S RETIREMENT SYSTEM - LIFE INSURANCE PLAN:						
District's proportion of the net OPEB liability	0.434862%	0.449333%	0.432169%	0.425482%	0.416714%	0.409258%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	135,000	59,000	150,000	132,000	118,000	90,000
Total	<u>\$ 135,000</u>	<u>\$ 59,000</u>	<u>\$ 150,000</u>	<u>\$ 132,000</u>	<u>\$ 118,000</u>	<u>\$ 90,000</u>
District's covered payroll	\$ 14,745,434	\$ 15,002,252	\$ 14,443,539	\$ 13,976,063	\$ 13,600,872	\$ 13,162,677
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total OPEB liability	73.970%	89.150%	71.570%	73.400%	75.000%	79.990%

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

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

	2023	2022	2021	2020	2019	2018	2017
COUNTY EMPLOYEES RETIREMENT SYSTEM INSURANCE FUND:							
Contractually required contribution	\$ 248,797	\$ 393,160	\$ 286,615	\$ 278,741	\$ 295,206	\$ 261,802	\$ 258,701
Contributions in relation to the contractually required contribution	<u>248,797</u>	<u>393,160</u>	<u>286,615</u>	<u>278,741</u>	<u>295,206</u>	<u>261,802</u>	<u>258,701</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered payroll	\$ 7,341,799	\$ 6,802,326	\$ 6,021,319	\$ 5,855,901	\$ 5,612,281	\$ 5,570,247	\$ 5,469,276
District's contributions as a percentage of its covered-employee payroll	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%	4.73%
KENTUCKY TEACHER'S RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN:							
Contractually required contribution	\$ 477,682	\$ 442,365	\$ 450,068	\$ 433,308	\$ 419,286	\$ 408,027	\$ 394,880
Contributions in relation to the contractually required contribution	<u>477,682</u>	<u>442,365</u>	<u>450,068</u>	<u>433,308</u>	<u>419,286</u>	<u>408,027</u>	<u>394,880</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered payroll	\$ 15,922,690	\$ 14,745,434	\$ 15,002,252	\$ 14,443,539	\$ 13,976,063	\$ 13,600,872	\$ 13,162,677
District's contributions as a percentage of its covered-employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
KENTUCKY TEACHER'S RETIREMENT SYSTEM - LIFE INSURANCE PLAN:							
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered payroll	\$ 15,922,690	\$ 14,745,434	\$ 15,002,252	\$ 14,443,539	\$ 13,976,063	\$ 13,600,872	\$ 13,162,677
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

**BOYD COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS
FOR THE YEAR ENDED JUNE 30, 2023**

(1) CHANGES OF ASSUMPTIONS

KTRS

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

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

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

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

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

CERS

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

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

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

- Decreased the price inflation assumption to 2.30%.

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

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

- The assumed salary increase was changed from 4.00% (average) to 3.30%-10.30% (varies by service).
- The mortality table used for pre-retirement is PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The mortality table used for post-retirement (non-disabled) is a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
- The mortality table used for post-retirement (disabled) is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

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

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

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

KTRS

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

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

CERS

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

Valuation Date	June 30, 2020
Experience Study	July 1, 2013 - June 30, 2018

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

(3) CHANGES OF BENEFITS

KTRS

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

CERS

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

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

**BOYD COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLANS
FOR THE YEAR ENDED JUNE 30, 20223**

(1) CHANGES OF ASSUMPTIONS

KTRS

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

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

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

CERS Insurance Fund

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

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

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

- The assumed salary increase was changed from 4.00% (average) to 3.30%-10.30% (varies by service).
- The mortality table used for pre-retirement is PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The mortality table used for post-retirement (non-disabled) is a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
- The mortality table used for post-retirement (disabled) is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

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

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

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

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

KTRS

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

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

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

CERS Insurance Fund

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

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

Post - 65

Initial trend starting at 6.30% on January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement. Additionally, Humana provided "Not to Exceed" 2022 Medicare premiums, which were incorporated and resulted in an assumed 2.90% increase in Medicare premiums at January 1, 2022.

Phase-in Provision

Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

Mortality

System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

(3) CHANGES OF BENEFITS

KTRS

Medical Insurance Plan

June 30, 2022:

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

Life Insurance Plan

June 30, 2022:

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

CERS

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

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

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

SUPPLEMENTAL INFORMATION

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

	Capital Project Funds	District Activity Fund	Student Activity Fund	Total Non-Major Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 48,983	\$ 133,338	\$ 348,364	\$ 530,685
Accounts receivable	-	-	-	-
Total assets	<u>\$ 48,983</u>	<u>\$ 133,338</u>	<u>\$ 348,364</u>	<u>\$ 530,685</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts payable	\$ -	\$ 90	\$ 3,640	\$ 3,730
Total liabilities	<u>-</u>	<u>90</u>	<u>3,640</u>	<u>3,730</u>
Fund Balances:				
Restricted	43,426	-	344,724	388,150
Committed	-	133,248	-	133,248
Assigned	5,557	-	-	5,557
Total fund balance	<u>48,983</u>	<u>133,248</u>	<u>344,724</u>	<u>526,955</u>
Total liabilities and fund balances	<u>\$ 48,983</u>	<u>\$ 133,338</u>	<u>\$ 348,364</u>	<u>\$ 530,685</u>

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

	Capital Project Funds	District Activity Fund	Student Activity Fund	Total Non-Major Governmental Funds
REVENUES:				
From local sources -				
Property taxes	\$ 1,784,804	\$ -	\$ -	\$ 1,784,804
Interest income	60	-	3,514	3,574
Other Local Revenues	-	21,361	774,335	795,696
Miscellaneous	-	-	-	-
Intergovernmental - State	1,340,515	-	-	1,340,515
Total revenues	<u>3,125,379</u>	<u>21,361</u>	<u>777,849</u>	<u>3,924,589</u>
EXPENDITURES:				
Current -				
Instruction	-	18,792	440,033	458,825
Support services:				
Instructional staff	-	30,370	7,834	38,204
Student transportation	-	-	13,565	13,565
Other non-instruction	-	-	229,468	229,468
Total expenditures	<u>-</u>	<u>49,162</u>	<u>690,900</u>	<u>740,062</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,125,379</u>	<u>(27,801)</u>	<u>86,949</u>	<u>3,184,527</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	55,039	-	55,039
Operating transfers out	(3,125,319)	-	(55,039)	(3,180,358)
Total other financing sources (uses)	<u>(3,125,319)</u>	<u>55,039</u>	<u>(55,039)</u>	<u>(3,125,319)</u>
NET CHANGE IN FUND BALANCES	60	27,238	31,910	59,208
FUND BALANCE JUNE 30, 2022	48,923	106,010	312,814	467,747
FUND BALANCE JUNE 30, 2023	<u>\$ 48,983</u>	<u>\$ 133,248</u>	<u>\$ 344,724</u>	<u>\$ 526,955</u>

**BOYD COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2023**

	SEEK Funds	FSPK Fund	Boyd County School District Finance Corporation	Total Capital Project Funds
ASSETS:				
Cash and cash equivalents	\$ 43,426	\$ -	\$ 5,557	\$ 48,983
Accounts receivable	-	-	-	-
Total assets	<u>\$ 43,426</u>	<u>\$ -</u>	<u>\$ 5,557</u>	<u>\$ 48,983</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted for KSFCC Escrow	43,426	-	-	43,426
Assigned	-	-	5,557	5,557
Total fund balance	<u>43,426</u>	<u>-</u>	<u>5,557</u>	<u>48,983</u>
Total liabilities and fund balances	<u>\$ 43,426</u>	<u>\$ -</u>	<u>\$ 5,557</u>	<u>\$ 48,983</u>

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

	SEEK Funds	FSPK Fund	Boyd County School District Finance Corporation	Total Capital Project Funds
REVENUES:				
From local sources -				
Property taxes	\$ -	\$ 1,784,804	\$ -	\$ 1,784,804
Earnings on investments	-	-	60	60
Other local revenues	-	-	-	-
Intergovernmental - State	280,047	1,060,468	-	1,340,515
Total revenues	<u>280,047</u>	<u>2,845,272</u>	<u>60</u>	<u>3,125,379</u>
EXPENDITURES:				
Current -				
Debt service	-	-	-	-
Building improvements	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>280,047</u>	<u>2,845,272</u>	<u>60</u>	<u>3,125,379</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	-	-
Operating transfers out	<u>(280,047)</u>	<u>(2,845,272)</u>	<u>-</u>	<u>(3,125,319)</u>
Total other financing sources (uses)	<u>(280,047)</u>	<u>(2,845,272)</u>	<u>-</u>	<u>(3,125,319)</u>
NET CHANGE IN FUND BALANCES	-	-	60	60
FUND BALANCE JUNE 30, 2022	<u>43,426</u>	<u>-</u>	<u>5,497</u>	<u>48,923</u>
FUND BALANCE JUNE 30, 2023	<u>\$ 43,426</u>	<u>\$ -</u>	<u>\$ 5,557</u>	<u>\$ 48,983</u>

**BOYD COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2023**

	1972 & 1978 Bond Fund	2014R Bond Fund	2015 Bond Fund	2017 Bond Fund	2019 Bond Fund	2021 Bond Fund	Totals Debt Service Fund
ASSETS:							
Cash and cash equivalents	\$ 27,413	\$ 8,905	\$ 354	\$ 204	\$ 401	\$ -	\$ 37,277
Accounts receivable	-	-	-	-	-	-	-
Total assets	<u>\$ 27,413</u>	<u>\$ 8,905</u>	<u>\$ 354</u>	<u>\$ 204</u>	<u>\$ 401</u>	<u>\$ -</u>	<u>\$ 37,277</u>
LIABILITIES AND FUND BALANCE:							
Liabilities:							
Accounts payable	\$ 27,413	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,413
Total liabilities	<u>27,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,413</u>
Fund Balances:							
Restricted	-	8,905	354	204	401	-	9,864
Total fund balance	<u>-</u>	<u>8,905</u>	<u>354</u>	<u>204</u>	<u>401</u>	<u>-</u>	<u>9,864</u>
Total liabilities and fund balances	<u>\$ 27,413</u>	<u>\$ 8,905</u>	<u>\$ 354</u>	<u>\$ 204</u>	<u>\$ 401</u>	<u>\$ -</u>	<u>\$ 37,277</u>

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

	1972 & 1978 Bond Fund	2014R Bond Fund	2015 Bond Fund	2017 Bond Fund	2019 Bond Fund	2021 Bond Fund	Totals Debt Service Fund
REVENUES:							
Intergovernmental - State	\$ -	\$ 286,474	\$ 1,369,240	\$ 78,657	\$ -	\$ 55,525	\$ 1,789,896
Interest income	-	8,873	353	99	346	-	9,671
Total revenues	<u>-</u>	<u>295,347</u>	<u>1,369,593</u>	<u>78,756</u>	<u>346</u>	<u>55,525</u>	<u>1,799,567</u>
EXPENDITURES:							
Debt service	-	2,519,068	1,519,837	106,488	146,434	55,525	4,347,352
Total expenditures	<u>-</u>	<u>2,519,068</u>	<u>1,519,837</u>	<u>106,488</u>	<u>146,434</u>	<u>55,525</u>	<u>4,347,352</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>-</u>	<u>(2,223,721)</u>	<u>(150,244)</u>	<u>(27,732)</u>	<u>(146,088)</u>	<u>-</u>	<u>(2,547,785)</u>
OTHER FINANCING SOURCES (USES):							
Bond proceeds	-	-	-	-	-	-	-
Discount on bond issuance	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-
Operating transfers in	-	2,232,594	150,597	27,831	146,434	-	2,557,456
Total other financing sources (uses)	<u>-</u>	<u>2,232,594</u>	<u>150,597</u>	<u>27,831</u>	<u>146,434</u>	<u>-</u>	<u>2,557,456</u>
NET CHANGE IN FUND BALANCES	-	8,873	353	99	346	-	9,671
FUND BALANCE JUNE 30, 2022	<u>-</u>	<u>32</u>	<u>1</u>	<u>105</u>	<u>55</u>	<u>-</u>	<u>193</u>
FUND BALANCE JUNE 30, 2023	<u>\$ -</u>	<u>\$ 8,905</u>	<u>\$ 354</u>	<u>\$ 204</u>	<u>\$ 401</u>	<u>\$ -</u>	<u>\$ 9,864</u>

**BOYD COUNTY SCHOOL DISTRICT
STATEMENT OF GRANT, RECEIPTS,
DISBURSEMENTS AND FUND BALANCE
HEAD START GRANTS
FOR THE YEAR ENDED JUNE 30, 2023**

	Headstart Grant No. 04-CH-011039-02-01				Headstart Grant No. 04-CH-011039-03-00				Headstart Grant No. 04-CH-011039-04-01	
	Budget	Actual Prior Year	Actual Current Year	Total	Budget	Actual Prior Year	Actual Current Year	Total	Budget	Actual
AMOUNT OF GRANT				\$ 2,194,194				\$ 1,978,176		\$ 1,978,176
RECEIPTS -										
OCD Funds -										
Grant funds	\$ 2,194,194	\$ 2,038,738	\$ 155,456	\$ 2,194,194	\$ 1,978,176	\$ 743,642	\$ 1,234,534	\$ 1,978,176	\$ 1,978,176	\$ 1,330,801
Grantee's contributions	488,650	488,650	-	488,650	494,544	494,544	-	494,544	508,194	508,194
	<u>2,682,844</u>	<u>2,527,388</u>	<u>155,456</u>	<u>2,682,844</u>	<u>2,472,720</u>	<u>1,238,186</u>	<u>1,234,534</u>	<u>2,472,720</u>	<u>2,486,370</u>	<u>1,838,995</u>
DISBURSEMENTS -										
OCD's Share -										
Head Start Full-Year/Part-Day (PA 20 & 22)										
Direct costs -										
Personnel	1,196,724	1,336,669	149,930	1,486,599	1,060,354	549,017	199,147	748,164	1,184,160	894,567
Fringe benefits	588,934	457,937	5,526	463,463	537,684	373,049	28,197	401,246	544,469	536,840
Supplies	208,535	183,037	-	183,037	143,830	57,903	358,574	416,477	72,830	37,930
Contractual	62,355	41,348	-	41,348	101,601	12,891	10,836	23,727	81,601	11,977
Travel	10,500	203	-	203	8,500	906	483	1,389	38,500	7,857
Vehicles	69,856	498	-	498	60,000	-	-	-	-	-
Machinery and equipment	5,000	6,795	-	6,795	-	-	98,122	98,122	-	48,848
Buildings	-	-	-	-	-	-	232,310	232,310	-	-
Other	52,290	12,251	-	12,251	66,207	48,847	7,894	56,741	56,616	28,668
	<u>2,194,194</u>	<u>2,038,738</u>	<u>155,456</u>	<u>2,194,194</u>	<u>1,978,176</u>	<u>1,042,613</u>	<u>935,563</u>	<u>1,978,176</u>	<u>1,978,176</u>	<u>1,566,687</u>
Grantee's Share -										
Head Start Full-Year/Part-Day (PA 20 & 22)	488,650	488,650	-	488,650	494,544	494,544	-	494,544	508,194	508,194
Grantee's Total	488,650	488,650	-	488,650	494,544	494,544	-	494,544	508,194	508,194
Total disbursements	<u>2,682,844</u>	<u>2,527,388</u>	<u>155,456</u>	<u>2,682,844</u>	<u>2,472,720</u>	<u>1,537,157</u>	<u>935,563</u>	<u>2,472,720</u>	<u>2,486,370</u>	<u>2,074,881</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	-	16,813	-	-	-	(298,971)	298,971	-	-	(235,886)
ACCOUNTS RECEIVABLE	-	(16,813)	-	-	-	298,971	(298,971)	-	-	235,886
UNEARNED REVENUE	-	-	-	-	-	-	-	-	-	-
FUND BALANCE, JUNE 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Cash Balance June 30, 2022	Receipts	Disbursements	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Restricted Fund Balance June 30, 2023
Boyd County High School	\$ 124,650	\$ 369,148	\$ 362,512	\$ 131,286	\$ -	\$ -	\$ 131,286
Boyd County Middle School	56,841	110,374	91,106	76,109	-	3,640	72,469
Cannonsburg Elementary	4,692	54,147	52,155	6,684	-	-	6,684
Ponderosa Elementary	11,595	32,385	30,961	13,019	-	-	13,019
Summit Elementary	32,042	133,875	122,529	43,388	-	-	43,388
Catlettsburg Elementary	19,861	15,211	19,285	15,787	-	-	15,787
Early Childhood Learning Center	2,964	953	173	3,744	-	-	3,744
Family Resource Center West	17,203	13,722	13,782	17,143	-	-	17,143
Youth Services Center	35,493	28,047	30,364	33,176	-	-	33,176
Vocational School	5,602	22,839	20,413	8,028	-	-	8,028
	<u>\$ 310,943</u>	<u>\$ 780,701</u>	<u>\$ 743,280</u>	<u>\$ 348,364</u>	<u>\$ -</u>	<u>\$ 3,640</u>	<u>\$ 344,724</u>

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

	Cash Balance June 30, 2022	Receipts	Disburse- ments	Cash Balance June 30, 2023	Accounts Receivable (Accounts Payable)	Restricted Fund Balance June 30, 2023
Academic Boosters	\$ 150	\$ 1,802	\$ 1,356	\$ 596	\$ -	\$ 596
Academic Boosters	842	-	-	842	-	842
AP Exams	16,970	4,203	6,994	14,179	-	14,179
AP Lit	79	-	-	79	-	79
Archery	1,734	9,319	7,503	3,550	-	3,550
Art	69	-	-	69	-	69
Astro/Science Grant	5	-	-	5	-	5
Athletics	1,152	108,969	106,277	3,844	-	3,844
Athletic Concessions	2,217	10,119	7,197	5,139	-	5,139
Athletic Start Up	3,000	3,000	3,000	3,000	-	3,000
Band	500	-	500	-	-	-
Baseball	2,023	-	500	1,523	-	1,523
Basketball Friendship	1,610	-	-	1,610	-	1,610
Bass Fishing Club	1,814	-	812	1,002	-	1,002
BCHS Lions Club	47	-	-	47	-	47
Beta Club	2,827	4,375	6,313	889	-	889
Boyd's Bistro	2,509	1,182	3,598	93	-	93
Boys BK Boosters	1,919	23,627	21,193	4,353	-	4,353
Boyd Co BBK Program	7,960	25,458	26,805	6,613	-	6,613
Boyd's Blooms	-	-	-	-	-	-
Boyd Sparkle	1,027	-	-	1,027	-	1,027
Boys Golf	-	1,550	1,550	-	-	-
Boys/Girls Track	5,519	4,949	3,832	6,636	-	6,636
Boys Soccer	733	5,797	6,530	-	-	-
Bus Transportation	-	1,123	1,123	-	-	-
Business/Finance	911	3,354	2,476	1,789	-	1,789
Choir	-	5,503	5,430	73	-	73
Cross Country/Track	-	4,279	4,279	-	-	-
District Funds	16,773	9,653	14,379	12,047	-	12,047
Drama Club	1,104	-	-	1,104	-	1,104
English Department	283	-	-	283	-	283
Family Consumer Science	22	-	-	22	-	22
FCA	127	-	-	127	-	127
FCCLA	229	427	95	561	-	561
FFA - Katie Fundraiser	-	33	-	33	-	33
Film Club	-	118	59	59	-	59
First Priority	72	-	-	72	-	72
FMD / Autism	64	-	-	64	-	64
Football	1,750	8,390	9,779	361	-	361
Friendship Fund	498	5,516	5,772	242	-	242
Girls Basketball	1,150	-	1,100	50	-	50
Girls Basketball Boosters	1,054	10,704	10,295	1,463	-	1,463
Girls Golf	954	8,922	9,033	843	-	843
Girls Soccer Boosters	-	3,213	3,213	-	-	-
Guitar	387	-	-	387	-	387
Horticulture	1	-	-	1	-	1
JAG	219	-	-	219	-	219
Junior Class	77	2,645	2,161	561	-	561

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

	Cash Balance June 30, 2022	Receipts	Disburse- ments	Cash Balance June 30, 2023	Accounts Receivable (Accounts Payable)	Deposits Held in Custody for Students June 30, 2023
Key Club	48	15,435	15,437	46	-	46
Library	300	-	-	300	-	300
Math	112	68	-	180	-	180
Memorial Garden	500	-	-	500	-	500
Members Choice Grant	-	200	200	-	-	-
Mu Alpha Theta	499	280	432	347	-	347
National Honor Society	807	1,433	1,357	883	-	883
NJROTC - FR	22,614	14,055	24,652	12,017	-	12,017
NJROTC - UMS	-	20,438	4,899	15,539	-	15,539
Pep Club	991	-	157	834	-	834
Pollution Solution Club	50	-	-	50	-	50
Registrar	139	12	-	151	-	151
Scholarship America Grant	1,000	-	-	1,000	-	1,000
Science	39	5	44	-	-	-
Science Camp Grant	531	-	531	-	-	-
Science Club	194	465	472	187	-	187
Senior Class	517	504	950	71	-	71
Senior Class Trip Fund	-	450	350	100	-	100
Snoddy Scholarship	-	1,000	1,000	-	-	-
Softball Boosters	1,731	3,964	5,695	-	-	-
Sophmore Class	572	-	572	-	-	-
Special Needs Grade	400	-	-	400	-	400
Stewart Scholarship	-	500	500	-	-	-
Student Council	701	7,219	5,832	2,088	-	2,088
Swimming	3,061	1,500	3,164	1,397	-	1,397
Tennis	651	-	-	651	-	651
Varsity Cheerleaders	3	13,164	7,820	5,347	-	5,347
Volleyball Boosters	371	19,836	18,336	1,871	-	1,871
World Language Club	1	2,997	2,160	838	-	838
Wrestling	165	3,833	3,998	-	-	-
Writing Project	66	-	-	66	-	66
Y-Club	-	7,514	7,514	-	-	-
Yearbook	3,394	6,235	3,475	6,154	-	6,154
	<u>119,838</u>	<u>389,337</u>	<u>382,701</u>	<u>126,474</u>	<u>-</u>	<u>126,474</u>
Charitable Gaming	30	-	-	30	-	30
William P Edison Scholarship Fund	1,751	-	-	1,751	-	1,751
William P Edison Scholarship CD	3,031	-	-	3,031	-	3,031
	<u>4,812</u>	<u>-</u>	<u>-</u>	<u>4,812</u>	<u>-</u>	<u>4,812</u>
	<u>124,650</u>	<u>389,337</u>	<u>382,701</u>	<u>131,286</u>	<u>-</u>	<u>131,286</u>
Less: Intrafund Transfers	-	(20,189)	(20,189)	-	-	-
	<u>\$ 124,650</u>	<u>\$ 369,148</u>	<u>\$ 362,512</u>	<u>\$ 131,286</u>	<u>\$ -</u>	<u>\$ 131,286</u>

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Program or Award Amount	Expenditures
<u>U.S. Department of Education</u>					
Passed through Kentucky Department of Education:					
Twenty-First Century Community Learning Centers	84.287	3400002-21	\$ -	\$ 100,000	\$ 100,000
					<u>100,000</u>
Title I Grants to Local Educational Agencies	84.010	3100202-21	-	1,246,278	195,739
Title I Grants to Local Educational Agencies	84.010	3100202-22	-	1,211,650	978,758
Title I Grants to Local Educational Agencies	84.010	3100202-20	-	1,213,196	146,617
Title I Grants to Local Educational Agencies	84.010	3100202-22	-	134,284	130,642
Title I Grants to Local Educational Agencies	84.010	3100202-21	-	112,054	5,016
					<u>1,456,772</u>
Title I Program for Neglected and Delinquent Children	84.013	3100102-21	-	162,244	147,970
Title I Program for Neglected and Delinquent Children	84.013	3100102-22	-	155,814	68,372
					<u>216,342</u>
Special Education Cluster (IDEA):					
Special Education Grants to States - IDEA, Part B	84.027	3810002-22	-	805,142	582,866 *
Special Education Grants to States - IDEA, Part B	84.027	3810002-20	-	762,316	70 *
Special Education Grants to States - IDEA, Part B	84.027	3810002-21	-	785,691	364,201 *
COVID-19 - Special Education Grants to States - IDEA, Part B	84.027X	4910002-21	-	173,108	173,108 *
Special Education Preschool Grants	84.173	3800002-21	-	43,164	16,925 *
COVID-19 - Special Education Preschool Grants	84.173X	4900002-21	-	24,012	24,012 *
Special Education Preschool Grants	84.173	3800002-22	-	43,992	28,462 *
Total Special Education Cluster					<u>1,189,644</u>
Title IV (Part A) - Student Support and Academic Enrichment Program	84.424A	3420002-21	-	79,266	41,047
					<u>41,047</u>
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300002-21	-	7,776,537	3,254,006 *
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	563J	-	48,603	36,750 *
COVID-19 - Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth	84.425W	4980002-21	-	54,007	34,715 *
					<u>3,325,471</u>
Career and Technical Education - Basic Grants to States	84.048	3710002-21	-	3,832	3,832
Career and Technical Education - Basic Grants to States	84.048	3710002-22	-	44,012	44,012
					<u>47,844</u>
Total U.S. Department of Education					<u>6,377,120</u>
<u>U.S. Department of Health & Human Services</u>					
Passed through Kentucky Department for Community Based Services					
COVID-19 - CRSSA Child Care Aid	93.575	576I	-	-	236,566
COVID-19 - CRSSA Child Care Aid	93.575	672G	-	-	215,840
					<u>452,406</u>
Cooperative Agreements to Promote adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	2100001-22	-	400	335
Direct Program:					
Head Start	93.600	655G	-	2,194,194	155,456 *
Head Start	93.600	655J	-	1,978,176	1,566,687 *
Head Start	93.600	655I	-	1,978,176	935,563 *
					<u>2,657,706</u>
Total U.S. Department of Health and Human Services					<u>3,110,447</u>

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Program or Award Amount	Expenditures
<u>U.S. Department of Defense</u>					
Direct Program:					
Basic, Applied, and Advanced Research in Science and Engineering	12.630	ROTC	-	-	44,497
Total U.S. Department of Defense		(General Fund)			<u>44,497</u>
Cash Assistance:					
Child and Adult Care Food Program	10.558	7800016-23	-	-	1,736
Child and Adult Care Food Program	10.558	7800016-22	-	-	116
Child and Adult Care Food Program	10.558	7790021-23	-	-	52,244
Child and Adult Care Food Program	10.558	7790021-22	-	-	5,181
State Administrative Expenses for Child Nutrition	10.560	7700001-21	-	-	<u>3,288</u>
					<u>62,565</u>
Child Nutrition Cluster:					
Summer Food Service Program for Children	10.559	7690024-22	-	-	6,372
Summer Food Service Program for Children	10.559	7740023-22	-	-	61,610
National School Lunch Program	10.555	7750002-23	-	-	925,185
National School Lunch Program	10.555	7750002-22	-	-	347,927
National School Lunch Program	10.555	9980000-23	-	-	34,679
National School Lunch Program	10.555	9980000-22	-	-	73,205
School Breakfast Program	10.553	7760005-23	-	-	408,804
School Breakfast Program	10.553	7760005-22	-	-	150,289
P-EBT Administrative Costs Grants	10.649	9990000-21	-	-	<u>3,135</u>
Cash Assistance Subtotal					<u>2,011,206</u>
Non-Cash Assistance (Food Distribution):					
National School Lunch Program	10.555	013-0100	-	-	<u>116,811</u>
Total Child Nutrition Cluster					<u>2,128,017</u>
Total U.S. Department of Agriculture					<u>2,190,582</u>
Total Expenditures of Federal awards					<u>\$ 11,722,646</u>

* Denotes a major program.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Boyd County 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 the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein, certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, commodities on hand are included in the total inventory of \$91,980.

NOTE D - INDIRECT COST RATE

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

NOTE E - TRANSFERS

Transfers of federal funds between programs are included as expenditures of the receiving program. The District made the following transfer of federal funds during the year ended June 30, 2023.

Disbursing Program	Receiving Program	Amount
Title II - 84.367	Title I - 84.010	<u>\$ 200,709</u>



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

Kentucky State Committee for
School District Audits
Members of the Board of Education
Boyd County School District
Ashland, Kentucky

We have audited, 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 prescribed by the Kentucky State Committee for School District Audits in the *Auditor Responsibilities* and *State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boyd County School District (the "District") as of and for the year ended June 30, 2023, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 14, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated November 14, 2023.

Purpose of this Report

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

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
November 14, 2023



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

Kentucky State Committee for
School District Audits
Members of the Board of Education
Boyd County School District
Ashland, Kentucky

Report on Compliance for Each Major Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
November 14, 2023

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

(A) SUMMARY OF AUDIT RESULTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal Control over financial reporting:

Material weakness(es) identified? _____ yes x no

Significant deficiency(ies) identified? _____ yes x none reported

Noncompliance material to the financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes x no

Significant deficiency (ies) identified? _____ yes x none reported

Type of audit auditor's report issued on Compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes x no

The District had the following major programs with AL numbers in parentheses for the year ended June 30, 2023:

- Special Education Cluster (IDEA) (84.027, 84.027X, 84.173, and 84.173X)
- COVID-19 - Elementary and Secondary School Emergency Relief Fund (84.425U)
- COVID-19 - Elementary and Secondary School Emergency Relief Fund – Homeless Children and Youth (84.425W)
- Head Start (93.600)

Dollar threshold to distinguish between Type A and Type B Programs:

\$ 750,000

The District qualified as a low risk auditee? x yes _____ no

(B) FINDINGS RELATED TO FINANCIAL STATEMENTS IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

None noted in the current year.

(C) FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

There were no findings in the current year.

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

There were no findings in the prior year.



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Kentucky State Committee for School District Audits
Members of the Board of Education
Boyd County School District
Ashland, Kentucky

In planning and performing our audit of the financial statements of Boyd County School District (the "District") as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated November 14, 2023, on the financial statements of the District.

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

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
November 14, 2023

BOYD COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2023

2023-01 Payroll Employment Contracts

Statement of Condition: During our payroll testing, we noted that the employment contract could not be located for one of the 25 employees selected for testing.

Criteria for Condition: Employment contracts should be obtained and maintained for all employees.

Cause of Condition: Oversight.

Effect of Condition: The employees' payroll file does not contain proper supporting documentation for the employees' salaries.

Recommendation of the Condition: We recommend that more care be taken to ensure that all employment contracts are properly obtained and maintained.

Management Response: Management will discuss with Personnel and Payroll Departments the importance of maintaining proper record keeping processes.

2023-02 Deposit Timeliness - Catlettsburg Elementary

Statement of Condition: During our review of cash deposits, we selected two months for testing. We noted one deposit in which the receipts were not deposited in a timely manner.

Criteria for Condition: Per the Accounting Procedures for Kentucky School Activity Funds ("Redbook"), deposits greater than \$100 should be deposited the same day and deposits less than \$100 should be deposited no later than the last workday of the week.

Cause of Condition: Failure to properly follow Redbook criteria.

Effect of Condition: By not depositing the money in accordance with Redbook the controls over cash are reduced opening the opportunity for the money to be forgotten, lost, or stolen.

Recommendation of the Condition: We recommend that more care be taken to ensure that monies are deposited in accordance with Redbook.

Management Response: Management will discuss with the staff at Catlettsburg Elementary School the importance of making timely and regular deposits, as well as, following proper record keeping. The district will also provide Redbook training to the staff.

2023-03 Deposit Timeliness and Receipt Form – Youth Service Center

Statement of Condition: During our review of cash deposits, we selected two months for testing. We noted one deposit greater than \$100 that was not deposited at the end of the day. We also noted one receipts that did not include the receipt form.

Criteria for Condition: Per the Accounting Procedures for Kentucky School Activity Funds ("Redbook"), deposits greater than \$100 should be deposited the same day and deposits less than \$100 should be deposited no later than the last workday of the week. Also, per the Redbook, receipts should include the receipt form.

Cause of Condition: Failure to properly follow Redbook criteria.

Effect of Condition: By not depositing the money in accordance with Redbook the controls over cash are reduced opening the opportunity for the money to be forgotten, lost, or stolen. Failure to properly include the receipt form when money is received decreases controls over deposits.

Recommendation of the Condition: We recommend that more care be taken to ensure that monies are deposited in accordance with Redbook. We recommend that more care be taken to ensure that all deposit include all required forms.

Management Response: Management will discuss with the staff at Youth Service Center the importance of making timely and regular deposits, as well as, following proper record keeping. The district will also provide Redbook training to the staff.

2023-04 Deposit Timeliness - Summit Elementary

Statement of Condition: During our review of cash deposits, we selected two months for testing. We noted one deposit in which the receipts were not deposited in a timely manner.

Criteria for Condition: Per the Accounting Procedures for Kentucky School Activity Funds (“Redbook”), deposits greater than \$100 should be deposited the same day and deposits less than \$100 should be deposited no later than the last workday of the week.

Cause of Condition: Failure to properly follow Redbook criteria.

Effect of Condition: By not depositing the money in accordance with Redbook the controls over cash are reduced opening the opportunity for the money to be forgotten, lost, or stolen.

Recommendation of the Condition: We recommend that more care be taken to ensure that monies are deposited in accordance with Redbook.

Management Response: Management will discuss with the staff at Summit Elementary School the importance of making timely and regular deposits, as well as, following proper record keeping. The district will also provide Redbook training to the staff.

2023-05 Deposit Timeliness – Boyd County High School

Statement of Condition: During our review of cash deposits, we selected two months for testing. We noted three deposits greater than \$100 and one deposit less than \$100 in which the receipts were not deposited in a timely manner.

Criteria for Condition: Per the Accounting Procedures for Kentucky School Activity Funds (“Redbook”), deposits greater than \$100 should be deposited the same day and deposits less than \$100 should be deposited no later than the last workday of the week.

Cause of Condition: Failure to properly follow Redbook criteria.

Effect of Condition: By not depositing the money in accordance with Redbook the controls over cash are reduced opening the opportunity for the money to be forgotten, lost, or stolen.

Recommendation of the Condition: We recommend that more care be taken to ensure that monies are deposited in accordance with Redbook.

Management Response: Management will discuss with the staff at Boyd County High School the importance of making timely and regular deposits, as well as, following proper record keeping. The district will also provide Redbook training to the staff.

2023-06 Deposits Timeliness – Boyd County Middle School

Statement of Condition: During our review of cash deposits, we selected two months for testing. We noted eight deposits in which the receipts were not deposited in a timely manner. We noted five Multiple Receipt Form F-SA-6 that did not have a signature from the person remitting the money. We noted two sports ticket receipts in which the ticket seller/taker did not sign Form F-SA-1. We noted one deposit that did not have any support.

Criteria for Condition: Per the Accounting Procedures for Kentucky School Activity Funds (“Redbook”), deposits greater than \$100 should be deposited the same day and deposits less than \$100 should be deposited no later than the last workday of the week. Per the Redbook, receipts should be properly signed. Per the Redbook, sports ticket receipts should contain the signature of the ticket seller/taker on form F-SA-1. Per the Redbook, documentation should be maintained for all deposits.

Cause of Condition: Failure to properly follow Redbook criteria.

Effect of Condition: By not depositing the money in accordance with Redbook the controls over cash are reduced opening the opportunity for the money to be forgotten, lost, or stolen. Failure to properly sign receipts when money is received decreases controls over deposits. By not properly utilizing Redbook required forms, it can be difficult to know who collected the money which decreases the controls over the cash collecting process.

Recommendation of the Condition: We recommend that more care be taken to ensure that monies are deposited and documented in accordance with Redbook.

Management Response: Management will discuss with the staff at Boyd County Middle School the importance of making timely and regular deposits, as well as, following proper record keeping. The district will also provide Redbook training to the staff.

2023-07 Deposits - Family Resource Center West

Statement of Condition: During our review of cash deposits, we selected two months for testing. We noted three instances in which the Multiple Receipt Form F-SA-6 was not being properly utilized.

Criteria for Condition: Per the Accounting Procedures for Kentucky School Activity Funds (“Redbook”), “Teachers, sponsors, and coaches shall use the Multiple Receipt Form (Form F-SA-6) when collecting money.”

Cause of Condition: Failure to properly follow Redbook criteria.

Effect of Condition: By not properly utilizing Redbook required forms, it can be difficult to know who collected the money which decreases the controls over the cash collecting process.

Recommendation of the Condition: We recommend that more care be taken to ensure that monies are deposited and documented in accordance with Redbook.

Management Response: Management will discuss with the staff at Family Resource Center West the importance of making timely and regular deposits, as well as, following proper record keeping. The district will also provide Redbook training to the staff.

2023-08 Deposits – Career and Technical School

Statement of Condition: During our review of cash deposits, we selected two months for testing. We noted two deposits that were not deposited timely.

Criteria for Condition: Per the Accounting Procedures for Kentucky School Activity Funds (“Redbook”), deposits greater than \$100 should be deposited the same day and deposits less than \$100 should be deposited

no later than the last workday of the week.

Cause of Condition: The secretary had a death in the family and there is no designated backup to handle deposits.

Effect of Condition: By not depositing the money in accordance with Redbook the controls over cash are reduced opening the opportunity for the money to be forgotten, lost, or stolen.

Recommendation of the Condition: We recommend that a backup be assigned at all schools to handle deposits for situations when the secretary is unavailable.

Management Response: Management will discuss with the staff at Boyd County Career & Technical School the importance of making timely and regular deposits, as well as, following proper record keeping. The district will also provide Redbook training to the staff

2023-09 Deposit Timeliness - Ponderosa Elementary

Statement of Condition: During our review of cash deposits, we selected two months for testing. We noted one deposit in which the receipts were not deposited in a timely manner.

Criteria for Condition: Per the Accounting Procedures for Kentucky School Activity Funds ("Redbook"), deposits greater than \$100 should be deposited the same day and deposits less than \$100 should be deposited no later than the last workday of the week.

Cause of Condition: Failure to properly follow Redbook criteria.

Effect of Condition: By not depositing the money in accordance with Redbook the controls over cash are reduced opening the opportunity for the money to be forgotten, lost, or stolen.

Recommendation of the Condition: We recommend that more care be taken to ensure that monies are deposited in accordance with Redbook.

Management Response: Management will discuss with the staff at Ponderosa Elementary School the importance of making timely and regular deposits, as well as, following proper record keeping. The district will also provide Redbook training to the staff.

Follow-up on Prior Year Recommendations

The prior year finding 2022-01 to 2022-07 were repeated this year with finding 2023-01 to 2023-07. Mr. William L. Boblett, Jr., Superintendent, and Mr. Scott Burchett, Finance Officer, are the persons responsible for initiation of the corrective action plan for the above conditions which will be implemented immediately. The corrective action plan is the management response for each condition.