

GREENUP COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

GREENUP COUNTY SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Greenup County School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 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 Greenup County School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis pension and OPEB information, and budgetary comparison information on pages 4–8 and 52–62 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 Greenup County School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, school activity fund information, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, school activity fund information, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

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

A handwritten signature in blue ink that reads "The Fyffe Jones Group, AC". The signature is written in a cursive, flowing style.

THE FYFFE JONES GROUP, AC

Ashland, Kentucky
November 15, 2023

GREENUP COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

As management of the Greenup 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 this report.

FINANCIAL HIGHLIGHTS

- The beginning unassigned fund balance for General Fund was \$5.3 million ending the Fiscal Year on June 30, 2022.
- The ending unassigned fund balance for General Fund increased \$300 thousand to a balance of \$5.6 million ending the Fiscal Year on June 30, 2023.
- An increase in unassigned fund balance is partially attributable to other funds needing more resources from the general fund than the prior year to cover their expenses.
- Beginning district-wide net position including capital assets and related long term debt was \$3.4 million ending the Fiscal Year June 30, 2022.
- The ending district-wide net position decreased \$867 thousand million to \$2.6 million ending the Fiscal Year June 30, 2023.
- The decrease in district-wide net position is attributable to the issuance of new bonded debt and the impact of post-retirement benefit related obligations.
- The fundable average daily attendance for the Fiscal Year ended June 30, 2023 was 2.4 thousand.
- The fundable average daily attendance remained at 2.4 thousand for the 2023 Fiscal Year.
- During the 2023 Fiscal Year Greenup County Board of Education expended \$474 thousand on capital assets; and made principal payments for the retirement of debt in the amount of \$1.5 million.

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 financial statements consist of 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 and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the 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

GREENUP COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

of the District include instruction, support services, operation and maintenance of facilities, student transportation, and operation of non-instructional services. Fixed assets and related debt are also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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 funds, and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary funds are our vending and food service operations. All other activities of the district are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 11 and 13 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 financial statements can be found on pages 19 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 exceeded liabilities and deferred inflows of resources by \$2.6 million 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 is 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.

GREENUP COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Net Position for the periods ending June 30, 2023 and 2022 are as follows:

	2023	2022
Current Assets	\$ 8,413,935	\$ 8,753,456
Noncurrent Assets	23,398,379	24,900,212
Total Assets	\$ 31,812,314	\$ 33,653,668
Deferred Outflows of Resources	\$ 8,964,012	\$ 5,613,852
Current Liabilities	\$ 2,260,883	\$ 2,018,183
Long-Term Liabilities	29,276,537	26,442,621
Total Liabilities	\$ 31,537,420	\$ 28,460,804
Deferred Inflows of Resources	\$ 6,611,927	\$ 7,311,753
Invested in Capital Assets (Net of Debt)	\$ 14,879,776	14,313,277
Restricted	(575,165)	(606,887)
Unrestricted	(11,677,632)	(10,211,427)
Total Net Position	\$ 2,626,979	\$ 3,494,963

FUND FINANCIAL ANALYSIS

Comments on Budget Comparisons:

- The District's total revenue for the fiscal year ended June 30, 2023, net of Interfund transfers was \$41.6 million.
- General fund budget compared to actual revenue varied from line item to line item with the ending actual balance being \$4.4 million more than budget. This is primarily due to the On-Behalf payments from the State of Kentucky budget amounts being based off prior year, and current year on behalf payments exceeding expectations.
- General fund budget compared to actual expenditures varied from line item to line item with the ending actual balance being \$2.6 million less than budget. This is primarily due to increase spending in response to the increase in On-Behalf payments from the State of Kentucky mentioned above.
- The general fund balance was \$300 thousand more favorable than budget as a result from the above variances.

GREENUP COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The following table presents a summary of the District's revenues and expenses for the fiscal years ending:

	<u>2023</u>	<u>2022</u>
Revenues:		
Taxes	\$ 8,484,058	\$ 7,563,376
State Aid Formula Grants	23,445,580	19,769,055
Operating Grants and Contributions	9,416,101	9,395,008
Capital Grants and Contributions	1,488,997	1,906,705
Charges for Services	399,970	85,035
Investment Earnings	311,530	13,339
Other	594,221	681,283
Total Revenues	<u>\$ 44,140,457</u>	<u>\$ 39,413,801</u>
Expenses:		
Instruction	\$ 21,798,032	\$ 20,857,140
Student Support Services	3,500,830	2,580,883
Staff Support	2,907,632	1,825,736
District Administration	1,551,863	904,941
School Administration	2,642,715	2,304,267
Business Support	927,405	814,514
Plant Operations	5,785,122	3,279,084
Student Transportation	3,052,945	2,239,931
Day Care	102,660	70,204
Food Service	2,200,199	2,349,354
Interest on Long Term Debt	339,321	343,806
Total Expenses	<u>\$ 44,808,724</u>	<u>\$ 37,569,860</u>
Excess (Deficiency) of Revenues		
Over (Under) Expenses	<u>\$ (668,267)</u>	<u>\$ 1,843,941</u>

Revenue

The majority of revenue was derived from state-aid formula grants, 53%, with local taxes making up 19% of total revenue.

School Allocation

Instruction accounts for 48% for of the school level expenditures.

GREENUP COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The District's investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$22.8 million. The investment in capital assets includes land, land improvements, buildings and improvements, technology equipment, machinery and equipment, and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was \$474 thousand, or 1.8%, which is due mostly to the annual depreciation expense for depreciable assets. Beyond the depreciation decrease, major capital asset events during the current fiscal year consisted primarily of the purchase of school buses.

	2023	2022	
	Governmental Activities	Governmental Activities	Variance
Land	\$ 136,284	\$ 136,284	\$ -
Construction in Progress	-	517,116	(517,116)
Buildings and Improvements	21,031,038	22,197,636	(1,166,598)
Infrastructure	128,287	135,162	(6,875)
Technology and Equipment	16,883	14,530	2,353
Machinery and Equipment	660,609	542,653	117,956
Vehicles	913,525	814,833	98,692
Total	\$ 22,886,626	\$ 24,358,214	\$ (1,471,588)

Long-term Debt – At the end of the current fiscal year, the District had total bonded debt outstanding of \$3.3 million. The District finances some vehicle acquisitions through loans secured through the Kentucky Interlocal School Transportation Association (KISTA), primarily acquisition of school buses. At June 30, 2023, the District had a liability recorded for outstanding KISTA loans in the amount of \$657 thousand. Employees of the District are eligible to receive from the District an amount equal to 30% of the value of accumulated sick leave upon retirement from the school system. At June 30, 2023, the liability for such costs was \$1.4 million.

	2023	2022	
	Governmental Activities	Governmental Activities	Variance
Revenue Bonds	\$ 7,725,000	\$ 9,125,000	\$ (1,400,000)
KISTA Loans	657,319	808,535	(151,216)
Accumulated Sick Leave	1,452,157	1,277,264	174,893
Total	\$ 9,834,476	\$ 11,210,799	\$ (1,376,323)

BUDGETARY IMPLICATIONS

In Kentucky, the public school fiscal year is July 1-June 30; other programs, i.e. some federal, operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency. The district adopted a budget with \$2.8 million in contingency in the current 2023 school year.

Questions regarding this report should be directed to the Superintendent at (606) 473-9819, or to the Finance Director, (606) 473-9810, or by mail at 45 Musketeer Drive, Greenup, Kentucky 41144.

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

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 6,205,647	\$ 1,106,728	\$ 7,312,375
Receivables (net of allowances for uncollectibles):			
Property Taxes	124,258	-	124,258
Intergovernmental - State	-	-	-
Intergovernmental - Federal	915,265	15,141	930,406
Inventories	-	46,896	46,896
Capital Assets, Not Being Depreciated	136,284	-	136,284
Capital Assets, Being Depreciated, Net	22,750,342	511,753	23,262,095
Total Assets	<u>\$ 30,131,796</u>	<u>\$ 1,680,518</u>	<u>\$ 31,812,314</u>
Deferred Outflows of Resources:			
Deferred Outflows from Pensions	\$ 2,639,711	\$ 468,320	\$ 3,108,031
Deferred Outflows from OPEB	5,608,086	247,895	5,855,981
Total Deferred Outflows of Resources	<u>\$ 8,247,797</u>	<u>\$ 716,215</u>	<u>\$ 8,964,012</u>
Liabilities:			
Accounts Payable	\$ 165,148	\$ 23,014	\$ 188,162
Interest Payable	49,372	-	49,372
Noncurrent Liabilities:			
Portion Due or Payable Within One Year:			
Debt Obligations	1,587,522	-	1,587,522
Accrued Sick Leave	435,827	-	435,827
Portion Due or Payable After One Year:			
Debt Obligations	6,794,797	-	6,794,797
Accrued Sick Leave	1,016,330	-	1,016,330
Net Pension Liability	9,784,170	1,735,842	11,520,012
Net OPEB Liability	9,471,599	473,799	9,945,398
Total Liabilities	<u>\$ 29,304,765</u>	<u>\$ 2,232,655</u>	<u>\$ 31,537,420</u>
Deferred Inflows of Resources:			
Grant Revenues Received in Advance	\$ 487,136	\$ -	\$ 487,136
Deferred Inflows on Pensions	1,230,168	218,248	1,448,416
Deferred Inflows on OPEB	4,417,133	259,242	4,676,375
Total Deferred Inflows of Resources	<u>\$ 6,134,437</u>	<u>\$ 477,490</u>	<u>\$ 6,611,927</u>
Net Position:			
Invested in Capital Assets, Net of Related Debt	\$ 14,368,023	\$ 511,753	\$ 14,879,776
Restricted	250,000	(825,165)	(575,165)
Unrestricted	(11,677,632)	-	(11,677,632)
Total Net Position	<u>\$ 2,940,391</u>	<u>\$ (313,412)</u>	<u>\$ 2,626,979</u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instructional	\$ 21,798,032	\$ -	\$ 5,937,367	\$ -	\$ (15,860,665)	\$ (15,860,665)
Support Services:						
Students	3,500,830	-	436,492	-	-	(3,064,338)
Instructional Staff	2,907,632	-	46,235	(3,064,338)	-	(2,861,397)
District Administration	1,551,863	-	343,655	(2,861,397)	-	(1,208,208)
School Administration	2,642,715	-	-	(1,208,208)	-	(2,642,715)
Business and Other Support Services	927,405	-	-	(2,642,715)	-	(927,405)
Operation and Maintenance of Plant	5,785,122	-	62,919	(927,405)	-	(5,722,203)
Student Transportation	3,052,945	-	209,942	(5,722,203)	-	(2,843,003)
Community Services	-	-	411,160	(2,843,003)	-	411,160
Facility Acquisition and Construction	-	-	1,336,290	411,160	-	1,336,290
Debt Service	339,321	-	-	1,336,290	-	(339,321)
Total Government Activities	42,505,865	7,447,770	1,336,290	(339,321)	-	(33,721,805)
Business-Type Activities:						
Food Service	\$ 2,200,199	\$ 319,111	\$ 1,968,331	\$ -	\$ 239,950	\$ 239,950
Day Care	102,660	80,859	-	-	(21,801)	(21,801)
Total Business-Type Activities	\$ 2,302,859	\$ 399,970	\$ 1,968,331	\$ -	\$ 218,149	\$ 218,149
Total School District	\$ 44,808,724	\$ 399,970	\$ 9,416,101	(33,721,805)	218,149	(33,503,656)
General Revenues						
Taxes				8,484,058	-	8,484,058
Intergovernmental Revenues				23,445,580	-	23,445,580
Investment Earnings				233,485	78,045	311,530
Miscellaneous				583,831	10,390	594,221
Interfund Transfer				12,348	(12,348)	-
Total General Revenues				\$ 32,759,302	\$ 76,087	\$ 32,835,389
Change In Net Position				(962,503)	294,236	(668,267)
Net Position, June 30, 2022, As Restated				3,902,894	(607,648)	3,295,246
Net Position, June 30, 2023				\$ 2,940,391	\$ (313,412)	\$ 2,626,979

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 6,052,619	\$ (404,264)	\$ 557,292	\$ 6,205,647
Receivables (net of allowances for uncollectibles):				
Property Taxes	124,258	-	-	124,258
Intergovernmental - Federal	-	915,265	-	915,265
Total Assets	<u>\$ 6,176,877</u>	<u>\$ 511,001</u>	<u>\$ 557,292</u>	<u>\$ 7,245,170</u>
Deferred Outflows of Resources	\$ -	\$ -	\$ -	\$ -
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 6,176,877</u>	<u>\$ 511,001</u>	<u>\$ 557,292</u>	<u>\$ 7,245,170</u>
Liabilities:				
Accounts Payable	\$ 139,830	\$ 25,318	\$ -	\$ 165,148
Accrued Sick Leave	435,827	-	-	435,827
Total Liabilities	<u>\$ 575,657</u>	<u>\$ 25,318</u>	<u>\$ -</u>	<u>\$ 600,975</u>
Deferred Inflows of Resources				
Grant Revenue Received in Advance	\$ -	\$ 487,136	\$ -	\$ 487,136
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 487,136</u>	<u>\$ -</u>	<u>\$ 487,136</u>
Fund Balances:				
Restricted - Accrued Sick Leave	\$ 250,000	\$ -	\$ -	\$ 250,000
Restricted - Other	-	(1,453)	389,715	388,262
Committed	-	-	167,577	167,577
Unassigned	5,351,220	-	-	5,351,220
Total Fund Balances	<u>\$ 5,601,220</u>	<u>\$ (1,453)</u>	<u>\$ 557,292</u>	<u>\$ 6,157,059</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,176,877</u>	<u>\$ 511,001</u>	<u>\$ 557,292</u>	<u>\$ 7,245,170</u>

See Notes to the Basic Financial Statements.

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

Total Governmental Fund Balance	\$	6,157,059
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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 as assets in governmental funds.		22,886,626
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Certain other assets and liabilities are not available to pay current period expenditures and therefore are not reported in the governmental funds.		(49,372)
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Deferred outflows and inflows of resources related to pensions and OPEB
are applicable to future periods and, therefore, are not
reported in governmental funds:

Deferred Outflows from Pensions		2,639,711
Deferred Outflows from OPEB		5,608,086
Deferred Inflows from Pensions		(1,230,168)
Deferred Inflows from OPEB		(4,417,133)

Long-term liabilities, including bonds payable and post-employment liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		(28,654,418)
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Net Position of Governmental Activities	\$	2,940,391
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See Notes to the Basic Financial Statements.

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

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 7,946,642	\$ -	\$ 537,416	\$ 8,484,058
Interest Income	233,485	-	-	233,485
Intergovernmental - State	22,401,854	1,152,993	1,336,290	24,891,137
Intergovernmental - Federal	104,190	4,741,899	-	4,846,089
Other Local Revenues	160,804	42,475	1,068,839	1,272,118
Total Revenues	<u>\$ 30,846,975</u>	<u>\$ 5,937,367</u>	<u>\$ 2,942,545</u>	<u>\$ 39,726,887</u>
Expenditures:				
Instruction	\$ 14,976,949	\$ 4,443,031	\$ 555,743	\$ 19,975,723
Students	2,624,810	436,492	-	3,061,302
Instructional Staff	2,137,687	46,235	19,945	2,203,867
District Administration	1,130,442	343,655	-	1,474,097
School Administration	2,442,182	-	-	2,442,182
Business and Other Support Services	692,274	-	6,339	698,613
Building Improvements	-	-	1,097,861	1,097,861
Operation and Maintenance of Plant	3,244,009	62,919	1,349,432	4,656,360
Student Transportation	2,174,744	209,942	28,847	2,413,533
Community Services	-	411,160	-	411,160
Debt Service	339,321	-	1,880,856	2,220,177
Total Expenditures	<u>\$ 29,762,418</u>	<u>\$ 5,953,434</u>	<u>\$ 4,939,023</u>	<u>\$ 40,654,875</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,084,557</u>	<u>\$ (16,067)</u>	<u>\$ (1,996,478)</u>	<u>\$ (927,988)</u>
Other Financing Sources (Uses):				
Proceeds from the Sale of Assets	\$ 11,154	\$ -	\$ -	\$ 11,154
Operating Transfers In	530,378	53,081	3,272,397	3,855,856
Operating Transfers Out	(1,662,126)	(37,015)	(2,144,369)	(3,843,510)
Total Other Financing (Uses) Sources	<u>\$ (1,120,594)</u>	<u>\$ 16,066</u>	<u>\$ 1,128,028</u>	<u>\$ 23,500</u>
Net Change in Fund Balances	<u>\$ (36,037)</u>	<u>\$ (1)</u>	<u>\$ (868,450)</u>	<u>\$ (904,488)</u>
Fund Balances, June 30, 2022	\$ 5,637,257	\$ (1,452)	\$ 1,425,742	\$ 7,061,547
Fund Balances, June 30, 2023	<u>\$ 5,601,220</u>	<u>\$ (1,453)</u>	<u>\$ 557,292</u>	<u>\$ 6,157,059</u>

See Notes to the Basic Financial Statements.

GREENUP 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 FISCAL YEAR ENDED JUNE 30, 2023

Amounts Reported For Governmental Activities in the Statement of Net Position are Different Because:

Net Changes in Fund Balance - Governmental Funds	\$	(904,488)
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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	474,866		
Depreciation expense	(1,429,338)		(954,472)

Governmental funds report pension activity 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:

Pension Revenue, Net	(404,647)		
OPEB Revenue, Net	(578,693)		
Pension Expense, Net	218,712		
OPEB Expense, Net	183,842		(580,786)

Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statements, but are reductions of liabilities in the Statement of Net Position.	1,551,216
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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	(83,544)
Decrease in accrued interest	9,571

Change in Net Position of Governmental Activities	\$	(962,503)
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GREENUP COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2023

	Food Service Fund	Daycare Fund	Total Proprietary Funds
Assets:			
Current Assets:			
Cash and Cash Equivalents	\$ 1,106,728	\$ -	\$ 1,106,728
Receivables (net of allowances for uncollectibles):			
Intergovernmental - Federal	15,141	-	15,141
Inventories	46,896	-	46,896
Total Current Assets	<u>\$ 1,168,765</u>	<u>\$ -</u>	<u>\$ 1,168,765</u>
Noncurrent Assets:			
Capital Assets, Net of Accumulated Depreciation	\$ 511,753	\$ -	\$ 511,753
Total Noncurrent Assets	<u>511,753</u>	<u>-</u>	<u>511,753</u>
Total Assets	<u>\$ 1,680,518</u>	<u>\$ -</u>	<u>\$ 1,680,518</u>
Deferred Outflows of Resources:			
Deferred Outflows from Pensions	\$ 411,787	\$ 56,533	\$ 468,320
Deferred Outflows from OPEB	218,091	29,804	247,895
Total Deferred Outflows of Resources	<u>629,878</u>	<u>86,337</u>	<u>716,215</u>
Total Assets and Deferred Outflows	<u><u>\$ 2,310,396</u></u>	<u><u>\$ 86,337</u></u>	<u><u>\$ 2,396,733</u></u>
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 23,014	\$ -	\$ 23,014
Total Current Liabilities	<u>\$ 23,014</u>	<u>\$ -</u>	<u>\$ 23,014</u>
Noncurrent Liabilities:			
Net Pension Liability	\$ 1,526,301	\$ 209,541	\$ 1,735,842
Net OPEB Liability	416,605	57,194	473,799
Total Liabilities	<u>\$ 1,965,920</u>	<u>\$ 266,735</u>	<u>\$ 2,232,655</u>
Deferred Inflows of Resources:			
Deferred Inflows from Pensions	\$ 191,902	\$ 26,346	\$ 218,248
Deferred Inflows from OPEB	227,932	31,310	259,242
Total Deferred Inflows of Resources	<u>\$ 419,834</u>	<u>\$ 57,656</u>	<u>\$ 477,490</u>
Net Position:			
Invested in Capital Assets	\$ 511,753	\$ -	\$ 511,753
Restricted	<u>(587,111)</u>	<u>(238,054)</u>	<u>(825,165)</u>
Total Net Position	<u>(75,358)</u>	<u>(238,054)</u>	<u>(313,412)</u>
Total Liabilities, Deferred Inflows and Net Position	<u><u>\$ 2,310,396</u></u>	<u><u>\$ 86,337</u></u>	<u><u>\$ 2,396,733</u></u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET
POSITION - PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Food Service Fund	Daycare Fund	Total Proprietary Funds
Operating Revenues:			
Lunchroom Sales	\$ 319,111	\$ -	\$ 319,111
Other Operating Revenues	10,390	80,859	91,249
Total Operating Revenues	<u>\$ 329,501</u>	<u>\$ 80,859</u>	<u>\$ 410,360</u>
Operating Expenses:			
Salaries and Benefits	\$ 883,333	\$ 76,693	\$ 960,026
Contract Services	53,627	25,967	79,594
Materials and Supplies	1,156,871	-	1,156,871
Depreciation	62,794	-	62,794
Other Operating Expenses	43,574	-	43,574
Total Operating Expenses	<u>\$ 2,200,199</u>	<u>\$ 102,660</u>	<u>\$ 2,302,859</u>
Operating Gain / (Loss)	<u>\$ (1,870,698)</u>	<u>\$ (21,801)</u>	<u>\$ (1,892,499)</u>
Nonoperating Revenues:			
Federal Grants	\$ 1,846,087	\$ -	\$ 1,846,087
State Grants	122,244	-	122,244
Donated Commodities	152,707	-	152,707
Interest Income	78,045	-	78,045
Total Nonoperating Revenues	<u>\$ 2,199,083</u>	<u>\$ -</u>	<u>\$ 2,199,083</u>
Other Financing Sources / (Uses):			
Operating Transfers In	\$ 31,215	\$ 68,953	\$ 100,168
Operating Transfers (Out)	(110,739)	(1,777)	(112,516)
Total Other Financing Sources / (Uses)	<u>\$ (79,524)</u>	<u>\$ 67,176</u>	<u>\$ (12,348)</u>
Increase / (Decrease) in Net Position	<u>\$ 248,861</u>	<u>\$ 45,375</u>	<u>\$ 294,236</u>
Net Position, June 30, 2022	\$ (149,264)	\$ (258,667)	\$ (407,931)
Restatement	(174,955)	(24,762)	(199,717)
Net Position, June 30, 2022, As Restated	(324,219)	(283,429)	(607,648)
Net Position, June 30, 2023	<u><u>\$ (75,358)</u></u>	<u><u>\$ (238,054)</u></u>	<u><u>\$ (313,412)</u></u>

See Notes to the Basic Financial Statements.

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

	Food Service Fund	Daycare Fund
Cash flows from operating activities:		
Cash received from:		
Lunchroom sales	\$ 319,111	\$ -
Other operating revenues	10,390	80,859
Cash paid for:		
Employees (less on behalf of payments, pension and OPEB change)	(807,083)	(102,660)
Supplies (less commodities and capital purchases)	(971,615)	-
Net cash provided/(used) for operating activities	<u>\$ (1,449,197)</u>	<u>\$ (21,801)</u>
Cash flows from noncapital financing activities:		
Government grants	\$ 1,968,331	-
Transfers from other funds	31,215	68,953
Transfers (to) other funds	(110,739)	(1,777)
Net cash provided by noncapital financing activities	<u>\$ 1,888,807</u>	<u>\$ 67,176</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	\$ (32,549)	\$ -
Net cash used for capital and related financing activities	<u>\$ (32,549)</u>	<u>\$ -</u>
Cash flows from investing activities:		
Interest received on investments	\$ 78,045	\$ -
Net cash provided by investing activities	<u>\$ 78,045</u>	<u>\$ -</u>
Net increase/(decrease) in cash and cash equivalents	\$ 485,106	\$ 45,375
Cash and cash equivalents, June 30, 2022	<u>\$ 621,622</u>	<u>\$ (45,375)</u>
Cash and cash equivalents, June 30, 2023	<u><u>\$ 1,106,728</u></u>	<u><u>\$ -</u></u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (1,870,698)	\$ (21,801)
Adjustments to reconcile operating loss to		
Net cash used for operating activities:		
Depreciation	\$ 62,794	-
Donated commodities	152,707	-
Employee benefits paid by KDE	154,671	-
Net pension adjustment	1,543,748	34,085
Net OPEB adjustment	1,590,352	9,517
Change in assets and liabilities:		
Inventory	(696)	-
Accounts receivable	(183,681)	-
Net cash used for operating activities	<u><u>\$ 1,449,197</u></u>	<u><u>\$ 21,801</u></u>
Non-cash items:		
Employee benefits paid by KDE	\$ 154,671	\$ -
Donated commodities	\$ 152,707	\$ -

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 1 – Nature of Activities:

A. Reporting Entity

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

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the Board. 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 District 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 45 Musketeer Drive, Greenup, Kentucky 41144.

Greenup County School District Finance Corporation - On September 27, 1993, the Greenup County Board of Education resolved to authorize the establishment of the Greenup County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Greenup County Board of Education also comprise the Corporation's Board of Directors.

B. Summary of Significant Accounting Policies and Description of Funds

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 and business-type activities of the District. Governmental

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 1 – Nature of Activities (Cont.):

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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. 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 are presented as general revenues of the District, 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 - Report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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 net total assets. Proprietary funds 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 unassigned fund balances are considered as resources available for use. This is a major fund of the District.

(B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 1 – Nature of Activities (Cont.):

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.

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

i. 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.

ii. The Facility Support Program of Kentucky Fund (FSPK) accounts for funds generated by the building tax levy and also participates in the Kentucky 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.

iii. The Construction Fund includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.

(D) Debt Service Funds are used to account for the accumulation of resources for, and 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.

II. Proprietary Fund Type (Enterprise Fund)

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). Amounts have been recorded for in-kind contributions of commodities from the USDA. The Food Service Fund is a major fund.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 1 – Nature of Activities (Cont.):

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Propriety 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, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenues from property taxes are 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 resource 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 it can be recognized.

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.

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 1 – Nature of Activities (Cont.):

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are appropriated in the next year. A reservation of fund balance equal to outstanding encumbrances at year-end is provided for at June 30, 2023. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements related to encumbrance accounting. Encumbrances outstanding at year-end are reported in the appropriate fund balance category (restricted, committed, or assigned) since they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

<u>Description</u>	Governmental Activities
	<u>Estimated Lives</u>
Buildings and improvements	25-50 years
Infrastructure	20 years
Technology and equipment	5 years
Machinery and equipment	5-10 years
Vehicles	5-10 years
Food service equipment	10-12 years

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 1 – Nature of Activities (Cont.):

Interfund Activity

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.

Cash and Cash Equivalents

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

Inventories

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

Budgetary Process

The District is required by state law to adopt annual budgets for the general fund, special revenue fund, capital outlay fund and the food service fund. The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major difference between the budgetary basis and the GAAP basis is that on-behalf payments made by the state for the District are not budgeted. See Note (14) for these amounts which were not known by the District at the time the budget was adopted.

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 property located in the District.

The tax rates assessed for the year ended June 30, 2023, to finance general fund operations were \$.846 on real estate and \$.494 on motor vehicles, per \$100 valuation.

Taxes are due on October 1 and become delinquent by February 1 following the October 1 levy date. Current tax collections for the year ended June 30, 2023, were approximately 93.46% of the tax levy.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 1 – Nature of Activities (Cont.):

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 District reserves those portions of fund balances which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion, which is available for appropriation in future periods. Fund balances reserves have been established for accrued sick leave. Unreserved fund balances are composed of designated and undesignated portions. The undesignated portion of the unreserved fund balance represents that portion of fund balance that is available for budgeting in future periods. Designated fund balances represent tentative plans for future use of financial resources.

Fund Equity

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

- I. Nonspendable fund balances include amounts that cannot be spent because they are in a nonspendable form, such as inventory, or prepaid expense amounts, or they are legally or contractually required to be maintained intact, such as the corpus of a permanent fund.
- II. Restricted fund balances are restricted due to legal restrictions from creditors, grantors, or laws and regulations of other governments or by legally enforceable enabling legislation or constitutional provisions.
- III. Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority, which for the county is the five-member School Board. Said specific purposes and amounts are recorded in the official Board minutes of the fiscal year ended June 30, 2023.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 1 – Nature of Activities (Cont.):

Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

IV. Assigned fund balances are constrained by the intent to use funds for specific purposes, but are neither restricted nor committed. Intent can be expressed by the five-member School Board or by a body or official to which the School Board has delegated the authority to assign amounts to be used for specific purposes. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, the Board has assigned those amounts to the purposes of the respective funds.

V. Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other funds, any negative fund balances would be unassigned.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the propriety funds. For the 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 foods 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.

Restricted Resources

Restricted resources should be applied first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. If an expense is incurred for purposes for which committed, assigned, and unrestricted fund balances are all available, the fund balances should be reduced in the following order: committed, assigned, and then unrestricted.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 1 – Nature of Activities (Cont.):

Deferred Outflows of Resources

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

Balances of deferred outflows of resources may be presented in the statement of net position or governmental fund balance sheet as aggregations of different types of deferred amounts. For the fiscal year ended June 30, 2023, the District reported deferred outflows of resources on the government-wide financial statements for deferred pension contributions, deferred pension and OPEB payments, and advance refunding bond payments.

Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period.

Balances of deferred inflows of resources may be presented in the statement of net position or governmental fund balance sheet as aggregations of different types of deferred amounts. For the fiscal year ended June 30, 2023, the District reported deferred inflows of resources on the government-wide financial statements for deferred pension investment earnings, and deferred OPEB investment earnings.

Pensions and OPEB

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, OPEB, pension expense, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous (“CERS”) and Teachers Retirement System of the State of Kentucky (“KTRS”) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pensions and OPEB. 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.

Note 2 – Commitments, Contingencies, and Subsequent Events:

All commitments, contingencies, and subsequent events have been evaluated by management and have been properly disclosed up through November 15, 2023, the date of this report.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 3 – Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect 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.

Note 4 – Cash and Cash Equivalents:

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 was \$8.5 million and the bank balances totaled \$8.2 million including school activity. Of the total bank balances, up to \$250,000 was secured by Federal Depository insurance and the remaining amount was 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 an interest bearing 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.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 5 – Capital Assets:

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

Governmental Activities	Balance June 30, 2022	Additions	Disposals	Balance June 30, 2023
Land	\$ 136,284	\$ -	\$ -	\$ 136,284
Construction in Progress	517,116	-	(517,116)	-
Buildings and Improvements	47,297,106	-	-	47,297,106
Infrastructure	459,744	16,525	-	476,269
Technology and Equipment	4,565,538	8,440	-	4,573,978
Machinery and Equipment	1,155,995	166,984	-	1,322,979
Vehicles	4,421,269	282,917	(182,231)	4,521,955
Total	\$ 58,553,052	\$ 474,866	\$ (699,347)	\$ 58,328,571
Less: Accumulated Depreciation:				
Buildings and Improvements	\$ (25,099,470)	\$ (1,166,598)	\$ -	\$ (26,266,068)
Infrastructure	(324,582)	(23,400)	-	(347,982)
Technology and Equipment	(4,551,008)	(6,087)	-	(4,557,095)
Machinery and Equipment	(613,342)	(49,028)	-	(662,370)
Vehicles	(3,606,436)	(184,225)	182,231	(3,608,430)
Total	\$ (34,194,838)	\$ (1,429,338)	\$ 182,231	\$ (35,441,945)
Governmental Activities Capital Assets - Net	<u>\$ 24,358,214</u>	<u>\$ (954,472)</u>	<u>\$ (517,116)</u>	<u>\$ 22,886,626</u>
Business-Type Activities				
Food Service Equipment	\$ 1,491,859	\$ 32,549	\$ -	\$ 1,524,408
Less: Accumulated Depreciation	(949,861)	(62,794)	-	(1,012,655)
Business-Type Activities Capital Assets - Net	<u>\$ 541,998</u>	<u>\$ (30,245)</u>	<u>\$ -</u>	<u>\$ 511,753</u>

Depreciation expense was allocated to governmental functions as follows:

Instruction	\$ 822,309
Student support	126,020
District administration	60,682
School administration	100,533
Business support services	28,759
Plant operation and maintenance	191,681
Student transportation	99,354
Total	<u>\$ 1,429,338</u>

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 6 – Debt Obligations:

The amount shown in the accompanying financial statements as debt obligations represents the District's future obligations to make lease payments relating to the bonds issued by the Greenup County School District Financial Corporation and the Kentucky School Construction Commission aggregating \$12.9 million.

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

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>
2011-REF	\$ 2,325,000	1.10% to 2.50%
2013E	1,380,000	1.85%
2013	785,000	1.85% to 4.25%
2016-REF	4,745,000	0.85% to 2.30%
2020	1,570,000	2.00% to 2.50%
2020-REF	1,065,000	2.00% to 2.50%
2022	1,045,000	2.00% to 3.125%
Total	\$ 12,915,000	

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Greenup County School District Financial Corporation and the Kentucky School Construction Commission to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding. The proceeds from certain refunding issues have been placed in escrow accounts to be used to service the related debt.

The changes in the general long-term debt for the year ended June 30, 2023, were as follows:

	<u>Balance June 30, 2022</u>	<u>Restatement</u>	<u>New Issues</u>	<u>Retirement</u>	<u>Balance June 30, 2023</u>
General obligation bonds -					
\$12,915,000 originally issued					
with interest rates ranging from					
0.85% to 4.25%	\$ 9,125,000	\$ -	\$ -	\$ 1,400,000	\$ 7,725,000
KISTA Loans	808,535	-	-	151,216	657,319
Accumulated Sick Leave	1,277,264	-	174,893	-	1,452,157
Total	<u>\$ 11,210,799</u>	<u>\$ -</u>	<u>\$ 174,893</u>	<u>\$ 1,551,216</u>	<u>\$ 9,834,476</u>

The District has entered into "participation agreements" with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 6 – Debt Obligations (Cont.):

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

Year	Greenup County School District		Kentucky School Facilities Construction Commission		Total Principal
	Principal	Interest	Principal	Interest	
24	\$ 1,169,572	\$ 130,570	\$ 265,428	\$ 60,648	\$ 1,435,000
25	895,487	103,778	229,513	55,340	1,125,000
26	931,300	79,877	233,700	50,454	1,165,000
27	959,306	54,850	240,694	45,259	1,200,000
28	256,814	28,713	163,186	39,402	420,000
2029-2033	473,266	97,646	696,734	144,384	1,170,000
2034-2038	328,314	50,565	431,686	72,860	760,000
2039-2043	182,111	10,629	267,889	17,278	450,000
	<u>\$ 5,196,170</u>	<u>\$ 556,628</u>	<u>\$ 2,528,830</u>	<u>\$ 485,625</u>	<u>\$ 7,725,000</u>

Future minimum debt service on notes payable to KISTA, at June 30, 2023, are as follows:

Year	Principal	Interest	Total
24	\$ 152,522	\$ 17,547	\$ 170,069
25	135,432	13,484	148,916
26	121,964	9,834	131,798
27	100,195	6,513	106,708
28	82,309	3,787	86,096
2029-2033	64,897	1,952	66,849
	<u>\$ 657,319</u>	<u>\$ 53,117</u>	<u>\$ 710,436</u>

Note 7 – 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 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 "accrued sick leave" in the general fund. The noncurrent portion of the liability is not reported in the fund financial statements.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 8 – Interfund Transfers:

Interfund transfers at June 30, 2023, consisted of the following:

Type	From	To	Purpose	Amount
Operating	Food Service	General	Indirect Costs	\$ 107,797
Operating	General	Special Revenue	Technology	\$ 53,081
Operating	General	Food Service	Lunch Accounts	4,773
Debt Service	Building	Debt Service	Bond Payments	1,157,657
Operating	Capital Projects	General	KISTA Bus Payment	306,783
Operating	Student Activity	District Activity	Sweep Funds	19,434

Note 9 – Retirement Plans:

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

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

Plan description—Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (“KRS”) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

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

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

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 9 – Retirement Plans (Cont.):

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

Contributions—Required contributions by the employee are based on the tier:

	<u>Required contribution</u>
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

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

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

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

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

Employees that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 9 – Retirement Plans (Cont.):

multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

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

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). Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 9.895% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 7.68% of their salary to KTRS.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for KTRS 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 Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

	<u>KTRS</u>	<u>CERS</u>
District's proportionate share of the net pension liability	\$ -	\$ 11,520,011
Commonwealth's proportionate share of the net pension liability associated with the District	<u>64,339,741</u>	<u>-</u>
	<u>\$ 64,339,741</u>	<u>\$ 11,520,011</u>

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 9 – Retirement Plans (Cont.):

The net pension liability for each plan was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2020, the District's proportion was 0.155065 percent.

For the year ended June 30, 2023, the District recognized pension expense of \$634 thousand related to CERS and \$3.7 million related to KTRS. The District also recognized revenue of \$3.7 million for KTRS pension support provided by the Commonwealth. .

At June 30, 2023, the District reported its proportionate share of CERS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,579,844	\$ 102,591
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,272,197
Changes in proportion and differences between District contributions and proportionate share of contributions	217,390	73,628
District contributions subsequent to the measurement date	1,310,797	-
	<hr/>	<hr/>
Total	<u>\$ 3,108,031</u>	<u>\$ 1,448,416</u>

The \$3.1 million reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred (inflows) related to pensions will be recognized in pension expense as follows:

	Year ending June 30:
2024	\$ 27,781
2025	90,587
2026	(96,808)
2027	327,258
2028	-
Total	<hr/> \$ 348,818

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 9 – Retirement Plans (Cont.):

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

	<u>CERS</u>	<u>KTRS</u>
Inflation	2.30%	2.50%
Projected salary increases	3.30 - 10.30%	3.0%-7.50%
Investment rate of return, net of investment expense and inflation	6.25%	7.10%

For CERS, the Mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 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. There is some margin on the current mortality tables for possible improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

For KTRS, Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2021 with a setback of 1 year for females. The actuarial assumptions used in the June 30, 2018 valuation were based on results of an actuarial experience study for the period July 1, 2010-June 30, 2015 adopted by the Board on September 19, 2016.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 9 – Retirement Plans (Cont.):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity - Public	50.00%	4.45%
Equity - Private	10.00%	10.15%
Core Fixed Income	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash Equivalent	0.00%	-0.91%
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
	100.00%	4.28%

For KTRS, 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 US Equity	37.4%	4.20%
Small Cap US Equity	2.6%	4.70%
Developed International Equity	16.5%	5.30%
Emerging Markets Equity	5.5%	5.40%
Fixed Income	15.0%	-0.10%
High Yield Bonds	2.0%	1.70%
Other Additional Categories	5.0%	2.20%
Real Estate	7.0%	4.00%
Private Equity	7.0%	6.90%
Cash	2.0%	-0.30%
	100%	

Discount rate-For CERS, the discount rate used to measure the total pension liability was 5.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 9 – Retirement Plans (Cont.):

Discount rate—For KTRS, the discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at the Actuarially Determined Contribution rates, adjusted by 95% for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

<u>CERS</u>	<u>6.25%</u>	<u>5.25%</u>	<u>7.25%</u>
District's proportionate share of net pension liability	\$ 11,520,012	\$ 14,398,585	\$ 9,139,192
 <u>KTRS</u>	 <u>7.00%</u>	 <u>8.00%</u>	 <u>9.00%</u>
District's proportionate share of net pension liability	\$ -	\$ -	\$ -

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

Note 10 – 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 <https://trs.ky.gov/financial-reports-information/#CAFR>.

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:

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

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 quarter 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.

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 \$6.8 million 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, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 0.193523% percent.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

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 KTRS net OPEB liability	\$ 6,801,000
Commonwealth's proportionate share of the KTRS net OPEB liability associated with the District	<u>2,234,000</u>
	<u><u>\$ 9,035,000</u></u>

For the year ended June 30, 2023, the District recognized OPEB expense of \$294 thousand and revenue of \$294 thousand 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>
Difference between expected and actual experience	\$ -	\$ 2,859,000
Changes of assumptions	1,381,000	-
Net difference between projected and actual earnings on investments	362,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,110,000	97,000
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u><u>\$ 3,853,000</u></u>	<u><u>\$ 2,956,000</u></u>

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

Of the total amount reported as deferred outflows of resources related to OPEB, \$353 thousand is resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ending June 30:	
2024	\$ (79,000)
2025	(45,000)
2026	7,000
2027	470,000
2028	389,000
Thereafter	155,000
Total	\$ 897,000

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00%-7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates	
Under 65	7.00%, for FY2021 decreasing to an ultimate rate of 4.50% by FY2031
Ages 65 and Older	5.13%, for FY2023 decreasing to an ultimate rate of 4.50% by FY2024
Medicare Part B Premiums	6.97%, for FY2022 with an ultimate rate of 4.50% by FY2034
Municipal Bond Index Rate	3.37%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	5.10%
Fixed Income	9.0%	-0.10%
Real Estate	6.5%	4.00%
Private Equity	8.5%	6.90%
High Yield	8.0%	1.70%
Other Additional Categories	9.0%	2.20%
Cash	1.0%	-0.30%
	100%	

Discount rate - The discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 8.00%, 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 or 1-percentage point higher than the current rate:

	7.00%	8.00%	9.00%
District's proportionate share of net OPEB liability	\$ 5,098,000	\$ 6,801,000	\$ 8,918,000

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

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 rate:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 5,367,000	\$ 6,801,000	\$ 8,532,000

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

Contributions- 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 net OPEB liability	\$ -
Commonwealth's proportionate share of the net OPEB liability associated with the District	<u>111,000</u>
	<u>\$ 111,000</u>

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. 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 0.341987%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$7 thousand and revenue of \$7 thousand for support provided by the State.

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00%-7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	2.13%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

The long-term expected rate of return on OPEB plan investments was determined using a lognormal 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.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

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>30 Year Expected Geometric 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	2.0%	-0.30%
	<u>100%</u>	

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

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.50%, 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 or 1-percentage-point higher than the current rate:

	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
District's proportionate share of net OPEB liability	\$ 78,000	\$ 111,000	\$ 190,000

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 Systems OPEB Plan

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.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

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, 2022, CERS allocated 4.70% of the 19.18% 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 \$161 thousand 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, 2022, the District reported a liability of \$2.9 million for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2018. An expected total OPEB liability as of June 30, 2019 was determined using standard roll-forward techniques. District's proportion of the net OPEB liability was based on contributions to CERS during the fiscal year ended June 30, 2021. At June 30 2021, the District's proportion was 0.155025%.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

The amount recognized by the District as its proportionate share of the OPEB liability is as follows:

District's proportionate share of the CERS net OPEB liability	\$ 3,144,399
Commonwealth's proportionate share of the CERS net OPEB liability associated with the District	<u>-</u>
	<u>\$ 3,144,399</u>

For the year ended June 30, 2023, the District recognized OPEB expense of \$206 thousand, including an implicit subsidy of \$45 thousand. 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>
Difference between expected and actual experience	\$ 316,510	\$ 721,084
Changes of assumptions	497,309	409,779
Net difference between projected and actual earnings on investments	585,519	457,896
Changes in proportion and differences between District contributions and proportionate share of contributions	73,325	131,616
District contributions subsequent to the measurement date	<u>530,318</u>	<u></u>
Total	<u>\$ 2,002,981</u>	<u>\$ 1,720,375</u>

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 OPEB expense as follows:

Year ending June 30:	
2024	\$ (35,916)
2025	(39,796)
2026	(197,928)
2027	25,928
2028	-
Thereafter	<u>-</u>
Total	\$ (247,712)

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

Of the total amount reported as deferred inflows of resources related to OPEB, \$254 thousand 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, 2022.

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

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed 25 years
Remaining Amortization Period	5-year smoothed market
Asset Valuation Method	20.00% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Post-65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Payroll Growth	2.00%
Inflation Salary Increase	3.30% to 10.30%
Investment Rate of Return	6.25%

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 for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set-back four years for males) is used for the period after disability retirement.

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 rate of return for each major asset class are summarized in the below tables.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity*	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialized Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Real Estate	10.00%	5.40%
Opportunistic	0.00%	0.00%
Real Return	10.00%	4.55%
	100%	

Discount rate - The discount rate used to measure the total OPEB liability was 5.34%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.62%, as reported in Fidelity Index's "20 -Year Municipal GO AA Index" as of June 30, 2019. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's 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 5.34%, 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 or 1 -percentage-point higher than the current rate:

	4.70%	5.70%	6.70%
District's proportionate share of net OPEB liability	\$ 4,203,560	\$ 3,144,399	\$ 2,268,826

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

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:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 2,337,791	\$ 3,144,399	\$ 4,112,984

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 publically available at <https://kyret.ky.gov>.

Note 11 – 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 the grantors review indicates that the funds have not 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 program is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

The District is subject to 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.

Note 12 – 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, 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 coverage may be requested that increase the premium.

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.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 13 – COBRA:

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

Note 14 – On-Behalf Payments:

For fiscal year 2023, the Commonwealth of Kentucky contributed payments on behalf of the Greenup County School District as follows:

Plan/Description	Amount
KTRS - Pension	\$ 5,870,438
KTRS - OPEB	127,889
Health and Life Insurance	3,264,094
Administrative Fee	42,064
HRA/Dental/Vision	262,409
Federal Reimbursement	(328,598)
Technology	101,382
Debt Service	336,905
Total On-Behalf	<u>\$ 9,676,583</u>

These amounts are included the Government-wide Statement of Activities as State Revenue and an expense allocated to the different functions in the same proportion as full-time employees.

Note 15 – Fund Balance:

The detailed components of the various fund balance categories as of June 30, 2023, are as follows:

	General Current Expense Fund	Special Revenue Fund	Capital Outlay Fund	Construction Fund	Building Fund	School Activity Funds	District Activity Fund	Total Governmental Funds
Restricted:								
Accrued Sick Leave	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000
Other	-	(1,453)	-	-	-	-	103,494	102,041
Future Construction	-	-	-	255,361	-	-	-	255,361
SFCC Escrow - Current	-	-	10,875	-	19,985	-	-	30,860
Committed:								
Activity Funds	-	-	-	-	-	167,577	-	167,577
Unassigned	<u>5,351,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,351,220</u>
Total Fund Balance	<u>\$ 5,601,220</u>	<u>\$ (1,453)</u>	<u>\$ 10,875</u>	<u>\$ 255,361</u>	<u>\$ 19,985</u>	<u>\$ 167,577</u>	<u>\$ 103,494</u>	<u>\$ 6,157,059</u>

A deficit unassigned fund balance of \$1 thousand exists in the Special Revenue Fund. The deficit results from the encumbrances of funds without accruing intergovernmental revenues for reimbursement of expenditures. The District accrues intergovernmental revenues only when all eligibility requirements have been met, including the requirement that allowable costs must have been actually incurred.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 16 – Encumbrances:

The District had \$57 thousand in encumbrances as of June 30, 2023. These are reported in the General Fund and Special Revenue Fund, as Assigned to Site Based Carryforward.

Note 17 – Prior Period Adjustment:

Certain errors have resulted in the restatement of the beginning fund balances in the Food Service Fund and the Daycare Fund. The impact of the restatement is as follows:

	<u>Food Service Fund</u>	<u>Daycare Fund</u>
Net Position, June 30, 2022	\$ (149,264)	\$ (258,667)
Restatement	(174,955)	(24,762)
Net Position, June 30, 2022, As Restated	<u>\$ (324,219)</u>	<u>\$ (283,429)</u>

GREENUP COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 6,525,000	\$ 6,525,000	\$ 7,946,642	\$ 1,421,642
Interest Income	15,000	15,000	233,485	218,485
State Sources	16,966,500	16,966,500	22,401,854	5,435,354
Federal Sources	35,000	35,000	104,190	69,190
Other Local Sources	1,000	1,000	160,804	159,804
Total Revenues	<u>\$ 23,542,500</u>	<u>\$ 23,542,500</u>	<u>\$ 30,846,975</u>	<u>\$ 7,304,475</u>
Expenditures:				
Instruction	\$ 12,560,201	\$ 12,560,201	\$ 14,976,949	\$ (2,416,748)
Support Services:				
Students	2,026,128	2,026,128	2,624,810	(598,682)
Instructional Staff	1,620,290	1,620,290	2,137,687	(517,397)
District Administration	961,985	961,985	1,130,442	(168,457)
School Administration	2,248,391	2,248,391	2,442,182	(193,791)
Business and Other Support Services	694,198	694,198	692,274	1,924
Operation and Maintenance of Plant	3,667,979	3,667,979	3,244,009	423,970
Student Transportation	2,305,335	2,305,335	2,174,744	130,591
Debt Service	339,321	339,321	339,321	-
Total Expenditures	<u>\$ 26,423,828</u>	<u>\$ 26,423,828</u>	<u>\$ 29,762,418</u>	<u>\$ (3,338,590)</u>
Other Financing Sources (Uses):				
Proceeds from the Sale of Assets	\$ -	\$ -	\$ 11,154	\$ -
Transfers In	120,000	120,000	530,378	410,378
Transfers Out	37,500	37,500	(1,662,126)	(1,699,626)
Total Other Financing Sources (Uses)	<u>\$ 157,500</u>	<u>\$ 157,500</u>	<u>\$ (1,120,594)</u>	<u>\$ (1,289,248)</u>
Net Change In Fund Balance	<u>\$ (2,723,828)</u>	<u>\$ (2,723,828)</u>	<u>\$ (36,037)</u>	<u>\$ 2,687,791</u>
Fund Balance, June 30, 2022	\$ 5,637,257	\$ 5,637,257	\$ 5,637,257	\$ -
Fund Balance, June 30, 2023	<u><u>\$ 2,913,429</u></u>	<u><u>\$ 2,913,429</u></u>	<u><u>\$ 5,601,220</u></u>	<u><u>\$ 2,687,791</u></u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
State Sources	\$ 1,084,854	\$ 1,084,854	\$ 1,152,993	\$ 68,139
Federal Sources	7,711,449	7,711,449	4,741,899	(2,969,550)
Other Local Sources	-	-	42,475	42,475
Total Revenues	<u>\$ 8,796,303</u>	<u>\$ 8,796,303</u>	<u>\$ 5,937,367</u>	<u>\$ (2,858,936)</u>
Expenditures:				
Instruction	\$ 7,854,822	\$ 7,854,822	\$ 4,443,031	\$ 3,411,791
Support Services				
Students	198,117	198,117	436,492	(238,375)
Instructional Staff	46,235	46,235	46,235	-
District Administration	-	-	343,655	(343,655)
Operation and Maintenance of Plant	-	-	62,919	(62,919)
Student Transportation	-	-	209,942	(209,942)
Community Services	337,841	-	411,160	(411,160)
Total Expenditures	<u>\$ 8,437,015</u>	<u>\$ 8,099,174</u>	<u>\$ 5,953,434</u>	<u>\$ 2,145,740</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>\$ 359,288</u>	<u>\$ 697,129</u>	<u>\$ (16,067)</u>	<u>\$ (5,004,676)</u>
Other Financing Sources (Uses):				
Transfers In	\$ 37,500	\$ 37,500	\$ 53,081	\$ (15,581)
Transfers Out	-	-	(37,015)	37,015
Total Other Financing Sources (Uses)	<u>\$ 37,500</u>	<u>\$ 37,500</u>	<u>\$ 16,066</u>	<u>\$ 21,434</u>
Net Change In Fund Balance	<u>\$ 396,788</u>	<u>\$ 734,629</u>	<u>\$ (1)</u>	<u>\$ 1,131,416</u>
Fund Balance, June 30, 2022	\$ (1,452)	\$ (1,452)	\$ (1,452)	\$ (4,356)
Fund Balance, June 30, 2023	<u><u>\$ 395,336</u></u>	<u><u>\$ 733,177</u></u>	<u><u>\$ (1,453)</u></u>	<u><u>\$ 1,127,060</u></u>

See Notes to the Basic Financial Statements.

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

	Reported Fiscal Year (Measurement Date)									
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
<u>COUNTY EMPLOYEES RETIREMENT SYSTEM:</u>										
District's proportion of the net pension liability	0.159358%	0.155483%	0.158987%	0.155065%	0.166222%	0.167995%	0.168460%	0.163970%	0.168008%	
District's proportionate share of the net pension liability	\$ 11,520,011	\$ 9,913,262	\$ 12,192,714	\$ 10,905,791	\$ 10,123,426	\$ 9,833,264	\$ 8,249,204	\$ 7,049,916	\$ 5,451,000	
District's covered-employee payroll	\$ 4,525,405	\$ 4,506,926	\$ 4,040,781	\$ 4,152,664	\$ 3,974,196	\$ 4,201,879	\$ 4,159,246	\$ 4,068,338	\$ 3,870,696	
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	254.5631%	219.9562%	301.7415%	262.6216%	254.7289%	234.0206%	198.3341%	173.2874%	140.8300%	
Plan fiduciary net position as a percentage of the total pension liability	52.420%	57.330%	58.300%	50.447%	53.540%	53.300%	55.500%	59.970%	66.800%	
<u>KENTUCKY TEACHERS' RETIREMENT SYSTEM</u>										
District's proportion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
State's proportionate share of the net pension liability associated with the District	\$ 64,339,741	\$ 48,645,195	\$ 50,850,096	\$ 49,409,330	\$ 49,803,330	\$ 102,329,629	\$ 109,925,662	\$ 84,773,477	\$ 74,703,628	
Total	\$ 64,339,741	\$ 48,645,195	\$ 50,850,096	\$ 49,409,330	\$ 49,803,330	\$ 102,329,629	\$ 109,925,662	\$ 84,773,477	\$ 74,703,628	
District's covered-employee payroll	\$ 14,056,327	\$ 13,746,979	\$ 12,878,014	\$ 12,243,075	\$ 11,951,482	\$ 11,889,156	\$ 12,175,364	\$ 11,838,464	\$ 11,396,368	
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%	65.600%	58.270%	58.800%	59.300%	39.830%	35.220%	42.500%	45.590%	

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

GREENUP COUNTY SCHOOL DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

COUNTY EMPLOYEES RETIREMENT SYSTEM:

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,003,822	\$ 1,145,860	\$ 779,871	\$ 801,464	\$ 644,615	\$ 608,432	\$ 580,215	\$ 505,287	\$ 493,514	\$ 529,251
Contributions in relation to the contractually required contribution	\$ 1,003,822	\$ 1,145,860	\$ 779,871	\$ 801,464	\$ 644,615	\$ 608,432	\$ 580,215	\$ 505,287	\$ 493,514	\$ 529,251
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 4,525,405	\$ 4,506,926	\$ 4,040,781	\$ 4,152,664	\$ 3,974,196	\$ 4,201,879	\$ 4,159,246	\$ 4,068,338	\$ 3,870,696	\$ 3,851,898
District's contributions as a percentage of its covered-employee payroll	22.18%	25.42%	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 14,056,327	\$ 13,746,979	\$ 12,878,014	\$ 12,243,075	\$ 11,951,482	\$ 11,889,156	\$ 12,175,364	\$ 11,838,464	\$ 11,396,368	\$ 11,384,328
District's contributions 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%	0.000%

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

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 1 – Changes in Assumptions:

CERS

There were no changes of assumptions.

KTRS

There were no changes of assumptions.

Note 2 – Method and Assumptions Used in Calculations of Actuarially Determined Contributions:

CERS

The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2018. The following actuarial methods and assumptions were used to determine the contribution rates reported in that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of pay
Remaining Amortization Period	30 years, closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Payroll Growth Rate	2.00%
Inflation	2.30%
Salary Increase	3.30% to 10.30%
Investment Rate of Return	6.25%, net of pension plan investments expense, including inflation

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 Normal
Amortization Method	Level percentage of pay
Remaining Amortization Period	25 years
Asset Valuation Method	5-year smoothed market value
Payroll Growth Rate	2.00%
Inflation	2.50%
Salary Increase	3.00% to 7.50%
Investment Rate of Return	7.10%, net of pension plan investments expense, including inflation

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 3 – Change of Benefits:

CERS

There were no changes in benefit terms.

KTRS

There were no changes in benefit terms.

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

	Reporting Fiscal Year (Measurement Date)					
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
<u>COUNTY EMPLOYEES RETIREMENT SYSTEM- INSURANCE FUND:</u>						
District's proportion of the net OPEB liability	0.159330%	0.154470%	0.158930%	0.155025%	0.166216%	0.167995%
District's proportionate share of the net OPEB liability	\$ 3,144,399	\$ 2,975,955	\$ 3,837,679	\$ 2,607,451	\$ 2,951,132	\$ 3,377,274
District's covered-employee payroll	\$ 4,525,405	\$ 4,506,926	\$ 4,052,580	\$ 4,152,664	\$ 3,974,196	\$ 4,201,879
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	69.483%	66.031%	94.697%	62.790%	74.257%	80.375%
Plan fiduciary net position as a percentage of the total OPEB liability	69.410%	62.910%	51.670%	60.440%	57.620%	52.400%
<u>KENTUCKY TEACHERS' RETIREMENT SYSTEM- MEDICAL INSURANCE PLAN:</u>						
District's proportion of the net OPEB liability	0.273937%	0.199350%	0.192466%	0.193523%	0.365618%	0.364027%
District's proportionate share of the net OPEB liability	\$ 6,801,000	\$ 4,277,000	\$ 4,857,000	\$ 5,664,000	\$ 6,814,000	\$ 7,144,000
State's proportionate share of the net OPEB liability associated with the District	\$ 2,234,000	\$ 3,474,000	\$ 3,891,000	\$ 4,574,000	\$ 5,872,000	\$ 5,836,000
Total	\$ 9,035,000	\$ 7,751,000	\$ 8,748,000	\$ 10,238,000	\$ 12,686,000	\$ 12,980,000
District's covered-employee payroll	\$ 14,056,327	\$ 13,746,979	\$ 12,878,014	\$ 12,243,075	\$ 11,951,482	\$ 11,442,462
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	48.384%	31.112%	37.715%	46.263%	57.014%	62.434%
Plan fiduciary net position as a percentage of the total OPEB liability	47.750%	51.700%	39.050%	32.580%	25.500%	21.180%

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

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

**KENTUCKY TEACHERS' RETIREMENT SYSTEM-
LIFE INSURANCE PLAN:**

	Reporting Fiscal Year (Measurement Date)					
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
District's proportion of the net OPEB liability	0.357301%	0.353169%	0.338950%	0.341987%	0.357271%	0.355782%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	\$ 111,000	\$ 46,000	\$ 118,000	\$ 106,000	\$ 101,000	\$ 78,000
Total	\$ 111,000	\$ 46,000	\$ 118,000	\$ 106,000	\$ 101,000	\$ 78,000
District's covered-employee payroll	\$ 14,056,327	\$ 13,746,979	\$ 12,878,014	\$ 12,243,075	\$ 11,951,482	\$ 11,889,156
District's proportionate share of he 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%	89.200%	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.

GREENUP COUNTY SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**COUNTY EMPLOYEES RETIREMENT SYSTEM -
INSURANCE FUND:**

	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 153,411	\$ 260,500	\$ 192,903	\$ 197,667	\$ 209,043	\$ 197,450	\$ 196,732
Contributions in relation to the contractually required contribution	\$ 153,411	\$ 260,500	\$ 192,903	\$ 197,667	\$ 209,043	\$ 197,450	\$ 196,732
Contribution deficiency (excess)						-	-
District's covered-employee payroll	\$ 4,525,405	\$ 4,506,926	\$ 4,052,580	\$ 4,152,664	\$ 3,974,196	\$ 4,201,879	\$ 4,159,246
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	\$ 421,690	\$ 412,409	\$ 386,340	\$ 367,292	\$ 358,544	\$ 356,675	\$ 343,275
Contributions in relation to the contractually required contribution	\$ 421,690	\$ 412,409	\$ 386,340	\$ 367,292	\$ 358,544	\$ 356,675	\$ 343,275
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 14,056,327	\$ 13,746,979	\$ 12,878,014	\$ 12,243,075	\$ 11,951,482	\$ 11,889,156	\$ 11,442,462
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.

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

**KENTUCKY TEACHER'S RETIREMENT SYSTEM -
LIFE INSURANCE PLAN:**

	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 14,056,327	\$ 13,746,979	\$ 12,878,014	\$ 12,243,075	\$ 11,951,482	\$ 11,889,156	\$ 11,442,462
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.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OPEB
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 1 – Changes in Assumptions:

CERS Insurance Fund

There were no changes of assumptions

KTRS Insurance Fund

Medical Insurance Plan - There were no changes of assumptions.

Life Insurance Plan - There were no changes of assumptions.

Note 2 – Changes in Benefits:

CERS Insurance Fund

There were no changes in benefit terms.

KTRS Insurance Fund

Medical Insurance Plan - There were no changes in benefit terms.

Life Insurance Plan - There were no changes in benefit terms.

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

	Capital Outlay Fund	Construction Fund	Building Fund	Debt Service Fund	School Activity Funds	District Activity Funds	Total Non-Major Governmental Funds
Assets:							
Cash and Cash Equivalents	\$ 10,875	\$ 255,361	\$ 19,985		\$ 167,577	\$ 103,494	\$ 557,292
Total Assets	<u>\$ 10,875</u>	<u>\$ 255,361</u>	<u>\$ 19,985</u>	<u>\$ -</u>	<u>\$ 167,577</u>	<u>\$ 103,494</u>	<u>\$ 557,292</u>
Liabilities:							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:							
Restricted	\$ 10,875	\$ 255,361	\$ 19,985	\$ -	\$ -	\$ 103,494	\$ 389,715
Committed	-	-	-	-	167,577	-	167,577
Total Fund Balances	<u>10,875</u>	<u>255,361</u>	<u>19,985</u>	<u>-</u>	<u>167,577</u>	<u>103,494</u>	<u>557,292</u>
Total Liabilities and Fund Balances	<u>\$ 10,875</u>	<u>\$ 255,361</u>	<u>\$ 19,985</u>	<u>\$ -</u>	<u>\$ 167,577</u>	<u>\$ 103,494</u>	<u>\$ 557,292</u>

See Notes to the Basic Financial Statements.

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

	Capital Outlay Fund	Construction Fund	Building Fund	Debt Service Fund	School Activity Funds	District Activity Funds	Total Non-Major Governmental Funds
Revenues:							
Taxes	\$ -	\$ -	\$ 537,416	\$ -	\$ -	\$ -	\$ 537,416
Intergovernmental - State	252,763	-	746,622	336,905	-	-	1,336,290
Other Local Revenues	-	-	426,790	-	572,701	69,348	1,068,839
Total Revenues	<u>\$ 252,763</u>	<u>\$ -</u>	<u>\$ 1,710,828</u>	<u>\$ 336,905</u>	<u>\$ 572,701</u>	<u>\$ 69,348</u>	<u>\$ 2,942,545</u>
Expenditures:							
Instruction	\$ -	\$ -	\$ -	\$ -	\$ 536,053	\$ 19,690	\$ 555,743
Instructional Staff	-	-	-	-	19,945	-	19,945
Operation and Maintenance of Plant	-	1,349,432	-	-	-	-	1,349,432
Student Transportation	-	-	-	-	28,847	-	28,847
Building Improvements	-	1,097,861	-	-	-	-	1,097,861
Supplies	-	2,665	-	-	1,969	1,705	6,339
Debt Service	-	-	-	1,880,856	-	-	1,880,856
Total Expenditures	<u>\$ -</u>	<u>\$ 2,449,958</u>	<u>\$ -</u>	<u>\$ 1,880,856</u>	<u>\$ 586,814</u>	<u>\$ 21,395</u>	<u>\$ 4,939,023</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 252,763</u>	<u>\$ (2,449,958)</u>	<u>\$ 1,710,828</u>	<u>\$ (1,543,951)</u>	<u>\$ (14,113)</u>	<u>\$ 47,953</u>	<u>\$ (1,996,478)</u>
Other Financing Sources (Uses):							
Operating Transfers In	\$ 166,877	\$ 1,547,668	\$ 1	\$ 1,543,951	\$ -	\$ 13,900	\$ 3,272,397
Operating Transfers Out	(419,640)	-	(1,710,829)	-	(13,900)	-	(2,144,369)
Total Other Financing (Uses) Sources	<u>\$ (252,763)</u>	<u>\$ 1,547,668</u>	<u>\$ (1,710,828)</u>	<u>\$ 1,543,951</u>	<u>\$ (13,900)</u>	<u>\$ 13,900</u>	<u>\$ 1,128,028</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (902,290)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (28,013)</u>	<u>\$ 61,853</u>	<u>\$ (868,450)</u>
Fund Balances, June 30, 2022	\$ 10,875	\$ 1,157,651	\$ 19,985	\$ -	\$ 195,590	\$ 41,641	\$ 1,425,742
Fund Balances, June 30, 2023	<u>\$ 10,875</u>	<u>\$ 255,361</u>	<u>\$ 19,985</u>	<u>\$ -</u>	<u>\$ 167,577</u>	<u>\$ 103,494</u>	<u>\$ 557,292</u>

See Notes to the Basic Financial Statements.

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

	Cash Balance June 30, 2022	Receipts	Disbursements	Cash Balance June 30, 2023	Transfers	Deposits Held In Custody For Students June 30, 2023
Greenup County High School	\$ 81,784	\$ 281,361	\$ 304,334	\$ 58,811	\$ -	\$ 58,811
McKell Middle School	12,278	50,673	49,618	13,333	(2,746)	10,587
Wurtland Middle School	20,448	35,317	40,441	15,324	(3,232)	12,092
Argilite Elementary	7,192	34,523	33,476	8,239	-	8,239
Greysbranch Elementary	15,070	90,193	88,802	16,461	641	17,102
McKell Elementary	24,472	25,163	34,782	14,853	3,169	18,022
Wurtland Elementary	8,154	16,077	19,953	4,278	(118)	4,160
Misc.	26,117	39,121	29,085	36,153	2,286	38,439
Total	\$ 195,515	572,428	600,491	\$ 167,452	\$ -	\$ 167,452

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

	Cash Balance June 30, 2022	Receipts	Disbursements	Cash Balance June 30, 2023	Transfers	Total
General Account	\$ 173	\$ 3,593	\$ 2,578	\$ 1,188	\$ (422)	\$ 766
Library	316	2,588	3,243	(339)	339	-
CMPS Christmas Project	-	-	-	-	-	-
Beta	1,622	1,680	2,819	483	-	483
Drama	144	175	-	319	-	319
Academic Team	-	244	500	(256)	256	-
Textbook Fees	-	-	-	-	-	-
ROTC	15,120	3,830	3,325	15,625	-	15,625
Art	-	2,710	3,673	(963)	963	-
Prom Committee	3,483	12,055	5,631	9,907	-	9,907
Advance Placement Tests	995	342	362	975	-	975
Seniors	21	3,196	2,040	1,177	-	1,177
Graphics	542	6,066	6,936	(328)	700	372
Yearbook	1,211	1,840	2,400	651	-	651
After Prom	1,460	3,410	4,241	629	-	629
Choir	481	-	-	481	-	481
Food Bank	589	-	-	589	-	589
Class of 74 Scholarship	500	500	1,000	-	-	-
Scholarship	9,208	2,782	3,750	8,240	(210)	8,030
Class of 1999 Scholarship	700	-	-	700	-	700
GC Employee's Scholarship	1,821	302	500	1,623	210	1,833
Social Studies Honor Society	431	5,659	3,517	2,573	(129)	2,444
Christian Athletes	239	-	-	239	-	239
Family Resource	635	200	600	235	-	235
KYA	382	13,571	14,087	(134)	134	-
Science Olympiad	23	-	-	23	-	23
Science Lab	200	-	-	200	-	200
Animal Science	370	470	-	840	-	840
General Athletics	5,000	151,661	136,445	20,216	(4,370)	15,846
BOE Athletics	4,738	4,268	35,014	(26,008)	-	(26,008)
Athletic Trainer	471	-	-	471	-	471
Bass Fishing Booster	904	2,256	3,128	32	-	32
Archery Boosters	248	2,977	4,858	(1,633)	2,852	1,219
Cross Country Booster	1,649	6,544	4,609	3,584	-	3,584
Track Booster	3,454	12,255	11,192	4,517	-	4,517
Volleyball Booster	17,760	2,231	20,059	(68)	68	-
Wrestling Boosters	100	6,312	4,547	1,865	-	1,865
Boys/Girls Soccer Booster	5,315	8,688	9,220	4,783	(2,594)	2,189
Girls Soccer Booster	-	4,956	-	4,956	2,189	7,145
Girls Golf Booster	146	-	160	(14)	14	-
Tennis Booster	833	-	-	833	-	833
Boys Golf Booster	500	-	-	500	-	500
Sweep	-	14,000	13,900	100	-	100
Total	<u>\$ 81,784</u>	<u>\$ 281,361</u>	<u>\$ 304,334</u>	<u>\$ 58,811</u>	<u>\$ -</u>	<u>\$ 58,811</u>

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

Federal Grantor/Pass-Through Grantor <u>Program Title</u>	Federal Assistance <u>Listing Number</u>	Pass-Through Grantor's <u>Number</u>	Expenditures <u>Paid</u>
U.S. Department of Agriculture:			
Passed through State Department of Education			
Child Nutrition Cluster:			
National School Lunch Program	10.555	7750002	\$ 1,740,322
Summer Food Service for Children	10.559	7740023	17,933
Non-Cash Assistance:			
National School Lunch Program - Donated Foods	10.555	057502	168,160
Total Child Nutrition Cluster			<u>1,926,415</u>
Child and Adult Care Food Program	10.558	7760005	59,723
Total U.S. Department of Agriculture			<u>1,986,138</u>
U.S. Department of Education:			
Passed through State Department of Education			
Title I Grants to Local Educational Agencies	84.010	3100002	967,016
Vocational Education Basic Grants to States	84.048	3710002	159,089
Special Education Cluster:			
Special Education Grants to States - IDEA, Part B	84.027	3810002	562,731
Special Education - Pre-School	84.173	3800002	25,543
Total Special Education Cluster			<u>588,274</u>
Twenty-First Century Community Learning Centers -550E	84.287	3400002	129,364
Striving Readers Literacy Grant	84.371C	3220002	124,892
Improving Teacher Quality State Grants	84.367	3230002	82,407
Title IV - A Student Support and Academic Enrichment Grant	84.424	3420002	2,215
Governor's Emergency Education Relief Fund (COVID-19)	84.425C	4000002	619,108
CARES Act Education Stabilization Fund (COVID-19)	84.425D	4000002	1,622,205
Total U.S. Department of Education			<u>4,294,570</u>
U.S. Department of Defense:			
Direct Program:			
Basic, Applied, and Advanced Research in Science and Engineering	12.000	20	75,705
Total U.S. Department of Defense			<u>75,705</u>
U.S. Department of Health and Human Services			
Passed Through Kentucky School Board Association			
Medical Assistance Program	93.778	110-4810	104,190
Total U.S. Department of Health and Human Services			<u>104,190</u>
Total Expenditures of Federal Awards			<u>\$ 6,460,603</u>

See Notes to the Schedule of Expenditures of Federal Awards.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 1 – Basis of Presentation:

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

Note 2 – Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles 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 3 – 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 on the total inventory of \$168,160.

Note 4 – Indirect Cost:

The Greenup County School District did not elect to use the 10% de minimis indirect cost rate for its federal programs.

Note 5 – Subrecipients:

The Greenup County School District did not have subrecipients during the 2023 fiscal year.



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

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

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

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Greenup County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 were reported to management of the Greenup County School District in a separate letter dated November 15, 2023.

Purpose of this Report

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

A handwritten signature in blue ink that reads "The Fyffe Jones Group, AC". The signature is written in a cursive, flowing style.

THE FYFFE JONES GROUP, AC

Ashland, Kentucky
November 15, 2023



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Greenup County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, 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 Greenup County School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, 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 Greenup County School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Greenup County School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Greenup County School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant

deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

The Fyffe Jones Group, AC

THE FYFFE JONES GROUP, AC

Ashland, Kentucky

November 15, 2023

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

A. Summary of Audit Results:

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None Reported
Noncompliance material to financial statements?	No

Federal Awards

Internal control over major programs	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
The District had the following major federal award programs with assistance listing numbers in parentheses for the year ended June 30, 2023:	

Governor's Emergency Education Relief Fund (COVID-19) – 84.425C
CARES Act Education Stabilization Fund (COVID-19) – 84.425D

The dollar threshold used for distinguishing between Type A and Type B programs was \$750,000.
The Greenup County School District qualified as a low-risk auditee under Uniform Guidance.

B. Findings Relating to the Financial Statements Required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

No matters were reported.

C. Findings and Questioned Costs Related to Federal Awards:

No matters were reported.

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

No findings reported in the prior year.

GREENUP COUNTY SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Name of Contact Person:

Traysea Moresea (606) 473-5710

Corrective Action Planned:

No corrective action plan is needed in the current year.



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

In planning and performing our audit of the financial statements of Greenup 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.

During our audit, we did not become aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated November 15, 2023, on the financial statements of the District.

Our prior year management letter did not include any issues needing addressed, therefore, we did not find it necessary to review any comments or follow up on any resolutions from the previous year.

The Fyffe Jones Group, AC

THE FYFFE JONES GROUP, AC
Ashland, Kentucky
November 15, 2023

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

Current Year Management Points

None.

Status of Prior Year Management Points

There were no management points in the prior year.