

**LAUREL COUNTY SCHOOL DISTRICT**

**BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2023**

**with**

**REPORT OF INDEPENDENT AUDITORS**

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**Cloyd & Associates, PSC**  
Certified Public Accountants  
and  
Business Advisors

## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Laurel 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Laurel County School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Laurel 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.



## ***Auditors' Responsibilities for the Audit of the Financial Statement***

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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

## ***Required Supplementary Information***

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

## ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Laurel County School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 14, 2023, on our consideration of Laurel 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 District's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Laurel County School District's internal control over financial reporting and compliance.

*Cloyd & Associates, PSC*

Cloyd & Associates, PSC  
London, Kentucky  
November 14, 2023

**LAUREL COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year ended June 30, 2023

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

### **FINANCIAL HIGHLIGHTS**

The District's solid financial position is attributed to sound fiscal management and continuing review of all policies in search of ways to increase revenues and/or reduce costs. Our current financial position is strong and our budget for FY 2023 is solid and supports the educational needs of the students the District serves while at the same time can respond to the fluid nature of changes in the current economic landscape.

Bonds are issued as the District renovates and builds facilities consistent with long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. The District's net total bonded debt decreased by \$6,775,000 during the current fiscal year. In fiscal year 2023, excluding revenue from transfers and sales of assets, total government fund revenues were approximately \$125 million which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes and excluding construction costs of \$7.45 million, total government fund expenditures, net of transfers, were approximately \$117.55 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 basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The district-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 between the two 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 revenues, expenses, and changes in net position 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 expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plants, student transportation and operation of non-instructional services. Fixed assets and related debt are also supported by taxes and intergovernmental revenues.

**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 Funds:** Most of the District's basic activities are reported in these funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. The funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The statements for these funds provide a short-term view of the District's general operations and the basic services they provide to help determine where financial resources may be found to finance the District's programs.

**Proprietary Funds:** These are business-type activities where the District charges students or parents for the services it provides. These funds are reported using the full accrual accounting method in the same way that all activities are reported in the Statement of Net position and Statement of Revenues, Expenses, and Changes in Net Position. School food service is the major activity considered as business-type activities in the District.

**Fiduciary funds:** These are trust funds used to account for resources held for the benefit of parties outside the District. These funds are not reflected in the District-wide financial statements because the resources of these funds are not available to support the District's own activities or programs. The basis of accounting for fiduciary funds is similar to that of proprietary funds.

The basic governmental fund financial statements can be found on the table of contents 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 district-wide and fund financial statements. The notes to the financial statements can be found on the table of contents of this report.

#### **DISTRICT-WIDE FINANCIAL ANALYSIS**

Net position is an indicator of a district's financial position. Laurel County School District assets exceeded liabilities by \$57,207,148 as of June 30, 2023, an increase of \$15,762,260 from the previous year.

*See table on next page*

**LAUREL COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED**  
Year ended June 30, 2023

<b>Net Position Comparison Statement</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>Change</b>
Current assets	\$ 38,290,120	\$ 33,169,339	\$ 5,120,781
Capital assets net of depreciation	<u>155,874,452</u>	<u>152,160,623</u>	<u>3,713,829</u>
<b>Total Assets</b>	<b>194,164,572</b>	<b>185,329,962</b>	<b>8,834,610</b>
Deferred outflows of resources	<u>23,646,905</u>	<u>13,682,809</u>	<u>9,964,096</u>
<b>Total Deferred Outflow of Resources</b>	<b>23,646,905</b>	<b>13,682,809</b>	<b>9,964,096</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$ 217,811,477</b>	<b>\$ 199,012,771</b>	<b>\$ 18,798,706</b>
Current liabilities	\$ 15,791,852	\$ 13,206,773	\$ 2,585,079
Long-term liabilities	<u>127,927,827</u>	<u>125,293,208</u>	<u>2,634,619</u>
<b>Total Liabilities</b>	<b>143,719,679</b>	<b>138,499,981</b>	<b>5,219,698</b>
Deferred inflows	<u>16,884,650</u>	<u>19,067,902</u>	<u>(2,183,252)</u>
<b>Total Deferred Inflow of Resources</b>	<b>16,884,650</b>	<b>19,067,902</b>	<b>(2,183,252)</b>
<b>Net Position</b>			
Investment in capital assets, net of debt	75,101,279	64,655,442	10,445,837
Restricted	17,890,786	10,809,763	7,081,023
Unreserved Fund Balance	<u>(35,784,917)</u>	<u>(34,020,317)</u>	<u>(1,764,600)</u>
<b>Total Net Position</b>	<b>57,207,148</b>	<b>41,444,888</b>	<b>15,762,260</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 217,811,477</b>	<b>\$ 199,012,771</b>	<b>\$ 18,798,706</b>

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

*See table on next page*

**LAUREL COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED**  
Year ended June 30, 2023

	June 30, 2022			June 30, 2023
	Balance	Additions	Retirements	Balance
<b>Governmental Activities</b>				
Land	\$ 4,392,866	\$ -	\$ -	\$ 4,392,866
Land Improvements	1,721,309	264,736	285,096	1,700,949
Buildings	202,131,492	2,291,527	370,375	204,052,644
Technology	1,133,279	37,285	986,143	184,421
Vehicles	11,234,387	1,030,150	388,882	11,875,655
General Equipment	838,329	142,742	78,623	902,448
Construction Work in Progress	<u>2,352,103</u>	<u>5,398,252</u>	<u>-</u>	<u>7,750,355</u>
Total historical cost	223,803,765	9,164,692	2,109,119	230,859,338
Less accumulated depreciation	<u>77,579,999</u>	<u>5,050,011</u>	<u>1,977,621</u>	<u>80,652,389</u>
Governmental capital assets, net	<u>\$ 146,223,766</u>	<u>\$ 4,114,681</u>	<u>\$ 131,498</u>	<u>\$ 150,206,949</u>
<b>Business-type Activities</b>				
Buildings	\$ 10,551,259	\$ -	\$ -	\$ 10,551,259
General Equipment	<u>940,017</u>	<u>15,554</u>	<u>336,171</u>	<u>619,400</u>
Total historical cost	11,491,276	15,554	336,171	11,170,659
Less accumulated depreciation	<u>5,554,422</u>	<u>284,770</u>	<u>336,036</u>	<u>5,503,156</u>
Business-type capital assets, net	<u>\$ 5,936,854</u>	<u>\$ (269,216)</u>	<u>\$ 135</u>	<u>\$ 5,667,503</u>

**Comments on General Fund Budget Comparisons**

The District's total General Fund revenues for the fiscal year ended June 30, 2023, net of interfund transfers, sales of assets and beginning balance was \$86,356,478.

Total General Fund budgeted revenue compared to actual revenue varied from line item to line item with the ending actual revenue being \$9,129,748 more than budget or 0.118% more. The major contributor to this increase was an increase of \$6,752,178 in state funding.

Total General Fund budgeted expenditures net of budgeted contingency and interfund transfers compared to actual expenditures were \$5,585,042 more than budget or 0.062% more. The major contributor to this increase was an increase in instruction expense due to state on-behalf disbursements.

The budget to actual comparison statements can be found on the pages referenced in the table of contents of this report.

The following table presents a summary of revenues and expenditures reported on the Annual Financial Report for the fiscal year ended June 30, 2023, excluding beginning balance and inter-fund transfers, compared to the fiscal year ended June 30, 2022.

*See table on next page*

**LAUREL COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED**  
Year ended June 30, 2023

	<u>FY 2023</u>	<u>FY 2022</u>	<u>Change</u>
<b>REVENUES</b>			
Local revenue sources	\$ 27,577,242	\$ 24,437,695	\$ 3,139,547
State revenue sources	78,781,485	68,528,427	10,253,058
Federal revenue sources	19,124,096	14,080,182	5,043,914
<b>Total revenues</b>	<u><u>\$ 125,482,823</u></u>	<u><u>\$ 107,046,304</u></u>	<u><u>\$ 18,436,519</u></u>
<b>EXPENDITURES</b>			
Instruction	\$ 69,043,470	\$ 61,267,946	\$ 7,775,524
Student support services	7,770,431	6,946,130	824,301
Instructional support	4,000,869	3,806,821	194,048
District administration	1,115,392	1,147,269	(31,877)
School administration	4,437,567	4,197,691	239,876
Business support	2,667,213	2,592,437	74,776
Plant operations	9,430,257	8,210,398	1,219,859
Student transportation	6,092,182	4,808,493	1,283,689
Community support	1,047,595	898,790	148,805
Other	128,862	133,484	(4,622)
Activity fund activities	2,209,670	1,552,439	657,231
Site improvement	7,459,130	3,133,763	4,325,367
Debt service	9,498,703	9,347,269	151,434
<b>Total expenditures</b>	<u><u>124,901,341</u></u>	<u><u>108,042,930</u></u>	<u><u>16,858,411</u></u>
Revenue in excess (deficit) of expenditures	<u><u>\$ 581,482</u></u>	<u><u>\$ (996,626)</u></u>	<u><u>\$ 1,578,108</u></u>

The major factors in the above changes are the result of increased federal revenue and decreased state on behalf contributions in FY 2023.

**BUDGETARY IMPLICATIONS**

Kentucky's 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 for the current fiscal year. By statute the General Fund budget must maintain a minimum 2.0% unreserved fund balance, the District budgeted \$6,420,036 unreserved fund balance (7.60%) and ended the year with an actual unreserved fund balance of \$7,395,526 (8.80%).

**LOCAL ECONOMIC OUTLOOK**

The economic forecast for the London/Laurel County area continues to be stable.

Census data from the University of Louisville indicates on average 7% population growth every five years for the next twenty-five years, however the growth in student ages (5-19) remains level until the year 2025 when the growth in this age group will begin to increase. Laurel County Schools FY 2023 student enrollment slightly increased compared with FY 2022 enrollment.

**LAUREL COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED**  
Year ended June 30, 2023

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Laurel County has an intersection of a north/south interstate, I-75, and a major east/west highway. Economic strength can be found in the balance among manufacturing, professional services, retail trade, tourism, educational, health and social service, and transportation. The area's diverse economic infrastructure has insulated it from major economic downturns. Local government officials continue to be very proactive in attracting new employers to the area and have been successful in attracting new jobs to the area.

**CONTACTING THE LAUREL COUNTY SCHOOL DISTRICT MANAGEMENT**

Questions regarding this report should be directed to the Business Manager by phone (606) 862-4600 or by mail at 718 North Main Street, London, KY 40741.

LAUREL COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2023

ASSETS	Governmental Activities	Business-type Activities	Total
<b>Current Assets</b>			
Cash and cash equivalents	\$ 16,288,657	\$ 5,287,998	\$ 21,576,655
Accounts receivable	14,742,929	95,937	14,838,866
Supplies Inventory	1,711,865	162,734	1,874,599
<b>Total current assets</b>	<u>32,743,451</u>	<u>5,546,669</u>	<u>38,290,120</u>
<b>Noncurrent Assets</b>			
Capital assets	230,859,338	11,170,659	242,029,997
Less: Accumulated depreciation	80,652,389	5,503,156	86,155,545
<b>Total noncurrent assets</b>	<u>150,206,949</u>	<u>5,667,503</u>	<u>155,874,452</u>
<b>Total assets</b>	<u>182,950,400</u>	<u>11,214,172</u>	<u>194,164,572</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred outflows - REFUNDING BONDS	646,421	-	646,421
Deferred outflows - CERS OPEB	2,909,277	580,320	3,489,597
Deferred outflows - KTRS OPEB	13,288,174	-	13,288,174
Deferred outflows - CERS PENSION	5,187,876	1,034,837	6,222,713
<b>Total deferred outflow of resources</b>	<u>22,031,748</u>	<u>1,615,157</u>	<u>23,646,905</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 204,982,148</u>	<u>\$ 12,829,329</u>	<u>\$ 217,811,477</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 120,142	\$ 8,112	\$ 128,254
Accrued payroll and withholding obligations	98,262	-	98,262
Interest payable	886,756	-	886,756
Current portion of bond obligations	6,990,000	-	6,990,000
Current portion of accrued sick leave	168,000	-	168,000
Unearned revenue	7,520,580	-	7,520,580
<b>Total current liabilities</b>	<u>15,783,740</u>	<u>8,112</u>	<u>15,791,852</u>
<b>Noncurrent Liabilities</b>			
Net pension liability - CERS	21,236,374	4,236,067	25,472,441
Net OPEB liability - CERS	5,796,556	1,156,252	6,952,808
Net OPEB liability - KTRS	20,330,000	-	20,330,000
Noncurrent portion of bonds obligations	73,320,000	-	73,320,000
Bond premium, net of amortization	1,109,594	-	1,109,594
Noncurrent portion of accrued sick leave	742,984	-	742,984
<b>Total noncurrent liabilities</b>	<u>122,535,508</u>	<u>5,392,319</u>	<u>127,927,827</u>
<b>Total Liabilities</b>	<u>138,319,248</u>	<u>5,400,431</u>	<u>143,719,679</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred inflows - CERS OPEB	3,454,354	689,048	4,143,402
Deferred inflows - KTRS OPEB	8,998,000	-	8,998,000
Deferred inflows - PENSION	3,120,746	622,502	3,743,248
<b>Total deferred inflow of resources</b>	<u>15,573,100</u>	<u>1,311,550</u>	<u>16,884,650</u>
<b>Total Liabilities and deferred inflows of resources</b>	<u>153,892,348</u>	<u>6,711,981</u>	<u>160,604,329</u>
<b>NET POSITION</b>			
Investment in capital assets, net of debt	69,433,776	5,667,503	75,101,279
Restricted for:			
Capital projects	11,133,841	-	11,133,841
Other purposes	6,307,100	449,845	6,756,945
Unrestricted	(35,784,917)	-	(35,784,917)
<b>Total net position</b>	<u>51,089,800</u>	<u>6,117,348</u>	<u>57,207,148</u>
<b>Total liabilities and net position</b>	<u>\$ 204,982,148</u>	<u>\$ 12,829,329</u>	<u>\$ 217,811,477</u>

LAUREL COUNTY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2023

FUNCTIONS/PROGRAMS	Expenses	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
<b>Governmental Activities</b>							
Instruction	\$ 69,590,691	\$ 6,641	\$ 33,884,110	\$ -	\$ (35,699,940)	\$ -	\$ (35,699,940)
Support services:							
Student	7,770,431	-	3,536,493	-	(4,233,938)	-	(4,233,938)
Instruction staff	4,001,014	-	1,820,883	-	(2,180,131)	-	(2,180,131)
District administrative	1,132,134	-	489,640	-	(642,494)	-	(642,494)
School administrative	4,437,567	-	2,019,634	-	(2,417,933)	-	(2,417,933)
Business	2,667,213	-	1,213,907	-	(1,453,306)	-	(1,453,306)
Plant operation and maintenance	10,524,472	-	4,291,916	-	(6,232,556)	-	(6,232,556)
Student transportation	5,483,727	-	2,772,685	-	(2,711,042)	-	(2,711,042)
Other instructional	128,862	-	-	-	(128,862)	-	(128,862)
Community service activities	1,047,595	-	553,431	-	(494,164)	-	(494,164)
Student activity	2,209,670	-	-	-	(2,209,670)	-	(2,209,670)
Interest on long-term debt	2,723,703	-	-	741,036	(1,982,667)	-	(1,982,667)
<b>Total governmental activities</b>	<b>111,717,079</b>	<b>6,641</b>	<b>50,582,699</b>	<b>741,036</b>	<b>(60,386,703)</b>	<b>-</b>	<b>(60,386,703)</b>
<b>Business-type Activities</b>							
Food service	6,000,672	153,442	7,607,308	-	-	1,760,078	1,760,078
Other business activities	102,879	244,319	-	-	-	141,440	141,440
<b>Total business-type activities</b>	<b>6,103,551</b>	<b>397,761</b>	<b>7,607,308</b>	<b>-</b>	<b>-</b>	<b>1,901,518</b>	<b>1,901,518</b>
<b>Total school district</b>	<b>\$ 117,820,630</b>	<b>\$ 404,402</b>	<b>\$ 58,190,007</b>	<b>\$ 741,036</b>	<b>(60,386,703)</b>	<b>1,901,518</b>	<b>(58,485,185)</b>
<b>General Revenues</b>							
					15,559,364	-	15,559,364
					2,908,372	-	2,908,372
					4,505,204	-	4,505,204
					858,342	-	858,342
					1,180,246	-	1,180,246
					46,581,846	-	46,581,846
					98,140	-	98,140
					(10,431)	10,431	-
					2,559,072	-	2,559,072
					<u>74,240,155</u>	<u>10,431</u>	<u>74,250,586</u>
					13,853,452	1,911,949	15,765,401
					37,236,348	4,205,399	41,441,747
					<u>\$ 51,089,800</u>	<u>\$ 6,117,348</u>	<u>\$ 57,207,148</u>

LAUREL COUNTY SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2023

	General Fund	Special Revenue	Construction Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,190,108	\$ -	\$ 10,922,633	\$ 1,175,916	\$ 16,288,657
Accounts receivable	726,004	14,013,059	-	3,866	14,742,929
Supplies inventory	1,711,865	-	-	-	1,711,865
Interfund receivable	6,445,756	-	-	-	6,445,756
<b>Total assets</b>	<u>13,073,733</u>	<u>14,013,059</u>	<u>10,922,633</u>	<u>1,179,782</u>	<u>39,189,207</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Interfund payable	-	6,445,756	-	-	6,445,756
Accounts payable	68,051	46,723	-	5,368	120,142
Accrued payroll and withholding obligations	98,262	-	-	-	98,262
Unearned revenue	-	7,520,580	-	-	7,520,580
Current portion of accumulated sick leave	168,000	-	-	-	168,000
<b>Total liabilities</b>	<u>334,313</u>	<u>14,013,059</u>	<u>-</u>	<u>5,368</u>	<u>14,352,740</u>
<b>Fund Balances</b>					
Nonspendable	1,711,865	-	-	-	1,711,865
Restricted	-	-	10,922,633	1,174,414	12,097,047
Committed	2,000,000	-	-	-	2,000,000
Assigned	1,632,029	-	-	-	1,632,029
Unassigned	7,395,526	-	-	-	7,395,526
<b>Total fund balances</b>	<u>12,739,420</u>	<u>-</u>	<u>10,922,633</u>	<u>1,174,414</u>	<u>24,836,467</u>
<b>Total liabilities and fund balances</b>	<u>\$ 13,073,733</u>	<u>\$ 14,013,059</u>	<u>\$ 10,922,633</u>	<u>\$ 1,179,782</u>	<u>\$ 39,189,207</u>

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

Total fund balance per fund financial statements	\$ 24,836,467
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of depreciation are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	150,206,949
Deferred outflows of resources are not reported in this fund financial statement because they do not affect current economic resources, but they are presented in the statement of net position.	22,031,748
Deferred inflows of resources are not reported in this fund financial statement because they do not affect current economic resources, but they are presented in the statement of net position.	(15,573,100)
Certain liabilities (such as bonds payable, premiums, the long-term portion of accrued sick leave, and accrued interest, net pension liability) are not reported in this fund financial statement because they are not due and payable but they are presented in the statement of net position.	<u>(130,412,264)</u>
Net position for governmental activities	<u>\$ 51,089,800</u>

LAUREL COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2023

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
From local sources					
Property taxes	\$ 9,370,847	\$ -	\$ -	\$ 6,188,517	\$ 15,559,364
Motor vehicle taxes	2,908,373	-	-	-	2,908,373
Utility taxes	4,505,204	-	-	-	4,505,204
Franchise fees	858,342	-	-	-	858,342
Earnings on investments	1,180,246	-	-	-	1,180,246
Revenue in lieu of taxes	67,676	-	-	-	67,676
Other local revenues	110,895	78,943	-	-	189,838
Student Activity revenue	-	-	-	2,308,199	2,308,199
State sources					
SEEK	39,490,483	-	-	7,091,363	46,581,846
Other	27,502,599	3,956,004	-	741,036	32,199,639
Federal - direct	42,570	53,922	-	-	96,492
Federal - indirect	319,243	18,708,361	-	-	19,027,604
<b>Total revenues</b>	<b>86,356,478</b>	<b>22,797,230</b>	<b>-</b>	<b>16,329,115</b>	<b>125,482,823</b>
<b>Expenditures</b>					
Instruction	54,079,003	14,964,467	-	-	69,043,470
Support services					
Student	7,695,956	74,475	-	-	7,770,431
Instruction staff	3,542,436	458,433	-	-	4,000,869
District administration	1,115,392	-	-	-	1,115,392
School administration	4,363,857	73,710	-	-	4,437,567
Business	2,223,932	443,281	-	-	2,667,213
Plant operation and maintenance	8,916,083	514,174	-	-	9,430,257
Student transportation	6,058,370	33,812	-	-	6,092,182
Student activity expenditures	-	-	-	2,209,670	2,209,670
Site improvement	-	-	7,459,130	-	7,459,130
Non-instructional	128,862	-	-	-	128,862
Community service activities	4,974	1,042,621	-	-	1,047,595
Debt service	-	-	-	9,498,703	9,498,703
<b>Total expenditures</b>	<b>88,128,865</b>	<b>17,604,973</b>	<b>7,459,130</b>	<b>11,708,373</b>	<b>124,901,341</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>(1,772,387)</b>	<b>5,192,257</b>	<b>(7,459,130)</b>	<b>4,620,742</b>	<b>581,482</b>
<b>Other Financing Sources (Uses)</b>					
Net proceeds from disposal of assets	229,639	-	-	-	229,639
Operating transfers in	-	171,723	12,437,830	8,757,667	21,367,220
Operating transfers out	(182,154)	(5,363,980)	-	(15,831,517)	(21,377,651)
<b>Total other financing sources (uses)</b>	<b>47,485</b>	<b>(5,192,257)</b>	<b>12,437,830</b>	<b>(7,073,850)</b>	<b>219,208</b>
<b>Net change in fund balances</b>	<b>(1,724,902)</b>	<b>-</b>	<b>4,978,700</b>	<b>(2,453,108)</b>	<b>800,690</b>
<b>Restated Fund balance, July 1, 2022</b>	<b>14,464,322</b>	<b>-</b>	<b>5,943,933</b>	<b>3,627,522</b>	<b>24,035,777</b>
<b>Fund balance, June 30, 2023</b>	<b>\$ 12,739,420</b>	<b>\$ -</b>	<b>\$ 10,922,633</b>	<b>\$ 1,174,414</b>	<b>\$ 24,836,467</b>

**LAUREL COUNTY SCHOOL DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2023

Net change in total fund balances per fund financial statements	\$ 800,690
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlay exceeds depreciation for the year.	3,983,184
Amortization of deferred outflows created by refunding bonds are recognized as expense in the statement of activities but is not recognized in the fund financial statements	(281,288)
Amortization of bond premiums are recognized as revenue in the statement of activities but are not recognized in the fund financial statements	238,295
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the Statement of Net Position.	6,775,000
Long term sick leave interest is an increase of expense in the statement of activities but is not considered in the fund financial statements	519,947
Pension and OPEB expense is recognized in the statement of activities but not recognized in the fund financial statements	<u>1,817,624</u>
Change in net position of governmental activities	<u>\$ 13,853,452</u>

LAUREL COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2023

<b>ASSETS</b>	Food Service Fund	Day Care Fund	Other Funds	Total
<b>Current Assets</b>				
Cash and cash equivalents	\$ 4,958,610	\$ 166,706	\$ 162,682	\$ 5,287,998
Accounts receivable	95,937	-	-	95,937
Inventory	162,734	-	-	162,734
<b>Total current assets</b>	<u>5,217,281</u>	<u>166,706</u>	<u>162,682</u>	<u>5,546,669</u>
<b>Noncurrent Assets</b>				
Capital assets	11,170,659	-	-	11,170,659
Less: Accumulated depreciation	<u>(5,503,156)</u>	<u>-</u>	<u>-</u>	<u>(5,503,156)</u>
<b>Total noncurrent assets</b>	<u>5,667,503</u>	<u>-</u>	<u>-</u>	<u>5,667,503</u>
<b>Total assets</b>	<u>10,884,784</u>	<u>166,706</u>	<u>162,682</u>	<u>11,214,172</u>
<b>Deferred outflow of resources</b>				
Deferred outflows OPEB	580,320	-	-	580,320
Deferred outflows - PENSION	1,034,837	-	-	1,034,837
<b>Total deferred outflows of resources</b>	<u>1,615,157</u>	<u>-</u>	<u>-</u>	<u>1,615,157</u>
<b>Total assets and deferred outflows</b>	<u>\$ 12,499,941</u>	<u>\$ 166,706</u>	<u>\$ 162,682</u>	<u>\$ 12,829,329</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 8,073	\$ -	\$ 39	\$ 8,112
<b>Total current liabilities</b>	<u>8,073</u>	<u>-</u>	<u>39</u>	<u>8,112</u>
<b>Non-Current Liabilities</b>				
Net OPEB liability	1,156,252	-	-	1,156,252
Net PENSION liability	4,236,067	-	-	4,236,067
<b>Total non-current liabilities</b>	<u>5,392,319</u>	<u>-</u>	<u>-</u>	<u>5,392,319</u>
<b>Deferred inflow of resources</b>				
Deferred inflows - OPEB	689,048	-	-	689,048
Deferred inflows -PENSION	622,502	-	-	622,502
<b>Total deferred inflows of resources</b>	<u>1,311,550</u>	<u>-</u>	<u>-</u>	<u>1,311,550</u>
<b>NET POSITION</b>				
Net investment in capital assets	5,667,503	-	-	5,667,503
Restricted for:				
Other	120,496	166,706	162,643	449,845
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total net position</b>	<u>5,787,999</u>	<u>166,706</u>	<u>162,643</u>	<u>6,117,348</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 12,499,941</u>	<u>\$ 166,706</u>	<u>\$ 162,682</u>	<u>\$ 12,829,329</u>

LAUREL COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
Year Ended June 30, 2023

	Food Service Fund	Day Care Operations	Other Funds	Total
<b>Operating Revenues</b>				
Food service sales	\$ 135,815	\$ -	\$ 4,710	\$ 140,525
Community service activities	-	140,526	96,483	237,009
Other operating revenues	17,627	-	2,600	20,227
<b>Total operating revenues</b>	<u>153,442</u>	<u>140,526</u>	<u>103,793</u>	<u>397,761</u>
<b>Operating Expenses</b>				
Salaries and wages	1,339,774	61,856	-	1,401,630
Employee benefits	223,237	20,807	-	244,044
On-behalf	270,807	-	-	270,807
Supplies and materials	3,882,084	990	19,226	3,902,300
Depreciation	284,770	-	-	284,770
<b>Total operating expenses</b>	<u>6,000,672</u>	<u>83,653</u>	<u>19,226</u>	<u>6,103,551</u>
<b>Operating income (loss)</b>	<u>(5,847,230)</u>	<u>56,873</u>	<u>84,567</u>	<u>(5,705,790)</u>
<b>Nonoperating revenues (expenses)</b>				
Federal grants	7,127,400	-	-	7,127,400
State grants	322,500	-	-	322,500
Donated commodities	157,408	-	-	157,408
Operating transfers in	10,431	-	-	10,431
<b>Total nonoperating revenues (expenses)</b>	<u>7,617,739</u>	<u>-</u>	<u>-</u>	<u>7,617,739</u>
<b>Gain/(loss) on disposal of assets</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Income</b>	<u>1,770,509</u>	<u>56,873</u>	<u>84,567</u>	<u>1,911,949</u>
<b>Total restated net position, July 1, 2022</b>	<u>4,017,490</u>	<u>109,833</u>	<u>78,076</u>	<u>4,205,399</u>
<b>Total net position, June 30, 2023</b>	<u>\$ 5,787,999</u>	<u>\$ 166,706</u>	<u>\$ 162,643</u>	<u>\$ 6,117,348</u>

LAUREL COUNTY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
For the year ended June 30, 2023

	Food Service Fund	Day Care Operations	Other Funds	Total
<b>Cash Flows from Operating Activities</b>				
Cash received from lunchroom sales	\$ 695,816	\$ -	\$ 4,710	\$ 700,526
Cash received from user charges	-	140,526	96,483	237,009
Cash received from other activities	-	-	2,600	2,600
Cash payments to employees for services	(2,061,969)	(82,663)	-	(2,144,632)
Cash payments to suppliers for goods and services	(3,755,008)	(990)	(19,480)	(3,775,478)
<b>Net cash from operating activities</b>	<b>(5,121,161)</b>	<b>56,873</b>	<b>84,313</b>	<b>(4,979,975)</b>
<b>Cash Flows from Capital Financing Activities</b>				
Acquisition of capital assets	(15,554)	-	-	(15,554)
<b>Net cash from capital financing activities</b>	<b>(15,554)</b>	<b>-</b>	<b>-</b>	<b>(15,554)</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Nonoperating grants received	7,449,902	-	-	7,449,902
<b>Net cash from noncapital financing activities</b>	<b>7,449,902</b>	<b>-</b>	<b>-</b>	<b>7,449,902</b>
<b>Cash Flows from Investing Activities</b>				
Operating transfers in	10,431	-	-	10,431
<b>Net cash flows from investing activities</b>	<b>10,431</b>	<b>-</b>	<b>-</b>	<b>10,431</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,323,618</b>	<b>56,873</b>	<b>84,313</b>	<b>2,464,804</b>
<b>Cash and cash equivalents - beginning</b>	<b>2,634,992</b>	<b>109,833</b>	<b>78,369</b>	<b>2,823,194</b>
<b>Cash and cash equivalents - ending</b>	<b>\$ 4,958,610</b>	<b>\$ 166,706</b>	<b>\$ 162,682</b>	<b>\$ 5,287,998</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ (5,847,230)	\$ 56,873	\$ 84,567	\$ (5,705,790)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Depreciation	284,770	-	-	284,770
Donated Commodities	157,408	-	-	157,408
Changes in assets and liabilities:				
Accounts receivable	542,374	-	-	542,374
Accounts payable	1,361	-	(255)	1,106
Pension assets and liabilities	(228,151)	-	-	(228,151)
Inventory	(31,693)	-	-	(31,693)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (5,121,161)</b>	<b>\$ 56,873</b>	<b>\$ 84,313</b>	<b>\$ (4,979,975)</b>
<b>Non-Cash Non-Capital Financing Activities</b>				
Depreciation	\$ 284,770	\$ -	\$ -	\$ 284,770
Donated commodities received from federal government	\$ 157,408	\$ -	\$ -	\$ 157,408

## **1. REPORTING ENTITY**

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

The District, for financial purposes, includes all of the funds and activities relevant to the operation of the Laurel County Board of Education. The basic 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. Such funds or groups have been considered as prospective component units under GASB Statement Number 39, *Determining Whether Certain Organizations Are Component Units*, and have been determined to have insignificant assets, liabilities, equity, revenue and expenditures to be considered component units. In addition, the Board has the ability to exert little control over the fiscal activities of the funds or groups.

The basic 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:

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

## **2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The District has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 to its proprietary funds, unless those pronouncements conflict or contradict GASB pronouncements.

The following is a summary of the basis of presentation:

**Government-wide Financial Statements** - The statement of net position and the statement of revenues, expenses, and changes in net position display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental, which normally are supported by tax revenues, and those that are considered business-type activities, which rely significantly on fees and charges for support.

## 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. 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 reconciliations with brief explanations to better identify the relationship between the district-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. 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** - 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 total fund balances. 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.

Accounting principles generally accepted in the United States of America require that the General Fund be reported as a major fund. All other governmental and proprietary funds whose assets, liabilities, revenues, or expenditures comprise at least 10% of the total for the relevant fund category and at least 5% of the corresponding total for all governmental and proprietary funds combined must also be reported as major funds.

The District has the following funds:

### I. Government Fund Types

The General Fund is the main operating fund of the District. It accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.

The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

**2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

I. Government Fund Types – continued

The Student Activity Fund is a special revenue fund that accounts for school activity fund revenues and expenditures.

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds). The Capital Project Funds account for revenue and expenditures from three sources:

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. The district has decided to treat this as a major fund of the District.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost, and for the payment of interest on general obligation notes payable, as required by Kentucky law.

II. Proprietary Fund Types (Enterprise Fund)

The Food Service Fund is used to account for school food service activities, including the National School Lunch Program and the national School Breakfast Program, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. The Food Service Fund is a major fund.

The Day Care Fund is used to account for the funds raised at schools providing after school care for children.

Other Funds is used to account for funds raised by District vending, community donations and various other small projects within the District.

The District applies all GASB pronouncements to proprietary funds as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Basis of Accounting

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

## **2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

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.

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

Unearned Revenue/Advances from Grantors - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. The District reports unearned revenue on its statement of net position and governmental funds balance sheet. In both the district-wide and governmental fund statements, grants that are intended to finance future periods are reported as unearned revenue. In subsequent periods, the liability for unearned revenue is removed from the statement of net position and governmental funds balance sheet and revenue is recognized.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on the flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave, which are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue.

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

### Property Taxes

Property taxes are levied by September 30 on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund.

The property tax rates assessed for the year ended June 30, 2023, to finance the General Fund operations were \$.464 per \$100 valuation for real property, \$.484 per \$100 valuation for business personal property and \$.463 per \$100 valuation for motor vehicles.

**2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

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

Prepaid Assets

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

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 activity's column of the district-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 district-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received.

The District maintains a capitalization threshold of \$5,000. 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, except land and construction-in-progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
School buses	10 years
Other vehicles	5 years
Audio-visual equipment	15 years
Food service equipment	12 years
Furniture and fixtures	20 years
Rolling stock	15 years
Other general equipment	10 years

Interfund Receivables and Payables

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.

## **2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

### 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 vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

The entire compensated absence liability includes the remaining 70% plus any accrued sick leave for people not eligible and is reported on the district-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as an assigned portion of fund balance. The balance of the liability is not recorded.

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

### Bonds and Related Premiums, Discounts, and Issuance Costs

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed when bonds are issued.

In the governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Discounts related to debt issuance are reported as other financing uses. Issuance costs are reported as debt service expenditures.

### Budgetary Process

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

- Revenues are recorded on the modified accrual basis of accounting (budgetary) as opposed to when susceptible to accrual (GAAP).
- Expenditures are recorded on the modified accrual basis of accounting (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved by the Board, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Budgetary receipts represent original estimates modified for adjustments, if any, during the fiscal year. Budgetary disbursements represent original appropriations adjusted for budget transfers and additional appropriations, if any, approved during the fiscal year

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

### Cash and Cash Equivalents

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

## 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

### Receivables

The District recognizes revenues as receivables when they are measurable, and receipt is probable. Concentration of credit risk with respect to the receivables from federal and state governments is limited due to the historical stability of those institutions. Federal and state grants to be used or expended as specified by the grantor are recognized as revenue and recorded as receivables as qualifying expenditures are made.

### Inventories

On government-wide and governmental fund financial statements inventories of supplies and materials are stated at cost and are expensed when used.

The School Food Service Fund inventory consists of food, supplies and U.S. Government commodities.

The Food Service Fund inventory is stated at cost and uses the specific identification method; and the General Fund inventory is stated at cost and uses the first-in, first-out method.

### 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, 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. 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

Fund balances are separated into five categories, as required by GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as follows:

**Nonspendable** fund balance is permanently nonspendable by decree of donor. Examples would be an endowment or that which may not be used for another purpose such as amounts used to prepay future expenses or inventory already on hand.

**Restricted** fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**Committed** fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment.

**Assigned** fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which results in the encumbrance of funds. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

**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.

## **2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

### Encumbrances

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. Encumbrances are considered a managerial assignment of fund balance at June 30, 2023, in the governmental funds balance sheet.

### Net Position

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

### Operating and Non-Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, those revenues are primarily charges for meals provided by the various schools.

Non-operating revenues are not generated directly from the primary activity of the proprietary funds. For the School District those revenues come in the form of grants (federal and state), donated commodities, and earnings from investments.

### Contributions of Capital

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

### Interfund Activity

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

### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's 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 financial statements, and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

### Deferred Inflows and Deferred Outflows of Resources

Deferred inflows and deferred outflows are recorded on the government-wide and proprietary financial statements. The deferred outflows of resources presented were primarily created by differences in pension expectations, the prior refunding of revenue bonds, and deferral of pension contributions. Deferred inflows were primarily created by actuarial determinations of net pension liability changes.

### Leases

GASB Statement No. 87, Leases was issued to improve accounting and financial reporting for leases by governments, by establishing standards for leases that were previously classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset, thus requiring lessees to recognize a lease liability and an intangible right-to-use lease asset, and lessors to recognize a lease receivable and a deferred inflow of resources.

**2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

Pensions and Other Post-employment Benefits

For purposes of measuring the net liabilities, the deferred outflows of resources and deferred inflows of resources, and expense related to pensions and other post-employment benefits (OPEB), information about the fiduciary net position of the pension / OPEB plans, and additions to / deductions from the pension / OPEB plans' fiduciary net position has been determined on the same basis as they are reported by the pension / OPEB plans. For this purpose, revenues are recognized when earned. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The primary government's proportionate share of pension amounts was further allocated to proprietary funds based on the salaries paid by each proprietary fund. Plan investments are reported at fair value.

Other Post-employment Benefits (OPEB)

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

**3. CUSTODIAL CREDIT RISK - DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2023, none of the District's bank balance was exposed to custodial credit risk because of coverage by Federal Depository insurance and by collateral agreements and collateral held by the pledging banks' trust departments in the District's name.

Cash and cash equivalents at June 30, 2023, consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
First National Bank & Trust	\$ 291,977	\$ 262,800
Cumberland Valley National Bank & Trust	21,566,133	19,121,696
Commercial Bank	<u>2,192,159</u>	<u>2,192,159</u>
	<u>\$ 24,050,269</u>	<u>\$ 21,576,655</u>

**3. CUSTODIAL CREDIT RISK – DEPOSITS-CONTINUED**

Breakdown per financial statements is as follows:

Governmental funds	\$	16,288,657
Proprietary funds		<u>5,287,998</u>
	\$	<u>21,576,655</u>

Cash is commingled in various bank accounts and short-term certificates of deposit. Due to the nature of the accounts and limitations imposed by bond issue requirements, construction projects, and Federal financial assistance programs, each cash account within the following funds is considered to be restricted:

Special Revenue Funds  
SEEK Capital Outlay Fund  
Facility Support Program (FSPK) Fund  
School Construction Fund  
School Food Service Fund  
Student Activity Fund

**4. INVESTMENT REPORTING UNDER GASB 72**

Funds of the District are public funds and, therefore, their investment is limited by statute to certain obligations of the United States or similar government agencies, cash instruments, and certain pooled investment funds as provided by KRS 66.480. At June 30, 2023, the District holds only demand deposits and certificates of deposit considered to be cash equivalents. Consequently, the District does not have investment related credit risk or interest risk.

Investments reported on the financial statements are nonparticipating interest-earning investment contracts purchased from a bank in the form of a Certificate of Deposit. Therefore, under GASB Statement No 72, Fair Value Measurement & Application these types of investments are exempt from fair value measurements.

**LAUREL COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**  
Year ended June 30, 2023

**5. CAPITAL ASSETS**

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

	<b>June 30, 2022</b>			<b>June 30, 2023</b>
	<b>Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance</b>
<b>Governmental Activities</b>				
Land	\$ 4,392,866	\$ -	\$ -	\$ 4,392,866
Land Improvements	1,721,309	264,736	285,096	1,700,949
Buildings	202,131,492	2,291,527	370,375	204,052,644
Technology	1,133,279	37,285	986,143	184,421
Vehicles	11,234,387	1,030,150	388,882	11,875,655
General Equipment	838,329	142,742	78,623	902,448
Construction Work in Progress	<u>2,352,103</u>	<u>5,398,252</u>	<u>-</u>	<u>7,750,355</u>
Total historical cost	223,803,765	9,164,692	2,109,119	230,859,338
Less accumulated depreciation	<u>77,579,999</u>	<u>5,050,011</u>	<u>1,977,621</u>	<u>80,652,389</u>
Governmental capital assets, net	<u>\$ 146,223,766</u>	<u>\$ 4,114,681</u>	<u>\$ 131,498</u>	<u>\$ 150,206,949</u>
<b>Business-type Activities</b>				
Buildings	\$ 10,551,259	\$ -	\$ -	\$ 10,551,259
General Equipment	<u>940,017</u>	<u>15,554</u>	<u>336,171</u>	<u>619,400</u>
Total historical cost	11,491,276	15,554	336,171	11,170,659
Less accumulated depreciation	<u>5,554,422</u>	<u>284,770</u>	<u>336,036</u>	<u>5,503,156</u>
Business-type capital assets, net	<u>\$ 5,936,854</u>	<u>\$ (269,216)</u>	<u>\$ 135</u>	<u>\$ 5,667,503</u>

Depreciation expense for business-type activities was entirely incurred in the operation of the School Food Services. Depreciation for governmental activities was charged to governmental functions as follows:

Instruction	\$ 3,546,110
Instruction staff	145
District administrative	16,742
Plant operation and maintenance	1,065,319
Student transportation	<u>421,695</u>
	<u>\$ 5,050,011</u>

**6. LONG-TERM OBLIGATIONS**

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

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>
2011	\$ 9,425,000	1.00% - 2.80%
2012	\$ 8,900,000	1.00% - 3.00%
2014	\$ 9,825,000	2.00 - 3.50%
2014	\$ 17,700,000	2.00% - 4.00%
2015	\$ 15,465,000	4.00%
2015	\$ 12,870,000	3.00% - 4.00%
2015	\$ 14,260,000	3.28%
2016	\$ 7,340,000	2.00%-2.50%
2017	\$ 6,825,000	2.00%-3.25%
2019	\$ 6,740,000	3.00%
2021	\$ 7,320,000	2.00%

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

In 1987, the District entered into "participation agreements" with the Kentucky 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. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues.

The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

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

*See table on next page*

**LAUREL COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**  
Year ended June 30, 2023

**6. LONG-TERM OBLIGATIONS – CONTINUED**

Year	Laurel County School District		Kentucky School Facility Construction Commission		Total Principal	Total Principal & Interest
	Principal	Interest	Principal	Interest		
2023-24	\$ 6,409,359	\$ 2,343,406	\$ 580,641	\$ 161,334	\$ 6,990,000	\$ 16,484,740
2024-25	6,653,564	2,097,604	551,436	146,448	7,205,000	16,654,052
2025-26	6,899,232	1,852,814	565,768	132,141	7,465,000	16,914,955
2026-27	7,155,855	1,597,840	549,145	118,005	7,705,000	17,125,845
2027-28	5,742,775	1,360,108	482,225	105,306	6,225,000	13,915,414
2028-29	5,911,076	1,193,756	493,924	93,641	6,405,000	14,097,397
2029-30	6,088,748	1,018,225	506,252	81,483	6,595,000	14,289,708
2030-31	5,382,565	849,175	482,435	68,950	5,865,000	12,648,125
2031-32	4,618,524	697,789	341,476	57,706	4,960,000	10,675,495
2032-33	4,772,839	547,524	337,161	47,865	5,110,000	10,815,389
2033-34	4,094,498	398,866	255,502	39,155	4,350,000	9,138,021
2034-35	2,451,807	256,505	263,193	31,522	2,715,000	5,718,027
2035-36	2,530,401	179,991	259,599	23,858	2,790,000	5,783,849
2036-37	1,411,070	121,419	218,930	16,687	1,630,000	3,398,106
2037-38	1,452,999	82,008	202,001	10,144	1,655,000	3,402,152
2038-39	995,892	49,585	89,108	4,165	1,085,000	2,223,750
2039-40	470,910	24,233	39,090	1,867	510,000	1,046,100
2040-41	480,120	14,723	39,880	1,077	520,000	1,055,800
2041-42	496,089	4,961	33,911	339	530,000	1,065,300
	<u>\$ 74,018,323</u>	<u>\$ 14,690,532</u>	<u>\$ 6,291,677</u>	<u>\$ 1,141,693</u>	<u>\$ 80,310,000</u>	<u>\$ 176,452,225</u>

A summary of the changes in long-term liabilities during the fiscal year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Bonded debt obligations	\$ 87,085,000	\$ -	\$ 6,775,000	\$ 80,310,000
Bond premiums	1,347,889	-	238,295	1,109,594
Net pension obligation	22,859,100	2,613,341	-	25,472,441
Net OPEB liability - CERS	6,862,288	90,520	-	6,952,808
Net OPEB liability - KTRS	12,651,000	7,679,000	-	20,330,000
Accrued sick leave	1,262,930	-	519,946	742,984
	<u>\$ 132,068,207</u>	<u>\$ 10,382,861</u>	<u>\$ 7,533,241</u>	<u>\$ 134,917,827</u>

**7. RETIREMENT PLANS**

The District's employees are provided with two pension plans, based on each position's college degree requirement as described below. The two pension plans are the County Employees Retirement System (CERS) and the Kentucky Teachers Retirement System.

**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

Participating employees become eligible to receive health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement.

*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

*Funding Policy* – Funding for the plan is provided through payroll withholdings and matching District contributions. The District contributes 26.79% of the employee's total compensation subject to contribution. Pension has a contribution rate of 23.40% and OPEB has a contribution rate of 3.39%.

**7. RETIREMENT PLANS – CONTINUED**

**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>

*Benefits provided*—TRS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees become vested when they complete five (5) years of credited service. For retirement purposes, employees are grouped into four tiers, based on hire date:

TRS 1	Participation Date	Before July 1, 2002
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 5 years service and 55 years old with a reduction in retirement of 5% for each year under age 60 or under 27 years of service, whichever is less (up to 25%)
	Retirement factors	2.5% per year of service up to 30, 3.0% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries until a member reaches At least 27 years service and age 55, when the highest 3 annual Salaries are used
TRS 2	Participation Date	July 1, 2002 – June 30, 2008
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 5 years service and 55 years old with a reduction in retirement of 5% for each year under age 60 or under 27 years of service, whichever is less (up to 25%)
	Retirement factors	2.0 - 2.5% per year of service up to 30, 3.0% per year of service for each year over 30
TRS 3	Participation Date	July 1, 2008 – December 31, 2022
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 10 years service and 55 years old with a reduction in retirement of 6% for each year under age 60 or under 27 years of service, whichever is less (up to 30%)
	Retirement factors	1.7 - 2.5% per year of service up to 30, 3.0% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries until a member reaches At least 27 years service and age 55, when the highest 3 annual Salaries are used

**8. RETIREMENT PLANS – CONTINUED**

TRS 4	Participation Date	On or after January 1, 2022 - December 31, 2022
	Unreduced retirement	Age 57 with 30 years' service or at least 10 years' service and 60 years old or at least 5 years' service and 65 years old
	Reduced retirement	At least 10 years' service and 57 years old with a reduction in retirement of 6% for each year under age 60 or under 27 years of service, whichever is less (up to 18%)
	Retirement factors	1.7 - 2.5% per year of service up to 30, 2.2 – 2.4% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries

KTRS also provides disability benefits for vested employees at a rate of sixty (60) percent of their 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.

*Contributions*—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees in TRS 1, TRS 2, and TRS 3 are required to contribute 12.855% of their salaries to the System. Non-university employees in TRS 4 are required to contribute 14.750% of their salaries to the system.

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 in the amount of \$25,472,441. 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:

District's proportionate share of the CERS net pension liability	\$	25,472,441
Commonwealth's proportionate share of the KTRS net pension liability associated with the District		192,154,854
		<u>192,154,854</u>
	\$	<u>217,627,295</u>

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

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the District's proportion was 0.352364%.

**LAUREL COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**  
Year ended June 30, 2023

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**7. RETIREMENT PLANS – CONTINUED**

For the year ended June 30, 2023, the District recognized pension expense of (\$1,713,130) related to CERS and \$17,532,425 related to KTRS. The District also recognized revenue of \$17,532,425 for KTRS support provided by the Commonwealth.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 27,233	\$ 226,843
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	3,466,036	2,813,015
Changes in proportion and differences between District contributions and proportionate share of contributions	-	703,390
District contributions subsequent to the measurement date	<u>2,729,444</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 6,222,713</u></b>	<b><u>\$ 3,743,248</u></b>

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:

<u>For the Year Ended June 30:</u>	
2023	\$ (616,011)
2024	(143,528)
2025	(214,056)
2026	<u>723,616</u>
	<b><u>\$ (249,979)</u></b>

*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:

**7. RETIREMENT PLANS – CONTINUED**

	<u>CERS</u>	<u>KTRS</u>
Inflation	2.50%	2.75%
Projected salary increases	3.30-10.30%	3.00-7.50%
Investment rate of return, net of investment expense & inflation	6.25%	7.10%
Municipal bond index rate		3.37%
Single equivalent interest rate		7.10%

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.

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

For KTRS, the discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan employees until the 2040 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2039 and a municipal bond index rate of 3.37% was applied to all periods of projected benefit payments after 2039. The Single Equivalent Interest Rate (SEIR) that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used 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>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 31,837,391	\$ 25,472,441	\$ 20,208,099
KTRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -

## 7. RETIREMENT PLANS - CONTINUED

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

The District's contribution to KTRS for the years ended June 30, 2023, 2022 and 2021 was \$1,890,174, and \$1,833,321 and \$1,150,619, respectively. The District's contribution (match only) for CERS for the years ended June 30, 2023, 2022 and 2021 was \$3,124,864, \$2,645,548, and \$2,216,469, respectively. The District met their contribution requirements.

## 8. OTHER POST-EMPLOYMENT BENEFITS PLAN

### General Information about the Kentucky Teachers' Retirement System of the State of Kentucky (TRS)

*Plan description* – Teaching-certified employees of the Kentucky School District are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (TRS) – a cost-sharing multiple-employer defined benefit OPEB plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. TRS was created by the 1983 General Assembly and is governed by the Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

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

### Medical Insurance Plan

*Plan description* - In addition to the pension benefits described above, KRS 161.675 requires KTRS to provide post-employment healthcare benefits to eligible employees and dependents. The KTRS Medical Insurance Fund is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the KTRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS 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.

*Funding Policy* – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of employees before July 1, 2008, is contributed. Three and three quarters percent (3.75%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and three percent (3.00%) from the employer.

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

At June 30, 2023, the District reported a liability of \$20,330,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2022, 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 0.589608%.

**8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED**

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

District's proportionate share of the KTRS net OPEB liability	\$ 20,330,000
Commonwealth's proportionate share of the KTRS net OPEB liability associated with the District	<u>6,679,000</u>
	<u>\$ 27,009,000</u>

For the year ended June 30, 2023, the District recognized OPEB expense of \$356,969 and revenue of \$356,969 for support provided by the state. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows on resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 8,546,000
Changes of assumptions	4,129,000	-
Net difference between projected and actual earning on plan investments	1,081,000	-
Changes in proportion and differences between contributions and proportionate share of contributions	6,188,000	452,000
District contribution subsequent to the measurement date	1,890,174	-
Total	<u>\$ 13,288,174</u>	<u>\$ 8,998,000</u>

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:

For the Year Ended June 30:	
2024	\$ (263,000)
2025	(168,000)
2026	(42,000)
2027	1,277,000
2028	1,126,000
Thereafter	<u>470,000</u>
	<u>\$ 2,400,000</u>

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

**8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED**

Investment rate of return	7.10%, net of OPEB plan investment expense including inflation
Projected salary increases	3.30-7.50%, including inflation
Inflation Rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates	
Under 65	7.00% for FY 2022 decreasing to an ultimate rate of 4.50% FY 2032
Ages 65 and Older	5.125% for FY 2022 decreasing to an ultimate rate of 4.50% FY 2025
Medicare Part B	6.97% for FY 2022 with an ultimate rate of 4.50% by 2034
Municipal Bond Index Rate	3.37%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

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.

*Discount rate* -The discount rates used to measure the total OPEB liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at 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 7.10% as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate.

	1% decrease	Current discount rate	1% increase
KTRS	<u>6.10%</u>	<u>7.10%</u>	<u>8.10%</u>
District's proportionate share of net OPEB liability	\$ 25,508,000	\$ 20,330,000	\$ 16,044,000

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

**8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED**

	<u>1% decrease</u>	<u>Current trend rate</u>	<u>1% increase</u>
KTRS			
District's proportionate share of net OPEB liability	\$ 15,241,000	\$ 20,330,000	\$ 26,660,000

*OPEB plans' fiduciary net position* - Detailed information about the OPEB plans' fiduciary net position is available in the separately issued TRS financial report.

**Life Insurance Plan**

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

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

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

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

At June 30, 2023, the District did not report a liability for a 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 that was associated with the District were as follows:

District's proportionate share of the KTRS net OPEB Life Insurance Plan Liability	\$ -
Commonwealth's proportionate share of the KTRS net OPEB Life Insurance Liability associated with the District	<u>332,000</u>
Total	<u><u>\$ 332,000</u></u>

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

**8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED**

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

The remaining actuarial assumptions (e.g. initial per capita costs, 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, 2022 valuation.

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.

*Discount rate* -The discount rates used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the 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 7.10%. as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate.

	1% decrease	discount rate	1% increase
KTRS	<u>6.10%</u>	<u>7.10%</u>	<u>8.10%</u>
State's proportionate share			
of net OPEB liability - Life Insurance	\$ 458,000	\$ 332,000	\$ 265,000

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

**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 provided OPEBs through the County Employees Retirement System Non-Hazardous (CERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agent 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 an amend benefit provisions.

**8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED**

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 hospital and medical insurance for eligible members receiving benefits from the pension plan. Employees are vested in the plan after five years' service. For plan purposes, employees are grouped into two groups, based on hire date. Members who reach a minimum vesting period of 10 years, and began participating on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. For members participating prior to July 1, 2003, are paid up to a maximum of \$13.18 per month for every year of earned service. The percentage of the maximum monthly benefit paid is based on years of service as follows:

Years of Service	Paid by Insurance Fund (%)
20+ years	100.00%
15-19 years	75.00%
10-14 years	50.00%
4-9 years	25.00%
Less than 4 years	0.00%

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

Tier 1	Participation date	Before September 1, 2008
	Contribution Percentage	0.00%
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Contribution Percentage	1%
Tier 3	Participation date	After December 31, 2013
	Contribution Percentage	1%

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

At June 30, 2023, the District reported a liability of \$6,952,808 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 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 0.352306%.

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 CERS net pension net OPEB liability	<u>\$ 6,952,808</u>
Total	<u>\$ 6,952,808</u>

**8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED**

For the year ended June 30, 2023, the District recognized OPEB expense of \$341,208. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 699,858	\$ 1,594,440
Changes of assumptions	1,099,635	906,093
Net difference between projected and actual earning on plan investments	1,294,684	1,012,487
Changes in proportion and differences between contributions and proportionate share of contributions	-	630,382
District contribution subsequent to the measurement date	395,420	-
Total	<u>\$ 3,489,597</u>	<u>\$ 4,143,402</u>

Of the total amount reported as deferred outflows of resources related to the OPEB, \$395,420 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:

<u>For the Year Ended June 30:</u>	
2023	(266,543)
2024	(256,039)
2025	(534,437)
2026	7,794
	<u>\$ (1,049,225)</u>

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.

*Discount rate* -The discount rate used to measure the total OPEB liability for life insurance was 5.70%. 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.

**8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED**

The following table presents the District's proportionate share of the collective net OPEB liability, calculated using the discount rate of 5.70%, as well as what the District's proportionate share of the

collective net MIP OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.70%) or 1-percentage-point higher (6.70%) than the current rate.

	1% decrease	Current discount rate	1% increase
	<u>4.70%</u>	<u>5.70%</u>	<u>6.70%</u>
CERS			
District's proportionate share of net OPEB liability	9,294,794	6,952,808	5,016,764

*Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates-* The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% decrease</u>	<u>Current Trend Rate</u>	<u>1% increase</u>
CERS			
District's proportionate share of net OPEB liability	\$ 5,169,257	\$ 6,952,808	\$ 9,094,513

*OPEB Plan Fiduciary Net Position-* Detailed information about the CERS fiduciary net position is available in the separately issued Kentucky Retirement Systems Comprehensive Annual Financial Report.

**9. DEFERRED COMPENSATION**

The District offers its employees participation in a deferred compensation program administered by the Kentucky Public Employees' Deferred Compensation Authority. This program offers a plan authorized by Section 457(b) of the Internal Revenue Code and a plan authorized by Section 401(k) of the Internal Revenue Code. Both plans are available to all employees and permit them to defer up to 25% of their compensation (subject to limits) until future years. The District makes no contributions to these plans.

**10. OPERATING LEASES**

The District has no operating leases requiring disclosure as right-of-use assets as defined by FASB Accounting Standards Codification Topic 842, Leases. The District leases office copiers on an annual renewal basis under operating leases. For the year ended June 30, 2023, aggregate cost for equipment and copier rentals was approximately \$404,824.

**11. CONTINGENCIES**

*Grants* - The District receives funding from Federal, State, and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based on the grantor's review the funds are considered not to have been used for the intended purpose, the grantor may request a refund of funds advanced, or refuse to reimburse the District for its disbursements, and the collectability of any related receivables as of June 30, 2023, may be impaired. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

**12. LITIGATION**

The District is subject to legal actions in various states of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the financial statements as a result of the cases presently in progress.

**13. RISK MANAGEMENT**

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. Settled claims resulting from these risks have created a potential liability as discussed in the *Litigation* disclosure above.

Contributions for worker’s compensation coverage are based on premium rates established in conjunction with the insurance carrier, subject to claims experience modifications and discounts.

**14. DEFICIT FUND BALANCES**

The District did not have any funds with deficit balances, but it did have funds with current year operating deficits.

**15. COBRA**

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the school district at risk for a substantial loss (contingency). There were no instances of noncompliance noted.

**16. TRANSFER OF FUNDS**

The following transfers were made during the year:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	General	Special Revenue	KETS Grant	\$ 171,723
Operating	Special	Construction	Construction	\$ 12,437,830
Operating	Building	Debt Service	Debt Service	\$ 8,757,667
Operating	Food Service	General	Food Price Adjustment	\$ 10,431

**17. INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2023, there were interfund receivables of \$6,445,756 in the General Fund and interfund payables of the same amount in the Special Revenue Fund in order to zero the cash balance in the Special Revenue Fund.

**18. ON-BEHALF PAYMENTS**

The Commonwealth of Kentucky pays certain expenses on behalf of the District. These amounts are included in the fund financial statements.

For the year ended June 30, 2023, total payments of \$28,164,885 were made for life insurance, health insurance, KTRS matching and administrative fees, technology and debt service by the Commonwealth of Kentucky on behalf of the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of revenues, expenses and changes in fund balances. The benefit allocation per category was as follows:

**LAUREL COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2023

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**18. ON-BEHALF PAYMENTS - CONTINUED**

Health Insurance	\$ 356,969
Life Insurance	25,354
Health Reimbursement Account/Dental/Vision	9,995,828
Federal Reimbursement of Health Benefits (Reduction)	(676,213)
Kentucky Teacher's Retirement System	17,532,425
Technology	189,486
School Facilities Construction Commission (SFCC) Debt Service	<u>741,036</u>
Total	<u>\$ 28,164,885</u>

**19. FUND BALANCE DESIGNATIONS**

The following funds had non-spendable fund balances as follows:

Fund	Amount	Purpose
General	\$ 1,711,865	Supplies inventory

The following funds had restricted fund balances as follows:

Fund	Amount	Purpose
Construction	\$ 10,922,633	Future Construction
Building Fund	\$ 211,208	Capital Projects
Student Activity	\$ 963,206	Student Activities

The following funds had committed fund balances as follows:

Fund	Amount	Purpose
General	\$ 2,000,000	Center for Innovation Operation

The following funds had assigned fund balances as follows:

Fund	Amount	Purpose
General	\$ 1,632,029	Purchase obligations

**20. PRIOR PERIOD ADJUSTMENT**

The beginning fund balance and beginning net position for governmental funds/government wide activities were decreased by \$3,004 and Student Activity Fiduciary Fund was decreased by \$3,004. The Food Service Fund beginning net position was decreased by \$137. This was both due to a correction of errors. Neither adjustment was material to the financial statements.

**21. COVID-19 PANDEMIC**

COVID-19 continues to spread across the globe and is impacting worldwide economic activity and financial markets. The continued spread of the disease represents a significant risk that operations could continue to be disrupted in the near future. The District currently has measures in place to move to nontraditional instruction, if needed. The extent to which COVID-19 may impact the District will depend on future developments and governmental regulations, which are highly uncertain and cannot be predicted. As a result, the District has not yet determined the impact this disruption may have on its financial statements for the year ending June 30, 2023.

During the fiscal year, the District expended \$4,730,772 of ESSER CARES Act funding. And also, during the fiscal year, the District expended \$6,432,212 of American Rescue Plan Act Funding.

**22. SUBSEQUENT EVENTS**

Management of the District has evaluated subsequent events through November 14, 2023, which was the date the report was available for release. No events have occurred subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LAUREL COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final	General Fund	
<b>Revenues</b>				
From local sources				
Property taxes	\$ 9,100,000	\$ 9,100,000	\$ 9,370,847	\$ 270,847
Motor vehicle taxes	2,700,000	2,700,000	2,908,373	208,373
Utility taxes	4,000,000	4,000,000	4,505,204	505,204
Franchise fees	775,000	775,000	858,342	83,342
Other taxes	1,200	1,200	-	(1,200)
Earnings on investments	150,000	150,000	1,180,246	1,030,246
Revenue in lieu of taxes	71,500	71,500	67,676	(3,824)
Other local revenues	281,997	281,997	110,895	(171,102)
State sources				
SEEK	39,091,612	39,091,612	39,490,483	398,871
Other	20,750,421	20,750,421	27,502,599	6,752,178
Federal - direct	55,000	55,000	42,570	(12,430)
Federal - indirect	250,000	250,000	319,243	69,243
<b>Total revenues</b>	<b>77,226,730</b>	<b>77,226,730</b>	<b>86,356,478</b>	<b>9,129,748</b>
<b>Expenditures</b>				
Instruction	48,317,400	48,317,400	54,079,003	(5,761,603)
Support services				
Student	6,978,832	6,978,832	7,695,956	(717,124)
Instruction staff	3,677,050	3,677,050	3,542,436	134,614
District administration	1,140,816	1,140,816	1,115,392	25,424
School administration	4,290,045	4,290,045	4,363,857	(73,812)
Business	2,139,266	2,139,266	2,223,932	(84,666)
Plant operations and maintenance	9,615,538	9,615,538	8,916,083	699,455
Student transportation	6,077,966	6,077,966	6,058,370	19,596
Non-instructional	301,710	301,710	128,862	172,848
Community service activities	5,200	5,200	4,974	226
Contingency	6,420,036	6,420,036	-	6,420,036
<b>Total expenditures</b>	<b>88,963,859</b>	<b>88,963,859</b>	<b>88,128,865</b>	<b>834,994</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>(11,737,129)</b>	<b>(11,737,129)</b>	<b>(1,772,387)</b>	<b>9,964,742</b>
<b>Other Financing Sources (Uses)</b>				
Net proceeds from sale of fixed assets	30,000	30,000	229,639	199,639
Operating transfers out	(173,000)	(173,000)	(182,154)	(9,154)
<b>Total other financing sources (uses)</b>	<b>(143,000)</b>	<b>(143,000)</b>	<b>47,485</b>	<b>190,485</b>
<b>Excess (deficit) of revenues and other financing sources over expenditures and other financing uses</b>	<b>(11,880,129)</b>	<b>(11,880,129)</b>	<b>(1,724,902)</b>	<b>10,155,227</b>
<b>Fund balance, July 1, 2022</b>	<b>11,880,129</b>	<b>11,880,129</b>	<b>14,464,322</b>	<b>2,584,193</b>
<b>Fund balance, June 30, 2023</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,739,420</b>	<b>\$ 12,739,420</b>

LAUREL COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - SPECIAL REVENUE FUND  
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Special Revenue Fund	
<b>Revenues</b>				
From local sources				
Other local revenues	\$ 1,428	\$ 1,428	\$ 78,943	\$ 77,515
State sources	4,337,820	4,337,820	3,956,004	(381,816)
Federal - direct	-	-	53,922	53,922
Federal - indirect	7,810,237	7,810,237	18,708,361	10,898,124
<b>Total revenues</b>	<b>12,149,485</b>	<b>12,149,485</b>	<b>22,797,230</b>	<b>10,647,745</b>
<b>Expenditures</b>				
Instruction	9,988,887	9,988,887	14,964,467	(4,975,580)
Support services				
Student	91,615	91,615	74,475	17,140
Instruction staff	529,511	529,511	458,433	71,078
School administration	73,710	73,710	73,710	-
Business	346,000	346,000	443,281	(97,281)
Plant operation and maintenance	305,972	305,972	514,174	(208,202)
Student transportation	-	-	33,812	(33,812)
Community service activities	986,790	986,790	1,042,621	(55,831)
Contingency	-	-	-	-
<b>Total expenditures</b>	<b>12,322,485</b>	<b>12,322,485</b>	<b>17,604,973</b>	<b>(5,282,488)</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>(173,000)</b>	<b>(173,000)</b>	<b>5,192,257</b>	<b>5,365,257</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	173,000	173,000	171,723	(1,277)
Operating transfers out	-	-	(5,363,980)	(5,363,980)
<b>Total other financing sources (uses)</b>	<b>173,000</b>	<b>173,000</b>	<b>(5,192,257)</b>	<b>(5,365,257)</b>
<b>Excess (deficit) of revenues and other financing sources over expenditures and other financing uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance, July 1, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance, June 30, 2023</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## LAUREL COUNTY SCHOOL DISTRICT

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGET AND ACTUAL - GENERAL FUND AND SPECIAL REVENUE FUND Year ended June 30, 2023

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The District's budgetary process accounts for transactions on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America. In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy, and from estimates of other Local, State, and Federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay, and other necessary expenses. The budget must be approved by the Board. The District must formally and publicly examine estimated revenues and expenses for the subsequent fiscal year by January 31 of each calendar year. Additionally, the District must submit a certified budget to each school Site Based Decision Making Council by March 1 of each calendar year, which includes the amount for certified and classified staff, based on the District's staffing policy, and the amount for the instructional supplies, materials, travel and equipment. Additionally, the District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each calendar year. The budget must contain a minimum 2% reserve. Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of each calendar year.

LAUREL COUNTY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
June 30, 2023

	District's proportion of net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered-employee payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.35%	\$ 25,472,441	\$ 11,664,280	218.38%	52.42%
2022	0.36%	\$ 22,859,100	\$ 9,816,499	232.86%	57.33%
2021	0.38%	\$ 28,953,170	\$ 9,212,261	314.29%	47.81%
2020	0.39%	\$ 27,456,162	\$ 9,728,211	282.23%	50.45%
2019	0.40%	\$ 24,929,262	\$ 9,919,217	251.32%	53.54%
2018	0.42%	\$ 24,627,030	\$ 10,204,931	241.32%	55.30%
2017	0.41%	\$ 20,419,452	\$ 9,806,437	208.22%	55.50%
2016	0.40%	\$ 17,191,718	\$ 9,927,552	173.17%	59.97%
2015	0.39%	\$ 12,704,000	\$ 9,073,895	140.01%	66.80%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

LAUREL COUNTY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
Year ended June 30, 2023

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2023	\$ 2,729,442	\$ 2,729,442	\$ -	\$ 11,664,280	23.40%
2022	\$ 2,078,153	\$ 2,078,153	\$ -	\$ 9,816,499	21.17%
2021	\$ 1,777,966	\$ 1,777,966	\$ -	\$ 9,212,261	19.30%
2020	\$ 1,877,545	\$ 1,877,545	\$ -	\$ 9,728,211	19.30%
2019	\$ 1,608,532	\$ 1,608,532	\$ -	\$ 9,919,217	16.22%
2018	\$ 1,477,674	\$ 1,477,674	\$ -	\$ 10,204,931	14.48%
2017	\$ 1,831,840	\$ 1,831,840	\$ -	\$ 9,806,437	18.68%
2016	\$ 1,691,071	\$ 1,691,071	\$ -	\$ 9,927,552	17.03%
2015	\$ 1,659,036	\$ 1,659,036	\$ -	\$ 9,389,507	17.67%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

**LAUREL COUNTY SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
COUNTY EMPLOYEES RETIREMENT SYSTEM - PENSION FUND  
Year ended June 30, 2023**

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Changes of Benefit Terms

None.

Changes of Assumptions

None.

LAUREL COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET OPEB LIABILITY - MEDICAL INSURANCE PLAN  
County Employees Retirement System  
June 30, 2023

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2023	0.36%	\$ 6,952,808	\$ 11,664,280	59.61%	60.95%
2022	0.36%	\$ 6,862,288	\$ 9,816,499	69.91%	62.91%
2021	0.38%	\$ 9,112,724	\$ 9,212,261	98.92%	51.67%
2020	0.39%	\$ 6,564,670	\$ 9,728,211	67.48%	60.44%
2019	0.40%	\$ 7,267,271	\$ 9,919,217	73.26%	57.62%
2018	0.42%	\$ 8,458,253	\$ 10,204,931	82.88%	52.40%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

LAUREL COUNTY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN  
 County Employees Retirement System  
 Year ended June 30, 2023

	<u>Contractually required contribution</u>	<u>Contributions in relation to contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2023	\$ 395,419	\$ 395,419	\$ -	\$ 11,664,280	3.39%
2022	\$ 567,394	\$ 567,394	\$ -	\$ 9,816,499	5.78%
2021	\$ 438,503	\$ 438,503	\$ -	\$ 9,212,261	4.76%
2020	\$ 463,063	\$ 463,063	\$ -	\$ 9,728,211	4.76%
2019	\$ 521,633	\$ 521,633	\$ -	\$ 9,919,217	5.26%
2018	\$ 479,632	\$ 479,632	\$ -	\$ 10,204,931	4.70%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

**LAUREL COUNTY SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
COUNTY EMPLOYEES RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN  
Year ended June 30, 2023**

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Changes of Benefit Terms

None.

Changes of Assumptions

Single Discount Rates used to calculate the total OPEB liability increased from 5.20% to 5.70%.

LAUREL COUNTY SCHOOL DISTRICT

SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
KENTUCKY TEACHERS' RETIREMENT SYSTEM

June 30, 2023

	State's proportion of net pension liability (asset)	State's proportionate share of the net pension liability (asset)	Plan fiduciary net position as a percentage of the total pension liability
2023	100%	\$ 192,154,854	56.41%
2022	100%	\$ 143,828,443	65.59%
2021	100%	\$ 154,783,789	58.27%
2020	100%	\$ 154,900,730	58.80%
2019	100%	\$ 151,289,917	59.30%
2018	100%	\$ 308,181,587	39.83%
2017	100%	\$ 341,911,266	35.22%
2016	100%	\$ 266,172,227	42.49%
2015	100%	\$ 237,453,532	45.59%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

LAUREL COUNTY SCHOOL DISTRICT  
SCHEDULE OF STATE CONTRIBUTIONS  
KENTUCKY TEACHERS' RETIREMENT SYSTEM  
Year ended June 30, 2023

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	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>
2023	\$ 17,532,425	\$ 17,532,425	\$ -
2022	\$ 11,480,871	\$ 11,480,871	\$ -
2021	\$ 11,203,571	\$ 11,203,571	\$ -
2020	\$ 11,657,133	\$ 11,657,133	\$ -
2019	\$ 10,962,108	\$ 10,962,108	\$ -
2018	\$ 10,972,140	\$ 10,972,180	\$ -
2017	\$ 5,625,852	\$ 5,625,852	\$ -
2016	\$ 6,317,791	\$ 5,504,802	\$ -
2015	\$ 5,595,663	\$ 3,188,146	\$ -

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

**LAUREL COUNTY SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
KENTUCKY TEACHERS RETIREMENT SYSTEM  
Year ended June 30, 2023**

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Changes of Benefit Terms

None.

Changes of Assumptions

Municipal Bond Index Rate changed the 2.13% to 3.37%.

LAUREL COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET OPEB LIABILITY - MEDICAL INSURANCE PLAN  
Kentucky Teachers' Retirement System  
June 30, 2023

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	State's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2023	0.59%	\$ 20,330,000	\$ 6,679,000	\$ 42,019,038	48.38%	47.75%
2022	0.59%	\$ 12,651,000	\$ 10,274,000	\$ 40,633,738	31.13%	51.74%
2021	0.59%	\$ 14,799,000	\$ 11,854,000	\$ 38,353,885	38.59%	39.05%
2020	0.61%	\$ 17,748,000	\$ 14,333,000	\$ 38,332,248	46.30%	32.58%
2019	0.60%	\$ 20,740,000	\$ 17,874,000	\$ 38,048,286	54.51%	25.50%
2018	0.61%	\$ 21,580,000	\$ 17,627,000	\$ 38,037,880	56.73%	21.18%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

LAUREL COUNTY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN  
 Kentucky Teachers' Retirement System  
 Year ended June 30, 2023

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2023	\$ 1,260,571	\$ 1,260,571	\$ -	\$ 42,019,038	3.00%
2022	\$ 1,219,012	\$ 1,219,012	\$ -	\$ 40,633,738	3.00%
2021	\$ 1,150,617	\$ 1,150,617	\$ -	\$ 38,353,885	3.00%
2020	\$ 1,149,967	\$ 1,149,967	\$ -	\$ 38,332,248	3.00%
2019	\$ 1,141,449	\$ 1,141,449	\$ -	\$ 38,048,286	3.00%
2018	\$ 1,141,136	\$ 1,141,136	\$ -	\$ 38,037,880	3.00%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

**LAUREL COUNTY SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Kentucky Teachers' Retirement System - Medical Insurance Plan**  
**Year ended June 30, 2023**

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Changes of Benefit Terms

None

Changes of Assumptions

Municipal Bond Index Rate changed the 2.13% to 3.37%.

LAUREL COUNTY SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE  
 NET OPEB LIABILITY - LIFE INSURANCE PLAN  
 Kentucky Teachers' Retirement System  
 June 30, 2023

	State's proportion of net OPEB liability (asset)	State's proportionate share of the net OPEB liability (asset)	Plan fiduciary net position as a percentage of the total OPEB liability
2023	100%	\$ 332,000	73.97%
2022	100%	\$ 137,000	89.15%
2021	100%	\$ 358,000	71.57%
2020	100%	\$ 333,000	73.40%
2019	100%	\$ 307,000	75.00%
2018	100%	\$ 236,000	79.99%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

LAUREL COUNTY SCHOOL DISTRICT

SCHEDULE OF STATE CONTRIBUTIONS - LIFE INSURANCE PLAN  
 Kentucky Teachers' Retirement System  
 Year ended June 30, 2023

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	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>
2023	\$ 25,354	\$ 25,354	\$ -
2022	\$ 20,931	\$ 20,931	\$ -
2021	\$ 17,260	\$ 17,260	\$ -
2020	\$ 14,079	\$ 14,079	\$ -
2019	\$ 10,648	\$ 10,648	\$ -
2018	\$ 10,369	\$ 10,369	\$ -

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

**LAUREL COUNTY SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
KENTUCKY TEACHERS' RETIREMENT SYSTEM - LIFE INSURANCE PLAN  
Year ended June 30, 2023**

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Changes of Benefit Terms

None.

Changes of Assumptions

Municipal Bond Index Rate changed the 2.13% to 3.37%.

**LAUREL COUNTY SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
 June 30, 2023

	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>Student Activity Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 211,208	\$ 964,708	\$ -	\$ 1,175,916
Accounts receivable	-	-	3,866	-	3,866
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 211,208</u>	<u>\$ 968,574</u>	<u>\$ -</u>	<u>\$ 1,179,782</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts payable	\$ -	\$ -	\$ 5,368	\$ -	\$ 5,368
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>5,368.00</u>	<u>-</u>	<u>5,368</u>
<b>Fund Balances - Restricted</b>					
Restricted	-	211,208	963,206	-	1,174,414
<b>Total fund balances</b>	<u>-</u>	<u>211,208</u>	<u>963,206</u>	<u>-</u>	<u>1,174,414</u>
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ 211,208</u>	<u>\$ 968,574</u>	<u>\$ -</u>	<u>\$ 1,179,782</u>

**LAUREL COUNTY SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
Year Ended June 30, 2023

	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>Student Activity Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues</b>					
From local sources					
Property taxes	\$ -	\$ 6,188,517	\$ -	\$ -	\$ 6,188,517
Student activity revenue	-	-	2,308,199	-	2,308,199
State sources					
SEEK	817,727	6,273,636	-	-	7,091,363
SFCC On-behalf	-	-	-	741,036	741,036
<b>Total revenues</b>	<u>817,727</u>	<u>12,462,153</u>	<u>2,308,199</u>	<u>741,036</u>	<u>16,329,115</u>
<b>Expenditure</b>					
Student activity expenditures	-	-	2,209,670	-	2,209,670
Debt service	-	-	-	9,498,703	9,498,703
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>2,209,670</u>	<u>9,498,703</u>	<u>11,708,373</u>
<b>Excess (deficit) of revenues over expenditures</b>	<u>817,727</u>	<u>12,462,153</u>	<u>98,529</u>	<u>(8,757,667)</u>	<u>4,620,742</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	-	-	-	8,757,667	8,757,667
Operating transfers out	(1,689,912)	(14,141,605)	-	-	(15,831,517)
<b>Total other financing sources (uses)</b>	<u>(1,689,912)</u>	<u>(14,141,605)</u>	<u>-</u>	<u>8,757,667</u>	<u>(7,073,850)</u>
<b>Net change in fund balance</b>	(872,185)	(1,679,452)	98,529	-	(2,453,108)
<b>Restated Fund balance July 1, 2022</b>	<u>872,185</u>	<u>1,890,660</u>	<u>864,677</u>	<u>-</u>	<u>3,627,522</u>
<b>Fund balance June 30, 2023</b>	<u>\$ -</u>	<u>\$ 211,208</u>	<u>\$ 963,206</u>	<u>\$ -</u>	<u>\$ 1,174,414</u>

**LAUREL COUNTY SCHOOL DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - ELEMENTARY AND MIDDLE SCHOOL ACTIVITY FUNDS**  
Year Ended June 30, 2023

School Activity Fund	Balances June 30, 2022	Receipts	Disbursements	Cash and Cash Equivalents June 30, 2023	Accounts Receivable June 30, 2023	Accounts Payable June 30, 2023	Balances June 30, 2023
Bush Elementary School	\$ 22,311	\$ 11,827	\$ 12,249	\$ 21,889	\$ -	\$ -	\$ 21,889
Camp Ground Elementary School	12,422	28,795	27,197	14,020	-	-	14,020
Cold Hill Elementary School	18,176	18,446	15,316	21,306	146	-	21,452
Colony Elementary School	10,691	56,806	51,166	16,331	35	54	16,312
Hazel Green Elementary School	5,733	40,331	40,011	6,053	-	-	6,053
Hunter Hills Elementary School	15,206	45,336	51,811	8,731	81	1,127	7,685
Johnson Elementary School	10,845	23,665	26,449	8,281	-	-	8,281
Keavy Elementary School	9,479	15,639	11,822	14,587	-	-	14,587
London Elementary School	26,978	33,114	37,849	21,981	426	2,119	20,288
North Laurel Middle School	74,270	211,587	201,124	84,733	-	-	84,733
South Laurel Middle School	151,345	224,834	258,639	117,540	-	-	117,540
Sublimity Elementary School	3,616	46,317	39,856	10,077	-	-	10,077
Wyan-Pine Elementary School	40,000	35,843	28,605	47,238	-	-	47,238
<b>Totals</b>	<b>\$ 401,072</b>	<b>\$ 792,540</b>	<b>\$ 802,094</b>	<b>\$ 392,767</b>	<b>\$ 688</b>	<b>\$ 3,300</b>	<b>\$ 390,155</b>

**LAUREL COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**SOUTH LAUREL HIGH SCHOOL ACTIVITY FUND**  
Year ended June 30, 2023

	Balances June 30, 2022	Receipts	Disbursements	Transfers in/(out)	Cash and cash equivalents June 30, 2023	Accounts Receivable June 30, 2023	Accounts Payable June 30, 2023	Balances June 30, 2023
Cardinal crazies Pep Club	\$ 90	\$ 467	\$ -	\$ -	\$ 557	-	-	\$ 557
Agriculture	24,177	65,356	57,517	179	32,195	-	-	32,195
National Honor Society	984	360	632	(309)	403	-	-	403
Art Department	11	-	-	-	11	-	-	11
Athletics	3,482	296,001	222,215	(9,864)	67,404	-	-	67,404
Madrigal	6,020	15,540	17,549	106	4,117	-	-	4,117
J.R.O.T.C.	7,027	10,830	13,888	300	4,269	-	-	4,269
Beta Club	2,268	599	-	-	2,867	-	-	2,867
First Priority	1,382	425	692	-	1,115	-	-	1,115
4H Club	215	109	100	-	224	-	-	224
Academic Team	2,101	-	1,923	-	178	-	-	178
Fishing	5,468	13,624	19,358	5,800	5,534	-	-	5,534
Spanish Club	658	461	658	-	461	-	-	461
F.B.L.A.	2,020	126	476	(62)	1,608	-	-	1,608
MU Alpha Theta	1,347	521	1,000	(114)	754	-	-	754
DECCA	194	-	-	-	194	-	-	194
General	1,409	7,462	4,835	-	4,036	-	-	4,036
PBIS	-	246	118	1,000	1,128	-	-	1,128
F.C.C.L.A	3,237	10,043	9,900	(393)	2,987	-	-	2,987
Yearbook	12,910	8,823	2,355	(127)	19,251	-	-	19,251
Prom/Junior Class	4,856	8,700	9,291	5,000	9,265	-	-	9,265
S.A.F.F.E.	4,337	325	4,159	2,000	2,503	-	-	2,503
Library Department	2,580	421	80	-	2,921	-	-	2,921
Senior Class	2,593	7,618	7,685	1,018	3,544	-	-	3,544
Archery Club	4,197	7,810	8,360	-	3,647	-	-	3,647
Track-Girls	5,674	1,345	4,910	2,050	4,159	-	-	4,159
Fashion Club (FCS)	611	-	-	-	611	-	-	611

Continued on next page

**LAUREL COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**SOUTH LAUREL HIGH SCHOOL ACTIVITY FUND -CONTINUED**  
Year ended June 30, 2023

	Balances June 30, 2022	Receipts	Disbursements	Transfers in (out)	Cash and cash equivalents June 30, 2023	Accounts Receivable June 30, 2023	Accounts Payable June 30, 2023	Balances June 30, 2023
Baseball Club	6,916	36,810	43,212	1,000	1,514	-	100	1,414
Helmet Replacement	1,501	-	1,326	(175)	-	-	-	-
Chorale Club	44	-	-	-	44	-	-	44
Cross Country Sports	3,441	620	1,116	1,500	4,445	-	-	4,445
F.M.D. Club	102	-	-	-	102	-	-	102
Varsity Cheerleaders	8,931	48,341	52,143	1,020	6,149	-	-	6,149
Laurettes	10,091	12,491	7,095	(5,158)	10,329	-	-	10,329
School Store	902	-	67	-	835	-	-	835
Dance	2,728	700	2,228	-	1,200	-	-	1,200
Cross Country - Girls	3,441	-	1,554	-	1,887	-	-	1,887
Boys Basketball Club	6,597	60,955	60,849	(4,148)	2,555	-	-	2,555
Girls Basketball Club	16,424	49,267	64,560	1,673	2,804	-	-	2,804
Girl-Boy Basketball Fund	1,437	31,362	23,106	(4,899)	4,794	-	-	4,794
Football Club	-	118	-	(118)	-	-	-	-
Athletic Tickets	-	2,000	2,000	-	-	-	-	-
Girls Golf Club	625	-	180	-	445	-	-	445
Golf Club	842	53	474	-	421	-	-	421
Boys Soccer	2,217	10,117	8,659	500	4,175	-	-	4,175
Girls Soccer	438	963	350	2,000	3,051	-	-	3,051
Special Education Dept.	160	-	121	-	39	-	-	39
Track Club	5,494	8,764	7,022	-	7,236	-	100	7,136
Girls Softball Club	3,706	2,675	3,670	631	3,342	-	-	3,342
Vending Machines	1,850	850	402	-	2,298	225	-	2,523
Volleyball Club	1,680	1,500	1,948	-	1,232	-	-	1,232
Boys Tennis	181	-	-	-	181	-	-	181
Guidance Department	6,299	5,857	9,778	(100)	2,278	-	-	2,278
Tennis Club (Girls)	54	3,585	-	-	3,639	-	-	3,639
Staff Vending	1,567	1,695	2,258	-	1,004	250	-	1,254
Special Games	5,328	2,611	4,372	(140)	3,427	-	-	3,427
SLHS YSC	640	40	220	80	540	-	-	540
Staff Generated	31	-	-	-	31	-	-	31
Band	-	-	-	750	750	-	-	750
Student Fees	4,329	3,770	4,146	(1,000)	2,953	-	-	2,953
<b>Total accounts</b>	<b>\$ 197,844</b>	<b>\$ 742,356</b>	<b>\$ 690,557</b>	<b>\$ -</b>	<b>\$ 249,643</b>	<b>\$ 475</b>	<b>\$ 200</b>	<b>\$ 249,918</b>

**LAUREL COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**NORTH LAUREL HIGH SCHOOL ACTIVITY FUND**  
Year ended June 30, 2023

	Balances			Transfers	Cash and	Accounts	Accounts	Balances
	June 30, 2022	Receipts	Disbursements	in (out)	cash equivalent	Receivable	Payable	June 30, 2023
	June 30, 2022				June 30, 2023	June 30, 2023	June 30, 2023	June 30, 2023
General	\$ 8,755	\$ 7,352	\$ 9,431	\$ (295)	\$ 6,381	\$ -	\$ -	\$ 6,381
Athletic Fund	13,526	31,635	41,590	6,753	10,324	250	-	10,574
Academic Team	180	-	275	95	-	-	-	-
Autism Awareness Club	1,003	335	-	(924)	414	-	-	414
Beta Club	5,385	2,323	3,342	(500)	3,866	-	-	3,866
Bus Transportation	13,505	1,363	-	2,805	17,673	-	-	17,673
Business Co-op Class	128	-	-	-	128	-	-	128
Charitable Gaming	-	4,330	4,303	-	27	-	-	27
Dance Team	743	11,959	5,147	(921)	6,634	-	-	6,634
Donation Incentives	3,302	5,625	8,241	300	986	1,000	-	1,986
Drama Club	7,996	20,605	23,990	72	4,683	-	-	4,683
Cornhole Club	151	-	-	(151)	-	-	-	-
COSPLAY Club	1,003	-	360	-	643	-	-	643
F.B.L.A.	75	60	-	-	135	-	-	135
F.C.A	446	-	-	-	446	-	-	446
F.C.C.L.A	766	4,480	3,051	886	3,081	-	-	3,081
FFA	6,443	41,052	40,391	(1,791)	5,313	650	-	5,963
First Priority	54	-	-	-	54	-	-	54
F.M.D Club	3,263	11,739	11,849	652	3,805	-	-	3,805
Fishing Club	-	2,880	4,834	1,979	25	-	-	25
Junior Class	11,057	8,300	11,521	-	7,836	-	-	7,836
KY JR Hist Soc	20	-	-	-	20	-	-	20
Library	890	-	205	-	685	-	-	685
Marching Band	14,551	3,400	15,144	10,806	13,613	-	1,452	12,161
National Honor Society	418	1,520	1,673	200	465	-	-	465
N.J.R.O.T.C	4,221	704	1,420	-	3,505	-	-	3,505
Pep Club	1,000	184	-	-	1,184	-	-	1,184
Senior Class	175	-	-	-	175	-	-	175

Continued on next page

**LAUREL COUNTY SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
NORTH LAUREL COUNTY HIGH SCHOOL ACTIVITY FUND - CONTINUED**

Year ended June 30, 2023

	Balances June 30, 2020	Receipts	Disbursements	Transfers in (out)	Cash and cash equivalent June 30, 2023	Accounts Receivable June 30, 2023	Accounts Payable June 30, 2023	Balances June 30, 2023
Singing Jags	5,720	6,132	10,629	-	1,223	-	-	1,223
Spanish Club	313	-	-	-	313	-	-	313
Student YMCA (Y-Club)	740	6,380	9,050	1,930	-	-	-	-
Yearbook	35,953	11,964	5,669	-	42,248	-	-	42,248
Youth Service Center	1,839	-	-	-	1,839	-	-	1,839
Student Vending	182	4,749	7,773	2,991	149	232	-	381
Teacher Vending	299	3,198	6,235	3,006	268	571	-	839
Athl Archery	-	-	770	770	-	-	-	-
Athl Archery II	4,275	2,488	3,822	(513)	2,428	-	-	2,428
Athl Baseball	1,285	5,176	13,326	6,865	-	-	-	-
Athl Baseball II	5,456	44,497	40,325	1,755	11,383	-	-	11,383
Athl Basketball M	22,325	27,269	33,882	(7,792)	7,920	-	-	7,920
Athl Basketball M II	33,933	124,507	98,820	26	59,646	-	-	59,646
Athl Basketball W	-	4,750	8,142	3,392	-	-	-	-
Athl Basketball W II	12,037	47,607	35,652	2,372	26,364	-	416	25,948
Athl Cheer	-	4,000	4,184	560	376	-	-	376
Athl Concessions	-	60,406	26,512	(33,893)	1	-	-	1
Athl Football	7,130	33,309	13,310	(1,147)	25,982	-	-	25,982
Athl Golf-M	250	2,200	2,145	1,900	2,205	-	-	2,205
Athl Golf-W	3,462	4,101	5,981	1,900	3,482	-	-	3,482
Athl P/S Tourneys	42	24,711	9,484	(15,021)	248	-	-	248
Athl Socc-M	3,557	3,957	5,896	-	1,618	-	-	1,618
Athl Socc-M II	4,798	4,266	-	-	9,064	-	-	9,064
Athl Socc-W	3,277	2,063	3,158	(855)	1,327	-	-	1,327
Athl Socc-W II	1,229	2,234	1,547	-	1,916	-	-	1,916
Athl Softball	187	3,286	5,432	1,959	-	-	-	-
Athl Softball II	434	33,489	42,001	9,804	1,726	-	-	1,726
Athl Swim	-	284	350	66	-	-	-	-
Athl Tennis M-W	-	113	2,463	2,350	-	-	-	-
Athl Tennis II	2,816	11,490	9,156	-	5,150	-	-	5,150
Athl Track II	8,775	8,489	3,139	(1,096)	13,029	-	-	13,029
Athl Volley Ball	1,017	7,573	7,411	(440)	739	-	-	739
Athl Volley Ball II	1,330	18,979	16,180	(855)	3,274	-	-	3,274
Athl XC II	4,297	7,990	6,008	-	6,279	-	-	6,279
Change Order	-	91,800	91,800	-	-	-	-	-
<b>Total accounts</b>	<b>\$ 266,014</b>	<b>\$ 773,303</b>	<b>\$ 717,019</b>	<b>\$ -</b>	<b>\$ 322,298</b>	<b>\$ 2,703</b>	<b>\$ 1,868</b>	<b>\$ 323,133</b>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

LAUREL COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. Department of Education</b>			
Passed through the Kentucky Department of Education:			
<i>Title I, Part A Cluster</i>			
Title I Grants to Local Educational Agencies	84.010	3210002 21	\$ 16,644
Title I Grants to Local Educational Agencies	84.010	3210002 22	770,703
Title I Grants to Local Educational Agencies	84.010	3210002 23	3,954,146
<i>Total Title I, Part A Cluster</i>			<u>4,741,493</u>
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	3160002 22	117,914
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	3160002 23	504,412
			<u>622,326</u>
<i>Special Education Cluster (IDEA)</i>			
Special Education--Grants to States	84.027	3810002 22	679,447
Special Education--Grants to States	84.027	3810002 23	775,879
			<u>1,455,326</u>
Special Education--Preschool Grants	84.173	3800002 23	61,608
			<u>61,608</u>
<i>Total Special Education Cluster</i>			<u>1,516,934</u>
Title I - Neglected and Delinquent Children	84.013	313X	14,448
			<u>14,448</u>
Career and Technical Education--Basic Grants to States	84.048	4621032 22	64,692
Career and Technical Education--Basic Grants to States	84.048	4621132 23	136,575
			<u>201,267</u>
Rural Education	84.358	3140002 20	36,723
Rural Education	84.358	3140002 21	94,634
			<u>131,357</u>
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	613X	10,757
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425A	554G	4,720,015
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	473G	6,432,212
			<u>11,162,984</u>
Student Support and Academic Enrichment Grant	84.424	552X	317,553
			<u>317,553</u>
<b>Total U.S. Department of Education</b>			<u>18,708,362</u>
<b>U.S. Department of Agriculture</b>			
Passed through the Kentucky Department of Education			
<i>Child Nutrition Cluster</i>			
National School Lunch Program	10.555	7750002 22	4,915,484
National School Lunch Program - Supply Chain Assistance	10.555	7750003 22	336,606
School Breakfast Program	10.553	7760005 22	1,859,350
National School Lunch Program - Commodities	10.555	7750002 22	157,408
<i>Total Child Nutrition Cluster</i>			<u>7,268,848</u>
State Administrative Expenses for Child Nutrition	10.560	500355528	10,012
Pandemic EBT Administrative Costs	10.649	500365529	5,950
<b>Total U.S. Department of Agriculture</b>			<u>7,284,810</u>

LAUREL COUNTY SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. Department of Defense</u>			
Direct Program			
ROTC Miscellaneous	12.000	5041M	<u>53,922</u>
<b>Total U.S. Department of Defense</b>			<u>53,922</u>
<b>Total federal expenditures</b>			<u>\$ 26,047,094</u>

**LAUREL COUNTY SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2023

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**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Laurel County School District and is presented on the accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because this Schedule presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net position or cash flows of the District.

**2. IN-KIND COMMODITIES**

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. The District no longer maintains a separate commodities inventory due to changes in program regulations. Commodities are included under the Child Nutrition Cluster. The valued amount of commodities received for June 30, 2023 is \$157,408.

**3. CLUSTER PROGRAMS**

The following CFDA numbers are considered cluster programs:

Special Education Cluster	
Special Education Grants to States	84.027
Special Education – Preschool Grants	84.173
Child Nutrition Cluster	
National School Lunch Program	10.555
National School Breakfast Program	10.553
Special Milk Program for Children	10.556
Summer Food Services for Children	10.559

**4. - INDIRECT COST RATE**

The District has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

**5. SIGNIFICANT ACCOUNTING POLICIES**

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



**Cloyd & Associates, PSC**

Certified Public Accountants  
and  
Business Advisors

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Laurel County School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Laurel County School District's basic financial statements, and have issued our report thereon dated November 14, 2023.

**Report on Internal Control over Financial Reporting**

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



## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Laurel 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of our test disclosed no instances of material noncompliance with specific state statutes or regulations identified in the *Independent Auditor's Contract-State Audit Requirements*.

### **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.

*Cloyd & Associates, PSC*

Cloyd & Associates, PSC  
London, Kentucky  
November 14, 2023



**Cloyd & Associates, PSC**  
Certified Public Accountants  
and  
Business Advisors

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

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Laurel County School District's (District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Laurel County School District's major federal programs for the year ended June 30, 2023. The Laurel 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, Laurel 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), and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract-State Audit Requirements*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Laurel 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 District's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

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

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

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

*Cloyd & Associates, PSC*

Cloyd & Associates, PSC  
London, Kentucky  
November 14, 2023

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**LAUREL COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year Ended June 30, 2023

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditors' report issued		Unmodified	
Internal control over financial reporting:			
Material weakness identified	_____	Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses	_____	Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statement noted	_____	Yes	<input checked="" type="checkbox"/> No

**Federal Awards**

Internal control over major programs:			
Material weaknesses identified	_____	Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses	_____	Yes	<input checked="" type="checkbox"/> None reported
Type of auditors' report issued on compliance for major programs		Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)	_____	Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
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Child Nutrition Cluster	
National School Lunch Program	10.555
National School Breakfast Program	10.553
Special Milk Program for Children	10.556
Summer Food Services for Children	10.559
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425A

Dollar threshold used to distinguish between Type A and Type B program	\$750,000
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Auditee qualified as low risk	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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(continued)

**LAUREL COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**  
Year Ended June 30, 2023

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings**

None

**LAUREL COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
Year Ended June 30, 2023

**Status of Prior Year Findings**

There were no prior year audit findings.

**MANAGEMENT LETTER COMMENTS**



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**Cloyd & Associates, PSC**  
*Certified Public Accountants  
and  
Business Advisors*

Members of the Board of Education  
Laurel County School District  
London, Kentucky

In planning and performing our audit of the basic financial statements of Laurel County School District for the year ended June 30, 2023, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control structure.

If during our audit we noted matters that may be opportunities for strengthening internal controls and operating efficiency, we have included that on the memorandum that accompanies this letter which summarizes our comments and suggestions regarding those matters, if any. This letter does not affect our report thereon dated November 14, 2023, on the basic financial statements of Laurel County School District.

Respectfully,

*Cloyd & Associates, PSC*

Cloyd & Associates, PSC  
London, Kentucky  
November 14, 2023

**LAUREL COUNTY SCHOOL DISTRICT**  
**MANAGEMENT LETTER COMMENTS**  
June 30, 2023

**Prior Year Comments – School Activity Funds**

There were no comments in the prior year.

**Current Year Comments –School Activity Funds**

No current year comments were noted.