

Scott County School District

**Financial Statements
With Supplementary Information
Year Ended June 30, 2023
With Independent Auditors' Report**

SCOTT COUNTY SCHOOL DISTRICT

June 30, 2023

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Independent Auditors' Report

To the Members of the Board of Education
Scott County School District
Georgetown, Kentucky

Report on the Financial Statements

Opinions

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Scott 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.

**Independent Auditors' Report
(Continued)**

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on pages 4-9, 55-57, and 62-71 as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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.

**Independent Auditors' Report
(Continued)**

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Scott County School District's basic financial statements. The information on pages 53-54, 58, 59-60, and 72-74 as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The information on pages 53-54, 58, 59-60, and 72-74 as listed in the table of contents is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information on pages 53-54, 58, 59-60, and 72-74 as listed in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2023 on our consideration of the Scott 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 Scott County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Scott County School District's internal control over financial reporting and compliance.

Change In Accounting Principle

As discussed in Note 17 to the financial statements, the District adopted Governmental Accounting Standards Board ("GASB") Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective as of July 1, 2022. Our opinion is not modified with respect to this matter.



Crestview Hills, Kentucky
November 29, 2023

SCOTT COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2023

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

FINANCIAL HIGHLIGHTS

The Scott County School District completed the 2022-2023 fiscal year in a position of financial readiness with the General Fund reflecting an ending fund balance of \$21,182,893. Of the fund balance, the unassigned \$14,487,136 is in addition to \$5,447,139 in committed funds, and \$1,248,618 in assigned funds.

Scott County Schools' K-12 average daily membership totaled 9,055.83 students in the 2022-23 fiscal year. These students are housed in 17 schools including 1 career and technical school, 2 high schools, 3 middle schools, 9 elementary schools, 1 preschool and 1 Phoenix Horizon Community. Student attendance has been down since COVID 19.

The General Fund recognized \$74,499,039 in revenue consisting primarily of local property, occupational license, utilities, motor vehicle taxes and the state program (SEEK) allocation. An additional \$30,902,661 representing payments made on the District's behalf, by the State, for teachers' retirement contribution, employees' health insurance and technology costs were recognized as revenue.

The District administered \$14 million in Federal, State and local grants and other programs during the year.

General Fund expenditures were \$97,158,215. Salaries and related costs total \$89,045,304 or 92% of the general operating expenditures. Included in this amount is \$30,902,661 in retirement contribution and employees' health insurance costs paid by the state on the District's behalf.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) district-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.

District-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.

SCOTT COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2023 (Continued)

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

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

The district-wide financial statements can be found on pages 10 and 11 of this report.

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

The basic governmental fund financial statements can be found on pages 12 through 20 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 pages 21 through 52 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$35,070,428 as of June 30, 2023.

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

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

SCOTT COUNTY SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023
(Continued)**

Net Position for the years ending 2023 and 2022

The following is a summary of net position for the fiscal years ended June 30:

	<u>2023</u>	<u>2022</u>
Current assets	\$ 120,209,372	\$ 25,109,352
Noncurrent assets	<u>285,443,833</u>	<u>240,256,580</u>
Total assets	<u>405,653,205</u>	<u>265,365,932</u>
Deferred outflows	<u>33,255,443</u>	<u>25,171,788</u>
Current liabilities	23,690,775	15,468,057
Noncurrent liabilities	<u>359,131,194</u>	<u>227,615,565</u>
Total liabilities	<u>382,821,969</u>	<u>243,083,622</u>
Deferred inflows	<u>21,016,251</u>	<u>22,079,850</u>
Net position		
Investment in capital assets (net of debt)	(7,863,248)	67,852,069
Restricted	34,387,628	(46,902,273)
Unrestricted	<u>8,546,048</u>	<u>4,424,452</u>
Total net position	<u>\$ 35,070,428</u>	<u>\$ 25,374,248</u>

Comments on General Fund Budget Comparisons

- The District's total General Fund revenue for the fiscal year ended June 30, 2023, net of interfund transfers and sale of assets, was \$102,468,009.
- General Fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$36,256,240 more than budget. This is a result of the District's occupational taxes, net profit tax and utility taxes receiving more revenue than budgeted. The district anticipated a lower collection based on COVID and the effect to local businesses. The final budget included \$0 for "on behalf" payments made by the State not included in the original budget.
- The total cost of General Fund programs and services was \$96,923,990, net of interfund transfers and debt service.
- General Fund budget expenditures to actual varied significantly as a result of budgeted expenditures for the school purchases made from ESSER funds and not their general fund. Personnel cost were high due to substitute employee cost, and moving staff to other funding sources. Plant operation and maintenance variance included outstanding purchase order encumbrances, and utility costs less than budgeted. Other expenditure variance of \$2,727,726 includes the budgeted reserve for contingency at June 30, 2023.

SCOTT COUNTY SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023
(Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table presents a summary of revenues and expenses for the fiscal years ended 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Revenues		
Program revenues		
Charges for services	\$ 2,144,796	\$ 1,132,284
Operating grants	19,817,286	21,173,145
Capital grants	<u>6,774,663</u>	<u>5,431,047</u>
Total grant revenues	<u>28,736,745</u>	<u>27,736,476</u>
General Revenues		
Taxes	51,879,352	46,971,918
Grants and entitlements	49,830,354	13,453,243
Earnings on investments	3,663,813	23,573
Miscellaneous	<u>10,694,363</u>	<u>5,603,081</u>
Total general revenues	<u>116,067,882</u>	<u>66,051,815</u>
Total revenues	<u>144,804,627</u>	<u>93,788,291</u>
Expenses		
Instructional	67,158,946	26,049,898
Student support services	8,478,951	7,467,891
Staff support	7,437,467	7,207,206
District administration	1,691,624	1,617,464
School administration	9,255,208	9,079,470
Business support	2,334,250	2,063,732
Plant operations	10,982,837	10,257,387
Student transportation	7,666,212	6,609,404
Facility acquisition and construction	-	-
Food service operation	7,050,340	6,014,492
Day Care	747,441	591,494
Other	1,770,784	1,129,860
Interest on long-term debt	<u>10,534,387</u>	<u>6,330,170</u>
Total expenses	<u>135,108,447</u>	<u>84,418,468</u>
Excess of revenues over expenses	<u>\$ 9,696,180</u>	<u>\$ 9,369,823</u>

SCOTT COUNTY SCHOOL DISTRICT

**Management’s Discussion and Analysis (MD&A)
Year Ended June 30, 2023
(Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

General Fund Revenue

The majority of revenue was derived from State SEEK Funds and State On Behalf (60%) with local funding making up 40% of total revenue.

Analysis of balances and transactions of individual funds (in thousands)

<u>Fund</u>	<u>Beginning</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Other Financing</u>	<u>Ending</u>
General	\$12,939	\$102,468	\$96,923	\$2,699	\$21,183
Special revenue	-	14,405	13,793	(612)	-
Construction	1,294	2,234	52,072	133,875	85,331

Capital Assets and Long-Term Debt Activity (in thousands)

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
Governmental				
Capital assets	\$338,030	\$53,867	\$1,048	\$390,849
Accumulated depreciation	98,141	8,028	386	105,783
Business-type				
Capital assets	2,250	83	57	2,276
Accumulated depreciation	1,882	73	57	1,898
Bonds payable	171,145	130,430	8,300	293,275

BUDGETARY IMPLICATIONS

In Kentucky, the public schools fiscal year is July 1st – June 30th; other programs, i.e. some federal programs operate on a different fiscal calendar but are reflected in the district overall budget. The district’s budget for 2023 completed the year with a budgeted General Fund Contingency Reserve of \$2,710,371.

With a current K-12 average daily attendance of 9,055 students, Scott County School District has experienced an average annual growth in average daily attendance, but because funding was held to 2018-2019 numbers for 2021-2022 a comparison using ADA is not available. The 2022-2023 school year attendance and membership were both affected by COVID 19. An accurate count for funding was measured at the district and used for the funding counts for 2023-2024. Because of the reduced state funding the district has depended on contingency and beginning balance carry forwards to maintain programs.

SCOTT COUNTY SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023
(Continued)**

BUDGETARY IMPLICATIONS (CONTINUED)

In the past, these costs have been offset by increases in state funding (SEEK), increases in business and residential property subject to local taxation, and increases in utility, occupational and net profits tax revenues. However, as with all Kentucky school districts, revenue from property tax is limited to a 4% annual growth on previous year existing property, without being subject to recall. The substantial growth in property assessments (11% increase from 2022 to 2023) subject to taxation has challenged the Board's ability to add facilities to meet current student enrollment growth. As of January 1, 2023, there were 24,593 total properties on the tax roll. Of those 8% assessed values decreased, 71% increased, 21% had no change in assessments. In 2023 the median property value in Scott County was \$262,400, 31% higher than in 2022. On January 10, 2017 the board passed a recallable nickel for building fund projects that has helped fund additional buildings to meet growth.

On June 7, 2022 within the 2022-2023 SEEK forecast we learned of the matching of a portion of our fourth nickel. In 2022, the board passed the sale of bonds to build the new Scott County High School. Bonds were sold June 2022 and in May 2023. The new Scott County High School is scheduled to open August 2024.

Beginning in 2014-2015, we are required to record the portion of the unfunded State liability of the Kentucky Teachers Retirement System (KTRS) attributable to our employees, in our financial statements. A substantial percentage of this liability is the result of the State Legislature not making the necessary contributions to fully fund KTRS. It remains to be seen if districts, including our own, will be required to contribute more toward this KTRS liability.

These growth-related costs, along with the continuing need to increase student capacity, and limited state revenue growth, will continue to create budgetary challenges for the Scott County School District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the school district's finances and to reflect the school district's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to Superintendent, Billy Parker or Finance Officer, Gina Amos at (502) 863-3663 or by mail, to Scott County Public Schools, PO Box 578, Georgetown, Kentucky 40324.

SCOTT COUNTY SCHOOL DISTRICT

**Statement of Net Position – District Wide
As of June 30, 2023**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current:			
Cash and cash equivalents	\$ 114,854,742	\$ 941,842	\$ 115,796,584
Accounts receivable	4,055,599	37,520	4,093,119
Prepays	152,312	-	152,312
Inventories for consumption	-	167,357	167,357
Total current	<u>119,062,653</u>	<u>1,146,719</u>	<u>120,209,372</u>
Noncurrent:			
Construction in progress	54,190,879	-	54,190,879
Nondepreciated capital assets:			-
Land	9,258,174	-	9,258,174
Depreciated capital assets:			-
Land improvements	7,273,195	-	7,273,195
Buildings and improvements	305,313,053	-	305,313,053
Furniture and equipment	14,813,668	2,275,884	17,089,552
Less: accumulated depreciation	<u>(105,782,944)</u>	<u>(1,898,076)</u>	<u>(107,681,020)</u>
Total noncurrent	<u>285,066,025</u>	<u>377,808</u>	<u>285,443,833</u>
Total assets	<u>404,128,678</u>	<u>1,524,527</u>	<u>405,653,205</u>
Deferred outflows	<u>32,175,631</u>	<u>1,079,812</u>	<u>33,255,443</u>
Liabilities and Net Position			
Liabilities			
Current:			
Current portion of bonds payable	8,985,000	-	8,985,000
Accounts payable	5,453,420	21	5,453,441
Unearned revenue	-	49,680	49,680
Accrued interest	3,723,656	-	3,723,656
Accrued sick leave	110,605	-	110,605
Accrued payroll and related expenses	2,996,050	-	2,996,050
Unearned revenues	<u>2,372,343</u>	<u>-</u>	<u>2,372,343</u>
Total current	<u>23,641,074</u>	<u>49,701</u>	<u>23,690,775</u>
Noncurrent:			
Accrued sick leave	995,444	-	995,444
CERS net pension liability	35,273,891	1,312,869	36,586,760
Net OPEB liability	32,841,130	1,222,323	34,063,453
Bond obligations	<u>287,485,537</u>	<u>-</u>	<u>287,485,537</u>
Total noncurrent	<u>356,596,002</u>	<u>2,535,192</u>	<u>359,131,194</u>
Total liabilities	<u>380,237,076</u>	<u>2,584,893</u>	<u>382,821,969</u>
Deferred inflows	<u>20,262,111</u>	<u>754,140</u>	<u>21,016,251</u>
Net Position			
Invested in capital assets, net of related debt	(8,241,056)	377,808	(7,863,248)
Restricted	34,387,628	-	34,387,628
Unrestricted	<u>9,658,550</u>	<u>(1,112,502)</u>	<u>8,546,048</u>
Total net position	<u>\$ 35,805,122</u>	<u>\$ (734,694)</u>	<u>\$ 35,070,428</u>

The accompanying notes are an integral part of these financial statements

SCOTT COUNTY SCHOOL DISTRICT

**Statement of Activities – District Wide
Year Ended June 30, 2023**

Function/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
Governmental activities:							
Instructional	\$ 67,158,946	\$ -	\$ 8,409,832	\$ -	\$ (58,749,114)	\$ -	\$ (58,749,114)
Student support services	8,478,951	-	740,895	-	(7,738,056)	-	(7,738,056)
Staff support services	7,437,467	-	2,205,358	-	(5,232,109)	-	(5,232,109)
District administration	1,691,624	-	892,054	-	(799,570)	-	(799,570)
School administration	9,255,208	-	103,231	-	(9,151,977)	-	(9,151,977)
Business support services	2,334,250	-	10,775	-	(2,323,475)	-	(2,323,475)
Plant operation and maintenance	10,982,837	-	665,931	-	(10,316,906)	-	(10,316,906)
Student transportation	7,666,212	-	287,153	-	(7,379,059)	-	(7,379,059)
Daycare operation	224,105	-	224,105	-	-	-	-
Community service operations	812,043	-	811,863	-	(180)	-	(180)
Facility acquisition and construction	-	-	-	6,774,663	6,774,663	-	6,774,663
Other	734,636	-	54,370	-	(680,266)	-	(680,266)
Interest on long-term debt	10,534,387	-	-	-	(10,534,387)	-	(10,534,387)
Total governmental activities	127,310,666	-	14,405,567	6,774,663	(106,130,436)	-	(106,130,436)
Business-type activities							
Food service	7,050,340	1,088,375	5,277,620	-	-	(684,345)	(684,345)
Daycare	747,441	1,056,421	134,099	-	-	443,079	443,079
Total business-type activities	7,797,781	2,144,796	5,411,719	-	-	(241,266)	(241,266)
Total school district	\$ 135,108,447	\$ 2,144,796	\$ 19,817,286	\$ 6,774,663	(106,130,436)	(241,266)	(106,371,702)
			General revenues:				
			Taxes		51,879,352	-	51,879,352
			State and federal sources		49,830,354	-	49,830,354
			Investment earnings		3,663,813	-	3,663,813
			Miscellaneous		10,727,950	-	10,727,950
			Special items:				
			Loss on disposal of fixed assets		(33,587)	-	(33,587)
			Fund transfer		472,377	(472,377)	-
			Total general and special revenues		116,540,259	(472,377)	116,067,882
			Change in net position		10,409,823	(713,643)	9,696,180
			Net position - beginning		25,395,299	(21,051)	25,374,248
			Net position - ending		\$ 35,805,122	\$ (734,694)	\$ 35,070,428

The accompanying notes are an integral part of these financial statements

SCOTT COUNTY SCHOOL DISTRICT
Balance Sheet – Governmental Funds
As of June 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Current:					
Cash (overdraft) and cash equivalents	\$ 22,554,795	\$ 110,355	90,611,185	\$ 1,578,407	\$ 114,854,742
Prepays	2,387	-	-	149,925	152,312
Accounts receivable	2,399,396	1,653,995	-	2,208	4,055,599
Total assets	<u>\$ 24,956,578</u>	<u>\$ 1,764,350</u>	<u>\$ 90,611,185</u>	<u>\$ 1,730,540</u>	<u>\$ 119,062,653</u>
Liabilities and Fund Balances					
Liabilities					
Current:					
Accounts payable	\$ 146,106	\$ 23,536	\$ 5,280,111	\$ 3,667	\$ 5,453,420
Unearned revenue	631,529	1,740,814	-	-	2,372,343
Accrued payroll and related expenses	2,996,050	-	-	-	2,996,050
	<u>3,773,685</u>	<u>1,764,350</u>	<u>5,280,111</u>	<u>3,667</u>	<u>10,821,813</u>
Total liabilities	<u>3,773,685</u>	<u>1,764,350</u>	<u>5,280,111</u>	<u>3,667</u>	<u>10,821,813</u>
Fund Balances					
Assigned:					
Purchase obligations	1,248,618	-	-	-	1,248,618
Other	-	-	-	6,127	6,127
Restricted:					
Capital projects	-	-	84,037,016	-	84,037,016
Other	-	-	1,294,058	1,719,627	3,013,685
Committed:					
Other	3,422,956	-	-	-	3,422,956
Sick Leave	553,025	-	-	-	553,025
Site-Based carryforward	1,471,158	-	-	-	1,471,158
Unassigned	14,487,136	-	-	1,119	14,488,255
Total fund balances	<u>21,182,893</u>	<u>-</u>	<u>85,331,074</u>	<u>1,726,873</u>	<u>108,240,840</u>
Total liabilities and fund balances	<u>\$ 24,956,578</u>	<u>\$ 1,764,350</u>	<u>\$ 90,611,185</u>	<u>\$ 1,730,540</u>	<u>\$ 119,062,653</u>

The accompanying notes are an integral part of these financial statements

SCOTT COUNTY SCHOOL DISTRICT
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
As of June 30, 2023

Total governmental fund balance		\$ 108,240,840
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Construction in process	54,190,879	
Cost of capital assets	336,658,090	
Accumulated depreciation	<u>(105,782,944)</u>	
		285,066,025
Deferred outflows		
Bond refinancing	3,163,456	
Related to CERS	5,308,986	
CERS contribution made after the measurement date	2,730,111	
Related to MIF	19,169,716	
MIF contribution made after the measurement date	<u>1,803,362</u>	
		32,175,631
Deferred inflows related to CERS	(5,188,137)	
Deferred inflows related to MIF	<u>(15,073,974)</u>	
		(20,262,111)
Long-term liabilities (including bonds payable) are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
Bonds payable and premium/discount		(296,470,537)
Accrued interest on bonds		(3,723,656)
Net pension liability		(35,273,891)
Net OPEB liability		(32,841,130)
Accrued sick leave		<u>(1,106,049)</u>
Total net position - governmental		<u>\$ 35,805,122</u>

The accompanying notes are an integral part of these financial statements

SCOTT COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds
Year Ended June 30, 2023**

	General Fund	Special Revenue Fund	Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 38,272,872	\$ -	\$ -	\$ 13,606,480	\$ 51,879,352
Earnings on investments	1,430,445	-	2,233,368	-	3,663,813
State sources	62,022,596	4,145,267	-	6,774,663	72,942,526
Federal sources	315,380	10,180,535	-	-	10,495,915
Other sources	426,716	79,765	923	2,169,927	2,677,331
Total revenues	<u>102,468,009</u>	<u>14,405,567</u>	<u>2,234,291</u>	<u>22,551,070</u>	<u>141,658,937</u>
Expenditures					
Instructional	56,895,854	7,797,634	-	1,232,937	65,926,425
Student support services	7,734,898	740,895	-	933	8,476,726
Staff support services	4,586,108	2,205,358	-	641,535	7,433,001
District administration	714,228	892,054	-	-	1,606,282
School administration	6,749,666	103,231	-	-	6,852,897
Business support services	2,311,017	10,775	-	-	2,321,792
Plant operation and maintenance	10,472,514	665,931	-	-	11,138,445
Student transportation	7,222,449	287,153	-	6,243	7,515,845
Day care operation	-	224,105	-	-	224,105
Food service operation	20,843	54,370	-	-	75,213
Community service operations	180	811,863	-	-	812,043
Facility acquisition and construction	-	-	51,412,501	-	51,412,501
Debt service:					
Principal	156,133	-	-	8,143,867	8,300,000
Interest	60,100	-	-	8,762,050	8,822,150
Bond issuance costs	-	-	659,423	-	659,423
Total expenditures	<u>96,923,990</u>	<u>13,793,369</u>	<u>52,071,924</u>	<u>18,787,565</u>	<u>181,576,848</u>
Excess (deficit) of revenues over expenditures	<u>5,544,019</u>	<u>612,198</u>	<u>(49,837,633)</u>	<u>3,763,505</u>	<u>(39,917,911)</u>
Other financing sources (uses)					
Loan and bond proceeds	-	-	130,430,000	-	130,430,000
Bond discount	-	-	(1,204,000)	-	(1,204,000)
Costs from disposal of assets	(2,912)	-	-	-	(2,912)
Operating transfers in	2,936,603	183,228	5,180,758	15,246,328	23,546,917
Operating transfers out	(234,225)	(795,426)	(532,109)	(21,512,780)	(23,074,540)
Total other financing sources (uses)	<u>2,699,466</u>	<u>(612,198)</u>	<u>133,874,649</u>	<u>(6,266,452)</u>	<u>129,695,465</u>
Net change in fund balance	8,243,485	-	84,037,016	(2,502,947)	89,777,554
Fund balance, July 1, 2022	<u>12,939,408</u>	<u>-</u>	<u>1,294,058</u>	<u>4,229,820</u>	<u>18,463,286</u>
Fund balance, June 30, 2023	<u>\$ 21,182,893</u>	<u>\$ -</u>	<u>\$ 85,331,074</u>	<u>\$ 1,726,873</u>	<u>\$ 108,240,840</u>

The accompanying notes are an integral part of these financial statements

SCOTT COUNTY SCHOOL DISTRICT

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of Governmental Funds to the Statement of Activities
Year Ended June 30, 2023**

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

Net changes-governmental funds \$ 89,777,554

Governmental funds report capital outlays as expenditures because they use current financial resources. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense for the year.

Depreciation expense	(8,028,241)	
Capital outlays	53,236,414	
Retirement of capital assets	<u>(30,675)</u>	
		45,177,498

Bond and capital lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Bond principal paid	8,300,000	
Bond proceeds	(130,430,000)	
Issuance of bond discount	1,204,000	
Amortization of bond premium	411,823	
Amortization of bond refinancing	(388,393)	

Deferred outflows related to pensions 614,636

Deferred outflows related to other post-employment benefits 7,492,318

Deferred inflows related to pensions 745,725

Deferred inflows related to other post-employment benefits 342,091

Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred. (12,837,429)

Changes in net position of governmental activities \$ 10,409,823

The accompanying notes are an integral part of these financial statements

SCOTT COUNTY SCHOOL DISTRICT

**Statement of Net Position – Proprietary Funds
As of June 30, 2023**

	<u>Food Service</u>	<u>Daycare Fund</u>	<u>Total</u>
Assets			
Current			
Cash and cash equivalents	\$ 134,992	\$ 806,850	\$ 941,842
Accounts receivable	37,461	59	37,520
Inventories for consumption	167,357	-	167,357
Total current	<u>339,810</u>	<u>806,909</u>	<u>1,146,719</u>
Noncurrent			
Equipment	2,275,884	-	2,275,884
Less: accumulated depreciation	(1,898,076)	-	(1,898,076)
Total noncurrent	<u>377,808</u>	<u>-</u>	<u>377,808</u>
Total assets	<u>717,618</u>	<u>806,909</u>	<u>1,524,527</u>
Deferred outflows	<u>882,446</u>	<u>197,366</u>	<u>1,079,812</u>
Liabilities and Net Position			
Liabilities			
Current			
Unearned revenue	49,680	-	49,680
Accounts payable	21	-	21
Total current	<u>49,701</u>	<u>-</u>	<u>49,701</u>
Noncurrent			
CERS net pension liability	1,072,905	239,964	1,312,869
MIF net OPEB liability	998,909	223,414	1,222,323
Total noncurrent	<u>2,071,814</u>	<u>463,378</u>	<u>2,535,192</u>
Total liabilities	<u>2,121,515</u>	<u>463,378</u>	<u>2,584,893</u>
Deferred inflows	<u>616,300</u>	<u>137,840</u>	<u>754,140</u>
Net Position			
Invested in assets, net of debt	377,808	-	377,808
Restricted	(1,515,559)	403,057	(1,112,502)
Total net position	<u>\$ (1,137,751)</u>	<u>\$ 403,057</u>	<u>\$ (734,694)</u>

The accompanying notes are an integral part of these financial statements

SCOTT COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenses and Changes in Net Position –
Proprietary Funds
Year Ended June 30, 2023**

	Food Service	Daycare Fund	Total
Operating revenues			
Lunchroom sales	\$ 1,074,543	\$ -	\$ 1,074,543
Tuition and Fees	-	1,054,421	1,054,421
Other operating revenues	13,832	2,000	15,832
Total operating revenues	1,088,375	1,056,421	2,144,796
Operating expenses			
Salaries and benefits	3,023,919	690,461	3,714,380
Contract services	263,595	-	263,595
Materials and supplies	3,680,846	45,918	3,726,764
Depreciation	72,797	-	72,797
Other operating expenses	9,183	11,062	20,245
Total operating expenses	7,050,340	747,441	7,797,781
Operating income (loss)	(5,961,965)	308,980	(5,652,985)
Nonoperating revenues (expenses)			
Federal grants	4,453,427	-	4,453,427
State grants	394,460	134,099	528,559
Donated commodities and other donations	429,733	-	429,733
Transfers out	(200,000)	(272,377)	(472,377)
Total nonoperating revenues	5,077,620	(138,278)	4,939,342
Change in net position	(884,345)	170,702	(713,643)
Total net position, July 1, 2022	(253,406)	232,355	(21,051)
Total net position, June 30, 2023	\$ (1,137,751)	\$ 403,057	\$ (734,694)

The accompanying notes are an integral part of these financial statements

SCOTT COUNTY SCHOOL DISTRICT

**Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2023**

	<u>Food Service Fund</u>	<u>Daycare Fund</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from lunchroom sales	\$ 1,074,543	\$ -	\$ 1,074,543
Cash received from tuition and fees	-	1,054,421	1,054,421
Cash received from other activities	757,325	1,941	759,266
Cash payments to employees for services	(2,841,959)	(633,011)	(3,474,970)
Cash payments to suppliers for goods and services	(4,022,907)	(57,039)	(4,079,946)
Cash transfers	<u>(200,000)</u>	<u>(272,377)</u>	<u>(472,377)</u>
Net cash provided by (used in) operating activities	<u>(5,232,998)</u>	<u>93,935</u>	<u>(5,139,063)</u>
Cash flows from capital financing activities			
Purchase of capital assets	<u>(82,552)</u>	-	<u>(82,552)</u>
Net cash used in capital financing activities	<u>(82,552)</u>	-	<u>(82,552)</u>
Cash flows from noncapital financing activities			
Non-operating revenues received	<u>5,277,620</u>	<u>134,099</u>	<u>5,411,719</u>
Net cash provided by noncapital financing activities	<u>5,277,620</u>	<u>134,099</u>	<u>5,411,719</u>
Net increase (decrease) in cash and cash equivalents	(37,930)	228,034	190,104
Cash and cash equivalents - beginning	<u>172,922</u>	<u>578,816</u>	<u>751,738</u>
Cash and cash equivalents - ending	<u>\$ 134,992</u>	<u>\$ 806,850</u>	<u>\$ 941,842</u>
Reconciliation of operating income (loss) to net cash used in operating activities			
Operating income (loss)	\$ (5,961,965)	\$ 308,980	\$ (5,652,985)
Adjustments to reconcile operating income (loss) to net cash used in operating activities			
Depreciation	72,797	-	72,797
Transfers	(200,000)	(272,377)	(472,377)
Changes in assets and liabilities:			
Decrease (increase) in deferred outflows	(293,396)	(71,698)	(365,094)
Decrease in deferred inflows	14,718	9,499	24,217
Decrease in CERS net pension liability	153,125	43,738	196,863
Decrease in net OPEB liability	307,513	75,911	383,424
Increase in accounts payable	(48,956)	(59)	(49,015)
Decrease in unearned revenue	49,680	-	49,680
Increase in accounts receivable	693,813	(59)	693,754
Increase in inventories	<u>(20,327)</u>	-	<u>(20,327)</u>
Net cash used in operating activities	<u>\$ (5,232,998)</u>	<u>\$ 93,935</u>	<u>\$ (5,139,063)</u>
Schedule of non-cash transactions:			
Donated commodities received from federal government	<u>\$ 429,733</u>	<u>\$ -</u>	<u>\$ 429,733</u>
On behalf payments	<u>\$ 394,460</u>	<u>\$ 87,861</u>	<u>\$ 482,321</u>

The accompanying notes are an integral part of these financial statements

SCOTT COUNTY SCHOOL DISTRICT
Statement of Net Position – Fiduciary Funds
As of June 30, 2023

	Trust Fund	Total
Assets		
Current		
Cash and cash equivalents	\$ 41,535	\$ 41,535
Total current assets	41,535	41,535
Total assets	41,535	41,535
Liabilities and Net Position		
Liabilities		
Current		
Accounts payable	-	-
Total current liabilities	-	-
Total liabilities	-	-
Net Position		
Restricted	41,535	41,535
Total net position	\$ 41,535	\$ 41,535

The accompanying notes are an integral part of these financial statements

SCOTT COUNTY SCHOOL DISTRICT

**Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2023**

	Trust Fund	Total
Additions		
Contributions	\$ 9,467	\$ 9,467
Total operating revenues	9,467	9,467
Deductions		
Community service operations	8,540	8,540
Total operating expenses	8,540	8,540
Change in net position	927	927
Total net position, July 1, 2022	40,608	40,608
Total net position, June 30, 2023	\$ 41,535	\$ 41,535

The accompanying notes are an integral part of these financial statements

SCOTT COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Scott County Board of Education (Board), a five member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Scott 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 account groups relevant to the operation of the Scott County Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Parent-Teacher Associations, etc.

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

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements:

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

Basis of Presentation

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

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

SCOTT COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The district-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements – 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. Nonmajor 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 net position. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus.

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the schedule of expenditures of federal awards included in this report on pages 73-74. This is a major fund of the District.
- (C) Special Revenue Activity Fund is used to support co-curricular activities and are not raised and expended by student groups. District activity funds accounted for in the District bank account are not subject to the Redbook and may be expended with more flexibility than school activity funds but must meet the "educational purpose" standard for all District expenditures.

SCOTT COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

I. Governmental Fund Types (Continued)

- (E) The Activity Funds account for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with Uniform Program of Accounting for School Activity Funds.
- (F) 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).
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 Fund (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. The District is committed to construction contracts in the amount of \$85,331,074 for ongoing projects.

II. Debt Service Fund

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. This is a major fund of the District.

III. Proprietary Fund (Enterprise Fund)

The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). The Food Service fund is a major fund of the District.

The Day Care Fund accounts for the daycare operations of the District. Amounts have been recorded for on-behalf payments for retirement and health insurance paid by the State of Kentucky.

IV. Fiduciary Fund Type (Agency and Trust Funds)

The Trust Fund is used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments. Revenues consist of donations and interest income. Expenditures represent scholarships.

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

SCOTT COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The GASB is responsible for establishing GAAP for state and local government through its pronouncements (Statements and Interpretations).

The 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.

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, 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 – 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.

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 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.

Taxes

Property Tax Revenues – Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual 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.

SCOTT COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than GAAP of the United States of America. The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Cash and Cash Equivalents

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

Inventories

Supplies and materials are charged to expenditures when purchased, except for inventories in the Proprietary Fund, which are capitalized at the lower of cost or market.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities' column of the 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 five thousand dollars, with the exception of computers, digital cameras and real property, for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

SCOTT COUNTY SCHOOL DISTRICT

Notes to the Financial Statement
(Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

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

Accumulated Unpaid Sick Leave Benefits

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

Interfund Balances

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

Accrued Liabilities and Long-Term Obligations

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

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

SCOTT COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves

Beginning with fiscal year 2012 the District implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the District's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint.

Assigned fund balance – amounts the District intends to use for specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority.

Unassigned fund balance – amounts that are available for purpose; positive amounts are reported only in the General fund.

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations, using restricted funds first, followed by committed funds, assigned funds, then unassigned funds.

Encumbrances are not liabilities and are not recorded as expenditures until receipt of material or service. Encumbrances remaining open at the end of the fiscal year are automatically re-budgeted in the following fiscal year. Encumbrances are considered a managerial assignment of fund balance 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 there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Operating Revenues and Expenses

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

SCOTT COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous (“CERS”) and Teachers Retirement System of the State of Kentucky (“KTRS”) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pensions. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the District’s OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Teachers’ Retirement System of the State of Kentucky (TRS) and additions to/deductions from TRS’s fiduciary net position have been determined on the same basis as they are reported by TRS. 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.

NOTE 2 ESTIMATES

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

NOTE 3 CASH AND CASH EQUIVALENTS

The District maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The amounts exceeding the federally insured limits are covered by a collateral agreement and the collateral is held by the pledging banks’ trust departments in the District’s name. The District has not experienced any losses in such accounts and the District believes it is not exposed to any significant credit risk on cash and cash equivalents.

SCOTT COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 4 CAPITAL ASSETS

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

	Balance June 30, 2022	Additions	Deductions	Transfers	Balance June 30, 2023
<u>Governmental Activities</u>					
Land	\$ 9,258,174	\$ -	\$ -	\$ -	\$ 9,258,174
Land improvements	6,894,852	378,343	-	-	7,273,195
Buildings and improvements	305,101,002	212,051	-	-	305,313,053
Technology equipment	2,180,912	196,926	292,685	-	2,085,153
Vehicles	9,535,479	375,910	-	-	9,911,389
General equipment	2,820,278	121,661	124,813	-	2,817,126
Construction work in progress	2,239,356	52,582,377	630,854	-	54,190,879
Totals at historical cost	<u>338,030,053</u>	<u>53,867,268</u>	<u>1,048,352</u>	<u>-</u>	<u>390,848,969</u>
Less: accumulated depreciation					
Land improvements	4,010,249	276,904	-	-	4,287,153
Buildings and improvements	83,755,167	6,774,044	-	-	90,529,211
Technology equipment	1,391,961	298,844	264,754	-	1,426,051
Vehicles	6,830,875	571,964	-	-	7,402,839
General equipment	2,153,274	106,485	122,069	-	2,137,690
Total accumulated depreciation	<u>98,141,526</u>	<u>8,028,241</u>	<u>386,823</u>	<u>-</u>	<u>105,782,944</u>
Governmental activities capital assets - net	<u>\$ 239,888,527</u>	<u>\$ 45,839,027</u>	<u>\$ 661,529</u>	<u>\$ -</u>	<u>\$ 285,066,025</u>
<u>Business - Type Activities</u>					
General equipment	\$ 2,182,647	\$ 82,552	\$ 56,878	\$ -	\$ 2,208,321
Vehicles	40,629	-	-	-	40,629
Technology equipment	26,934	-	-	-	26,934
Totals at historical cost	<u>2,250,210</u>	<u>82,552</u>	<u>56,878</u>	<u>-</u>	<u>2,275,884</u>
Less: accumulated depreciation					
General equipment	1,847,341	63,042	56,878	-	1,853,505
Vehicles	25,130	6,743	-	-	31,873
Technology equipment	9,686	3,012	-	-	12,698
Total accumulated depreciation	<u>1,882,157</u>	<u>72,797</u>	<u>56,878</u>	<u>-</u>	<u>1,898,076</u>
Business - type activities capital assets - net	<u>\$ 368,053</u>	<u>\$ 9,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 377,808</u>

SCOTT COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense by function for the fiscal year ended June 30, 2023 was as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Instruction	\$ 4,241,789	\$ -
Student support services	2,225	-
Staff support services	4,466	-
District administration	85,342	-
School administration	2,992,705	-
Business support services	12,458	-
Plant operation and maintenance	162,979	-
Student transportation	526,277	-
Food service	-	72,797
Total	<u>\$ 8,028,241</u>	<u>\$ 72,797</u>

NOTE 5 ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon providing proof of qualification as an annuitant from the Kentucky Teacher’s Retirement System and County Employees Retirement System, certified and classified employees will receive from the District an amount equal to 30% of the value of accumulated sick leave. At June 30, 2023, this amount totaled approximately \$1,106,049 for those employees with twenty-seven or more years of experience.

NOTE 6 BONDED DEBT

The amount shown in the accompanying financial statements as lease obligations represents the District’s future obligations to make lease payments relating to the bonds issued.

SCOTT COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 6 BONDED DEBT (CONTINUED)

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

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>
October 1, 2012	\$ 3,000,000	2.000% - 2.625%
December 1, 2012	8,905,000	2.000% - 2.125%
March 1, 2013	8,000,000	2.000% - 3.000%
March 1, 2013	15,110,000	2.000% - 4.500%
June 1, 2013	440,000	1.500% - 3.000%
March 16, 2016	17,510,000	2.000% - 4.000%
August 25, 2016	17,290,000	1.000% - 3.000%
September 19, 2017	62,465,000	3.250% - 5.000%
May 17, 2018	20,650,000	3.000% - 5.000%
October 1, 2018	25,990,000	3.000% - 5.000%
May 21, 2019	7,000,000	3.000%
November 17, 2021	14,660,000	3.000% - 4.000%
July 18, 2022	103,560,000	4.000% - 5.000%
April 19, 2023	26,870,000	4.000% - 5.000%

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Scott County School District Finance Corporation to construct school facilities.

The District entered into "participation agreements" with the School Facility Construction Commission (Commission). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. Note 16 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 has been recorded in the financial statements.

All issues 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 reported in Note 16.

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

SCOTT COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 7 RETIREMENT PLANS

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

General information about the County Employees Retirement System Non-Hazardous

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

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. One month's service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's spouse will receive the higher of the normal death benefit and \$10,000 plus 75% of the decedent's monthly average rate of pay.

SCOTT COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 7 RETIREMENT PLANS (CONTINUED)

Benefits provided (Continued)

If the surviving spouse remarries, the monthly rate will be recalculated to 25% of the decedent's monthly average. Any dependent child will receive 50% of the decedent's monthly average rate of pay up to 75% for all dependent children. Five years' service is required for nonservice-related disability benefits.

Contributions

Required contributions by the employee are based on the following tier:

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

The contribution requirement for CERS for the year ended June 30, 2023, was \$3,685,265, which consisted of \$2,831,723 from the District and \$853,542 from the employees. District contributions for the year ended June 30, 2022 and 2021 were \$4,566,711 and \$4,015,835, respectively. The contributions have been contributed in full for fiscal years 2023, 2022 and 2021.

General information about the Teachers' Retirement System of the State of Kentucky

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—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the 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/employers/gasb-65-67/>.

Benefits provided

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

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

SCOTT COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 7 RETIREMENT PLANS (CONTINUED)

Benefits provided (continued)

Employees that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. New employees hired after July 1, 2008 but before December 31, 2021 with less than 10 years of service will receive monthly benefits equal to 1.7% of their final average salary for each year of service. New employees hired between July 1, 2008 and December 31, 2021 with between 10 to 20 years of service will receive monthly benefits equal to 2% of their final average salary for each year of service. New employees hired between July 1, 2008 and December 31, 2021 with between 20 to 26 years of service will receive monthly benefits equal to 2.3% of their final average salary for each year of service. Lastly, new employees hired between July 1, 2008 and December 31, 2021 with between 26 to 30 years of service will receive monthly benefits equal to 2.5% of their final average salary for each year of service. Effective January 1, 2022, the System has been amended to change the benefit structure for employees hired on or after that date.

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

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

Contributions—Contribution rates are established by Kentucky Revised Statutes. Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to TRS. The contribution requirement for TRS for the year ended June 30, 2023, was \$9,088,831, which consisted of \$2,997,189 from the District and \$6,091,642 from the employees. Total contributions for the year ended June 30, 2022 and 2021 were \$7,683,141 and \$5,094,873, respectively. The contributions have been contributed in full for fiscal years 2023, 2022 and 2021.

SCOTT COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 7 RETIREMENT PLANS (CONTINUED)

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.

Medical Insurance Plan

Plan description

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

To be eligible for medical benefits, the member must have retired either for service or disability. The TRS Medical Insurance Fund offers coverage to employees under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. Once retired employees and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

Funding policy

In order to fund the post-retirement healthcare benefit, 6.59% of the gross annual payroll of employees before July 1, 2008 is contributed. 3.75% is paid by member contributions, 0.16% is credited to the Commonwealth, and 3.00% is contributed by the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

SCOTT COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 7 RETIREMENT PLANS (CONTINUED)

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS 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	\$ 36,586,760
Commonwealth's proportionate share of the TRS net pension liability associated with the District	<u>228,377,364</u>
	<u>\$ 264,964,124</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, 2023, the District's proportion was 0.506110% percent.

SCOTT COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 7 RETIREMENT PLANS (CONTINUED)

For the year ended June 30, 2023, the District recognized a reduction in pension expense of \$2,072,569 related to CERS and pension expense of \$12,507,622 related to TRS. The District also recognized revenue of \$12,507,622 for TRS 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 39,116	\$ 325,821
Net difference between projected and actual earnings on pension plan investments	4,978,362	4,040,410
Changes of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	489,105	1,015,004
District contributions subsequent to the measurement date	<u>2,831,723</u>	<u>-</u>
Total	<u>\$ 8,338,306</u>	<u>\$ 5,381,235</u>

\$2,831,723 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>Year ended June 30:</u>	
2024	\$ (144,648)
2025	(461,899)
2026	(307,454)
2027	1,039,349
2028	-

SCOTT COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 7 RETIREMENT PLANS (CONTINUED)

Actuarial assumptions

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

	<u>CERS</u>	<u>TRS</u>
Inflation	2.30%	2.50%
Projected salary increases	3.3-10.3%	3.0-7.5%
Investment rate of return, net of investment expense and inflation	6.25%	7.10%

For CERS, mortality rates used for active members was PUB-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table based on a mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

For TRS, mortality rates were based on Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each groups: service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 6-year period ending June 30, 2020, adopted by the board on September 10, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

SCOTT COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 7 RETIREMENT PLANS (CONTINUED)

Actuarial assumptions (Continued)

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

<u>Asset Class</u>	<u>TRS Target Allocation</u>	<u>TRS Long-Term Expected Real Rate of Return</u>	<u>CERS Target Allocation</u>	<u>CERS Long-Term Expected Real Rate of Return</u>
US equity	40.0%	4.23%	50.0%	4.45%
Developed international equity	16.5%	5.30%		
Emerging markets equity	5.5%	5.40%		
Core bonds			10.0%	0.28%
Private equity	7.0%	6.90%	10.0%	10.15%
Fixed income	15.0%	1.70%		
High yield	2.0%	-0.10%	10.0%	2.28%
Additional categories	5.0%	2.20%		
Real estate	7.0%	4.00%	7.0%	4.07%
Real return			13.0%	3.67%
Cash	2.0%	-0.30%	0.0%	-0.91%
Total	<u>100%</u>		<u>100%</u>	

Discount rate

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

For TRS, 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 for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SCOTT COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 7 RETIREMENT PLANS (CONTINUED)

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	\$ 45,728,911	\$ 36,586,760	\$ 29,025,443
TRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability	-	-	-

Pension plan fiduciary net position

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

NOTE 8 OPEB PLANS

General information about the Teachers' Retirement System OPEB Plan

Plan description

Teaching-certified employees of the Scott County School District are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (TRS) – a cost-sharing multiple-employer defined benefit OPEB plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky 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.

SCOTT COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 8 OPEB PLANS (CONTINUED)

Medical Insurance Plan

Plan description

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

Benefits provided

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

Contributions

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

General information about the County Employees Retirement System Non-Hazardous OPEB Plan

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/>.

SCOTT COUNTY SCHOOL DISTRICT

Notes to the Financial Statement
(Continued)

NOTE 8 OPEB PLANS (CONTINUED)

Benefits provided

CERS provides 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. See Note 7 for tier classifications.

Contributions

Required contributions by the employee are based on the tier disclosed in Note 7.

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

At June 30, 2023, the Scott County School District reported a liability of \$34,063,453 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. As of June 30, 2022 and 2021, the District's proportion was 1.3% percent for TRS, and 0.50% and 0.52% for CERS.

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 OPEB liability	\$ 9,986,453
District's proportionate share of the TRS net OPEB liability	24,077,000
State's proportionate share of the net OPEB liability associated with the District	<u>7,910,000</u>
	<u>\$ 41,973,453</u>

For the year ended June 30, 2023, the District recognized OPEB expense of \$8,873,038 and revenue of \$745,795 for support provided by the State.:

SCOTT COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 8 OPEB PLANS (CONTINUED)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,005,220	\$ 12,411,125
Net difference between projected and actual earnings on OPEB plan investments	3,139,580	1,454,255
Change of Assumptions	6,469,427	1,301,439
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,268,972	468,197
District contributions subsequent to the measurement date	<u>1,870,482</u>	<u>-</u>
Total	<u><u>\$ 21,753,681</u></u>	<u><u>\$ 15,635,016</u></u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,870,482 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>Year ended June 30:</u>	
2024	\$ 325,033
2025	398,232
2026	(187,419)
2027	1,812,337
2028	1,365,000
Thereafter	535,000

SCOTT COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 8 OPEB PLANS (CONTINUED)

Actuarial assumptions

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

	TRS	CERS
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.	6.25%
Projected salary increases	3.00 - 7.50%, including wage inflation	3.30% to 10.30%, varies by service
Inflation rate	2.5%	2.30%
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% by FY 2032	Initial trend starting at 6.4% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years
Ages 65 and Older	5.125% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2025	Initial trend starting at 6.3% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years
Medicare Part B Premiums	6.97% for FY 2022 with an ultimate rate of 4.50% by 2034	
Municipal Bond Index Rate	3.37%	3.69%
Discount Rate	7.10%	5.70%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including price inflation	

For TRS, mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2021 valuation were based on the results of the most actuarial experience studies, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

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

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation.

For TRS, 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.

SCOTT COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 8 OPEB PLANS (CONTINUED)

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	58.0%	5.1%
Fixed Income	9.0%	-0.1%
Real Estate	6.5%	4.0%
Private Equity	8.5%	6.9%
Other Additional Categories	17.0%	1.7%
Cash (LIBOR)	1.0%	-0.3%
Total	<u>100.0%</u>	

Discount rate

For TRS, the discount rate 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.

For TRS, the discount rate used to measure the total OPEB liability 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.

SCOTT COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 8 OPEB PLANS (CONTINUED)

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate selected by each medical insurance plan, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
TRS			
District's net OPEB liability	\$ 30,209,000	\$ 24,077,000	\$ 19,001,000
	<u>1% Decrease (4.70%)</u>	<u>Current Discount Rate (5.70%)</u>	<u>1% Increase (6.70%)</u>
CERS			
District's net OPEB liability	\$ 13,350,294	\$ 9,986,453	\$ 7,205,676

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
TRS			
District's net OPEB liability	\$ 18,050,000	\$ 24,077,000	\$ 31,573,000
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
CERS			
District's net OPEB liability	\$ 7,424,706	\$ 9,986,453	\$ 13,062,628

OPEB plan fiduciary net position

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

SCOTT COUNTY SCHOOL DISTRICT

Notes to the Financial Statement
(Continued)

NOTE 8 OPEB PLANS (CONTINUED)

Life Insurance Plan

Plan description

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

Benefits provided

TRS provides a life insurance benefit of 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 funded by the Life Insurance Fund (LIF) is payable upon the death of the member to the member's estate or to a party designated by the member.

Contributions

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

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

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

District's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the District		<u>393,000</u>
	\$	<u><u>393,000</u></u>

For the year ended June 30, 2023, the District recognized OPEB expense of \$-0- and revenue of \$30,027 for support provided by the State.

SCOTT COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 8 OPEB PLANS (CONTINUED)

Actuarial assumptions

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.00 - 7.50%, including wage 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 price inflation

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2021 valuation were based on the results of the most actuarial experience studies, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 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.

SCOTT COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 8 OPEB PLANS (CONTINUED)

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity	40.0%	4.4%
International Equity	23.0%	5.6%
Fixed Income	18.0%	-0.1%
Real Estate	6.0%	4.0%
Private Equity	5.0%	6.9%
Other Additional Categories	6.0%	2.1%
Cash	2.0%	-0.3%
Total	<u>100.0%</u>	

Discount rate

The discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's net OPEB liability	\$ -	\$ -	\$ -

OPEB plan fiduciary net position

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

SCOTT COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 9 CONTINGENCIES

Grant Fund Approval

The District receives funding from federal, state, and local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if the grantor's review indicates that the funds have not been used for the intended purpose, the grantors may request a refund of monies advanced or refuse to reimburse the District for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue the programs.

NOTE 10 INSURANCE AND RELATED ACTIVITIES

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

NOTE 11 RISK MANAGEMENT

The District is self-insured for unemployment insurance benefits. The District purchases workers' compensation insurance through Kentucky Employer's Mutual Insurance. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 12 DEFICIT OPERATING/FUND BALANCES

The food service fund currently has a negative fund balance. Additionally, the following funds have operations that resulted in a current year deficit of revenues over expenditures, resulting in a corresponding reduction of fund balance:

Building Fund	\$ 2,219,710
Food Service Fund	884,345
Capital Outlay Fund	622,513
Eastern Elementary	32,138
Phoenix Horizon	210

NOTE 13 COBRA

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

SCOTT COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 14 TRANSFER OF FUNDS

The following transfers were made during the year.

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Special Revenue Fund	KETS	\$ 183,228
Special Revenue Fund	General Fund	Indirect Costs	795,426
General Fund	District Activity Fund	Vocational Program	50,997
District Activity Fund	Student Activity Fund	Interschool Purchases	38,809
Student Activity Fund	District Activity Fund	Interschool Purchases	29,766
Capital Outlay	General Fund	Capital Funds Request	1,495,026
Building Fund	General Fund	Capital Funds Request	173,774
Building Fund	Construction	BG Funding	4,648,649
Building Fund	Debt Service	Debt Service	15,126,756
Construction	Construction	New BG	532,109
Food Service	General Fund	Indirect Costs	200,000
Day Care	General Fund	Day Care Profits	272,377

NOTE 15 ON-BEHALF PAYMENTS

For the year ended June 30, 2023, total payments of \$33,164,143 were made for life insurance, health insurance, TRS matching, technology and administrative fees 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 activities.

General Fund	\$ 30,902,661
Debt Service	1,779,161
Day Care	87,861
Food Service	394,460
Total On-Behalf	<u><u>\$ 33,164,143</u></u>

SCOTT COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 16 SCHEDULE OF LONG-TERM OBLIGATIONS

FISCAL YEAR	Scott County School District			KY School Facilities Construction Commission			Requirements
	Principal	Interest	Total	Principal	Interest	Total	
2023-2024	\$ 7,475,837	\$ 6,366,801	\$ 13,842,638	\$ 1,509,163	\$ 5,005,420	\$ 6,514,583	\$ 20,357,221
2024-2025	7,639,246	6,184,480	13,823,726	1,350,754	4,946,597	6,297,351	20,121,077
2025-2026	7,987,913	5,844,388	13,832,301	1,407,087	4,889,763	6,296,850	20,129,151
2026-2027	8,274,537	5,567,688	13,842,225	1,465,463	4,829,868	6,295,331	20,137,556
2027-2028	8,603,368	5,245,819	13,849,187	1,396,632	4,768,520	6,165,152	20,014,338
2028-2029	8,945,607	4,917,726	13,863,333	1,449,393	4,712,010	6,161,403	20,024,736
2029-2030	8,386,534	4,559,368	12,945,902	2,318,466	4,631,994	6,950,460	19,896,362
2030-2031	8,697,078	4,262,154	12,959,232	2,417,922	4,532,665	6,950,587	19,909,819
2031-2032	9,126,300	3,939,197	13,065,497	2,423,700	4,430,639	6,854,339	19,919,836
2032-2033	10,340,564	3,538,227	13,878,791	1,509,436	4,346,353	5,855,789	19,734,580
2033-2034	10,703,211	3,193,869	13,897,080	1,221,789	4,286,837	5,508,626	19,405,706
2034-2035	11,037,601	2,852,375	13,889,976	1,292,399	4,234,477	5,526,876	19,416,852
2035-2036	11,420,822	2,483,625	13,904,447	1,344,178	4,180,711	5,524,889	19,429,337
2036-2037	11,818,065	2,097,036	13,915,101	1,401,935	4,126,216	5,528,151	19,443,252
2037-2038	12,232,136	1,699,172	13,931,308	1,337,864	4,071,015	5,408,879	19,340,187
2038-2039	9,546,459	1,279,577	10,826,036	4,143,541	3,950,753	8,094,294	18,920,330
2039-2040	902,369	1,087,622	1,989,991	12,902,631	3,535,284	16,437,915	18,427,906
2040-2041	941,721	1,049,470	1,991,191	13,563,279	2,873,636	16,436,915	18,428,106
2041-2042	981,553	1,009,638	1,991,191	14,258,447	2,178,093	16,436,540	18,427,731
2042-2043	2,909,207	970,815	3,880,022	10,710,793	1,607,416	12,318,209	16,198,231
2043-2044	2,890,000	857,031	3,747,031	11,150,000	1,170,200	12,320,200	16,067,231
2044-2045	3,005,000	741,431	3,746,431	11,605,000	715,100	12,320,100	16,066,531
2045-2046	3,130,000	621,231	3,751,231	12,075,000	241,500	12,316,500	16,067,731
2046-2047	12,025,000	496,031	12,521,031	-	-	-	12,521,031
	<u>\$ 179,020,128</u>	<u>\$ 70,864,776</u>	<u>\$ 249,884,904</u>	<u>\$ 114,254,872</u>	<u>\$ 84,265,068</u>	<u>\$ 198,519,940</u>	<u>\$ 448,404,843</u>

A summary of the changes in the principal of the outstanding bond obligations, capital leases and sick leave accrual for the District during the year ended June 30, 2023 is as follows:

Governmental Activities	Balance			Balance
	July 1, 2022	Additions	Deductions	
Bond Obligations	<u>\$ 171,145,000</u>	<u>\$ 130,430,000</u>	<u>\$ 8,300,000</u>	<u>\$ 293,275,000</u>
Bond Premium	<u>\$ 4,811,360</u>	<u>\$ -</u>	<u>\$ 411,823</u>	<u>\$ 4,399,537</u>
Bond Discount	<u>\$ -</u>	<u>\$ (1,204,000)</u>	<u>\$ -</u>	<u>\$ (1,204,000)</u>
Sick Leave	<u>\$ 915,776</u>	<u>\$ 353,470</u>	<u>\$ 163,197</u>	<u>\$ 1,106,049</u>

NOTE 17 CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2022, the District elected to adopt Governmental Accounting Standards Board ("GASB") Statement no. 96, *Subscription-Based Information Technology Arrangements*, as it relates to accounting for subscription-based information technology arrangements (SBITAs). Under this Statement, contracts that provide the District with IT software and associated tangible capital assets for subscription payments without granting governments perpetual license or title to the IT software and associated tangible capital assets are recognized as a right of use subscription asset and a corresponding subscription liability. There was no material impact on the financial statements as a result of this change in accounting principle.

NOTE 18 SUBSEQUENT EVENTS

Subsequent events were considered through November 29, 2023, which represents the date the financial statements were available to be issued.

SUPPLEMENTARY
INFORMATION

SCOTT COUNTY SCHOOL DISTRICT

**Combining Balance Sheet – Nonmajor Governmental Funds
As of June 30, 2023**

	<u>Capital Outlay Fund</u>	<u>District Activity Fund</u>	<u>School Activity Fund</u>	<u>Debt Service Fund</u>	<u>Building Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets						
Current:						
Cash and cash equivalents	\$ -	\$ 892,500	\$ 831,512	\$ (145,605)	\$ -	\$ 1,578,407
Accounts receivable	-	1,089	1,119	-	-	2,208
Prepaid Expenses	-	-	-	149,925	-	149,925
Total current	<u>\$ -</u>	<u>\$ 893,589</u>	<u>\$ 832,631</u>	<u>\$ 4,320</u>	<u>\$ -</u>	<u>\$ 1,730,540</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ -	\$ 1,014	\$ 2,653	-	-	\$ 3,667
Total liabilities	<u>-</u>	<u>1,014</u>	<u>2,653</u>	<u>-</u>	<u>-</u>	<u>3,667</u>
Fund Balances:						
Restricted:						
Other	-	889,154	826,153	4,320	-	1,719,627
Assigned	-	3,421	2,706	-	-	6,127
Unassigned	-	-	1,119	-	-	1,119
Total fund balances	<u>-</u>	<u>892,575</u>	<u>829,978</u>	<u>4,320</u>	<u>-</u>	<u>1,726,873</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 893,589</u>	<u>\$ 832,631</u>	<u>\$ 4,320</u>	<u>\$ -</u>	<u>\$ 1,730,540</u>

SCOTT 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>District Activity Fund</u>	<u>School Activity Fund</u>	<u>Debt Service Fund</u>	<u>Building Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 13,606,480	\$ 13,606,480
State sources	872,513	-	-	1,779,161	4,122,989	6,774,663
Other sources	-	882,766	1,287,161	-	-	2,169,927
Total revenues	<u>872,513</u>	<u>882,766</u>	<u>1,287,161</u>	<u>1,779,161</u>	<u>17,729,469</u>	<u>22,551,070</u>
Expenditures:						
Instructional	-	-	1,232,937	-	-	1,232,937
Student support services	-	910	23	-	-	933
Staff support services	-	641,535	-	-	-	641,535
Student transportation	-	6,243	-	-	-	6,243
Debt service:						
Principal	-	-	-	8,143,867	-	8,143,867
Interest	-	-	-	8,762,050	-	8,762,050
Total expenditures	<u>-</u>	<u>648,688</u>	<u>1,232,960</u>	<u>16,905,917</u>	<u>-</u>	<u>18,787,565</u>
Excess (deficit) of revenues over expenditures	<u>872,513</u>	<u>234,078</u>	<u>54,201</u>	<u>(15,126,756)</u>	<u>17,729,469</u>	<u>3,763,505</u>
Other Financing Sources (Uses)						
Operating transfers in	-	80,763	38,809	15,126,756	-	15,246,328
Operating transfers out	(1,495,026)	(38,809)	(29,766)	-	(19,949,179)	(21,512,780)
Total other financing sources(uses)	<u>(1,495,026)</u>	<u>41,954</u>	<u>9,043</u>	<u>15,126,756</u>	<u>(19,949,179)</u>	<u>(6,266,452)</u>
Net change in fund balance	(622,513)	276,032	63,244	-	(2,219,710)	(2,502,947)
Fund balance, July 1, 2022	<u>622,513</u>	<u>616,543</u>	<u>766,734</u>	<u>4,320</u>	<u>2,219,710</u>	<u>4,229,820</u>
Fund balance, June 30, 2023	<u>\$ -</u>	<u>\$ 892,575</u>	<u>\$ 829,978</u>	<u>\$ 4,320</u>	<u>\$ -</u>	<u>\$ 1,726,873</u>

SCOTT COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – General Fund
For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
Taxes	\$ 35,665,368	\$ 35,665,368	\$ 38,272,872	\$ 2,607,504
Earnings on investments	10,000	10,000	1,430,445	1,420,445
State sources	30,702,101	31,057,468	62,022,596	30,965,128
Federal sources	200,000	200,000	315,380	115,380
Other sources	271,449	2,212,624	3,360,407	1,147,783
	<u>66,848,917</u>	<u>69,145,460</u>	<u>105,401,700</u>	<u>36,256,240</u>
Expenditures				
Instructional	43,029,085	43,169,893	56,895,854	(13,725,961)
Student support services	5,961,926	5,947,791	7,734,898	(1,787,107)
Staff support services	3,266,224	3,109,409	4,586,108	(1,476,699)
District administration	1,551,951	1,551,951	714,228	837,723
School administration	5,739,919	5,964,438	6,749,666	(785,228)
Business support services	1,397,010	1,422,895	2,311,017	(888,122)
Plant operation and maintenance	7,392,285	8,203,429	10,472,514	(2,269,085)
Student transportation	4,747,580	5,604,080	7,222,449	(1,618,369)
Food service operation	1,454	1,454	20,843	(19,389)
Community service operations	-	-	180	(180)
Other	2,769,550	3,178,184	450,458	2,727,726
	<u>75,856,983</u>	<u>78,153,525</u>	<u>97,158,215</u>	<u>(19,004,690)</u>
Net change in fund balance	(9,008,065)	(9,008,065)	8,243,485	17,251,550
Fund balance, July 1, 2022	<u>9,008,065</u>	<u>9,008,065</u>	<u>12,939,408</u>	<u>3,931,343</u>
Fund balance, June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,182,893</u>	<u>\$ 21,182,893</u>

SCOTT COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Special Revenue Fund
For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
Revenues				
State sources	\$ 3,755,023	\$ 4,170,938	\$ 4,145,267	\$ (25,671)
Federal sources	4,768,055	4,853,738	10,180,535	5,326,797
Other sources	<u>-</u>	<u>629,737</u>	<u>262,993</u>	<u>(366,744)</u>
Total revenues	<u>8,523,078</u>	<u>9,654,413</u>	<u>14,588,795</u>	<u>4,934,382</u>
Expenditures				
Instructional	6,260,915	7,211,871	7,797,634	(585,763)
Student support services	221,591	319,980	740,895	(420,915)
Staff support services	1,077,631	1,381,293	2,205,358	(824,065)
District administration	-	-	892,054	(892,054)
School administration	-	96,029	103,231	(7,202)
Business support services	-	-	10,775	(10,775)
Plant operation and maintenance	82,783	87,210	665,931	(578,721)
Student transportation	-	117,135	287,153	(170,018)
Daycare operation	-	-	224,105	(224,105)
Food service operation	-	-	54,370	(54,370)
Community service operations	808,710	809,510	811,863	(2,353)
Other	<u>71,449</u>	<u>75,445</u>	<u>795,426</u>	<u>(719,981)</u>
Total expenditures	<u>8,523,078</u>	<u>10,098,473</u>	<u>14,588,795</u>	<u>(4,490,322)</u>
Net change in fund balance	-	(444,060)	-	444,060
Fund balance, July 1, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2023	<u>\$ -</u>	<u>\$ (444,060)</u>	<u>\$ -</u>	<u>\$ 444,060</u>

SCOTT COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Construction Fund
Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
Other sources	\$ 1,961,300	\$ 2,393,900	\$ 136,641,049	\$ 134,247,149
Total revenues	<u>1,961,300</u>	<u>2,393,900</u>	<u>136,641,049</u>	<u>134,247,149</u>
Expenditures				
Facilities Acquisition and Construction	1,961,300	2,393,900	51,944,610	(49,550,710)
Other	<u>-</u>	<u>-</u>	<u>659,423</u>	<u>(659,423)</u>
Total expenditures	<u>1,961,300</u>	<u>2,393,900</u>	<u>52,604,033</u>	<u>(50,210,133)</u>
Net change in fund balance	-	-	84,037,016	84,037,016
Fund balance, July 1, 2022	<u>-</u>	<u>-</u>	<u>1,294,058</u>	<u>1,294,058</u>
Fund balance, June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,331,074</u>	<u>\$ 85,331,074</u>

SCOTT COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Bond and Interest Redemption Funds
For the Year Ended June 30, 2023**

	<u>Issue of 2012B</u>	<u>Issue of 2012C</u>	<u>Issue of 2013</u>	<u>Issue of 2013B</u>	<u>Issue of 2013 Energy</u>	<u>Issue of 2016</u>	<u>Issue of 2016B</u>
Cash at July 1, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Transfers and miscellaneous deposits	326,281	2,701,725	427,590	2,223,850	51,500	1,061,700	1,039,400
Disbursements:							
Bonds paid	310,000	2,595,000	255,000	1,850,000	50,000	595,000	395,000
Interest coupons	16,281	106,725	172,590	373,850	1,500	466,700	644,400
Total disbursements	326,281	2,701,725	427,590	2,223,850	51,500	1,061,700	1,039,400
Excess of receipts over disbursements	-	-	-	-	-	-	-
Cash at June 30, 2023	-	-	-	-	-	-	-
Fund Balance at June 30, 2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	<u>Issue of 2017</u>	<u>Issue of 2018</u>	<u>Issue of 2018B</u>	<u>Issue of 2019</u>	<u>Issue of 2019E</u>	<u>Issue of 2021 - Ref</u>	<u>Issue of 2022</u>	<u>Total</u>
Cash at July 1, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Transfers and miscellaneous deposits	2,151,344	1,484,394	1,651,394	223,313	188,987	714,050	2,876,622	17,122,150
Disbursements:								
Bonds paid	345,000	810,000	740,000	106,152	113,848	135,000	-	8,300,000
Interest coupons	1,806,344	674,394	911,394	117,161	75,139	579,050	2,876,622	8,822,150
Total disbursements	2,151,344	1,484,394	1,651,394	223,313	188,987	714,050	2,876,622	17,122,150
Excess of receipts over disbursements	-	-	-	-	-	-	-	-
Cash at June 30, 2023	-	-	-	-	-	-	-	-
Fund Balance at June 30, 2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SCOTT COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Scott County High School Activity Fund
Year Ended June 30, 2023**

	Fund Balance July 1, 2022	Receipts	Disbursements	Transfers In	Transfers Out	Fund Balance June 30, 2023
Academic Team	\$ 155	\$ 300	\$ -	\$ -	\$ 152	\$ 303
Archery	3,466	10,367	4,248	-	5,271	4,314
Athletic Post Season	-	4,364	1,730	-	2,634	-
Athletic Toyota Classic	2,152	9,198	15,293	12,988	-	9,045
Band	473	473	473	-	473	-
Baseball	4,804	12,182	4,884	-	4,911	7,191
Bass Fishing	4,102	1,060	1,307	-	-	3,855
Beta Club	2,219	2,519	1,005	-	839	2,894
Bowling	3,005	1,740	752	-	712	3,281
Boys Basketball	4,740	22,883	17,497	-	9,199	927
Boys Golf	485	331	-	-	-	816
Boys Lacrosse	3,010	13,288	7,906	-	5,761	2,631
Boys Soccer	1,403	8,941	6,616	-	210	3,518
Boys Tennis	723	273	406	-	175	415
Boys Track	5,903	4,110	2,027	-	1,226	6,760
Business	12	6,250	4,260	-	324	1,678
Cheer	1,134	1,500	1,727	-	-	907
Choral	2,543	97,269	49,796	-	49,560	456
Cross County	2,174	500	12	-	-	2,662
Culinary	-	2,874	885	-	759	1,230
Dance Team	1,892	10,815	6,047	-	6,660	-
Deca Club	580	13,987	1,838	-	6,862	5,867
Drama Club	13,175	14,938	10,811	-	4,179	13,123
Enviro Club	40	43	30	-	43	10
Esports	-	1,792	896	-	896	-
Faculty Vending	1,682	2,563	923	-	450	2,872
Family Consumer Science	994	-	-	-	994	-
FCCLA	96	5,510	3,867	-	1,183	556
FFA	7,320	20,162	13,697	-	11,970	1,815
Football	24	86,862	66,919	-	19,855	112
FRC	6,415	-	-	-	-	6,415
General Athletics	8,622	5,891	7,717	-	1,804	4,992
General Fund	18,841	15,129	2,229	-	1,710	30,031
Girls Basketball	4,408	15,651	14,144	-	5,415	500
Girls Golf	397	861	-	-	225	1,033
Girls Lacrosse	50	1,722	-	-	1,722	50
Girls Soccer	4,080	4,106	4,208	-	275	3,703
Girls Tennis	895	293	406	-	175	607
Girls Track	7,271	3,549	1,659	-	1,291	7,870
Graduation	2,132	1,155	840	-	-	2,447
GSA	172	-	-	-	-	172
Hospitality Acct.	-	1,716	649	-	403	664
Japanese Club	1,455	2,442	1,328	-	1,328	1,241
Key Club	-	300	96	-	-	204
Library	991	309	335	-	215	750
Music Club	1,505	-	-	-	-	1,505
National Honor Society	444	960	672	-	385	347
Prom	7,996	21,194	16,123	-	2,140	10,927
Softball	674	13,005	2,414	-	5,370	5,895
Student Council	1,102	14,072	9,144	-	1,190	4,840
Swimming	3,885	1,891	1,566	-	1,310	2,900
Volleyball	6,132	4,579	4,800	-	300	5,611
Wrestling	364	7,839	1,090	-	1,625	5,488
Y Club	-	20,664	9,733	-	9,733	1,198
Yearbook	5,470	-	-	-	-	5,470
Total	\$ 151,607	\$ 494,422	\$ 305,005	\$ 12,988	\$ 171,914	\$ 182,098

SCOTT COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Great Crossing High School Activity Fund
Year Ended June 30, 2023**

	Fund Balance July 1, 2022	Receipts	Disbursements	Transfers In (Out)	Fund Balance June 30, 2023
Academic Team	\$ 194	\$ 323	\$ 48	\$ (48)	\$ 421
Archery	2,617	9,631	3,742	(4,066)	4,440
Art	211	-	-	-	211
Band	2,202	8,571	3,151	(3,151)	4,471
Baseball	8,957	13,319	6,887	(12,759)	2,630
Bass Fishing	4,102	2,549	2,372	(225)	4,054
Beta Club	3,613	9,028	6,416	(2,564)	3,661
Bowling	3,203	2,285	2,375	(825)	2,288
Boys Basketball	25,196	51,517	32,298	(21,243)	23,172
Boys Golf	154	325	25	(43)	411
Boys Soccer	11,771	19,719	21,972	(5,849)	3,669
Boys Tennis	115	1,646	1,254	(335)	172
Boys Track	5,836	15,603	6,390	(3,021)	12,028
Cheer	2,758	538	2,079	(183)	1,034
Chorus	9,443	24,551	11,861	(11,788)	10,345
Corporate Sponsors	525	-	-	-	525
Courtesy Committee	6	-	-	-	6
Creative Writing	4	-	-	-	4
Cross County	1,364	1,395	1,045	(850)	864
Dance Team	1,901	978	626	(1,159)	1,094
Drama	16,977	14,215	10,197	(1,297)	19,698
Energy Team	151	-	-	-	151
Esports	104	2,809	1,742	(920)	251
Faculty Vending	938	1,067	934	(661)	410
FCCLA	518	5,153	5,043	(261)	367
FFA	1,428	45,945	27,738	(17,626)	2,009
Football	17,316	49,173	38,283	(7,274)	20,932
FRC	7,953	-	-	-	7,953
French Club	311	-	-	(311)	-
Freshman Class	220	-	-	-	220
General Athletics	9,047	11,152	13,434	(3,565)	3,200
General Fund	2,451	17,324	667	(1,698)	17,410
Girls Basketball	11,555	17,982	18,448	(6,669)	4,420
Girls Golf	1,423	567	358	209	1,841
Girls Lacrosse	8,497	5,373	6,267	(2,407)	5,196
Girls Soccer	6,680	6,363	5,846	(3,597)	3,600
Girls Tennis	37	1,374	1,088	(283)	40
Girls Track	6,029	15,353	6,515	(2,771)	12,096
GSA	256	-	-	-	256
Junior Class	1,851	-	-	-	1,851
Library	46	147	-	-	193
National Honor Society	1,815	3,876	2,762	(664)	2,265
Piano	495	431	635	(271)	20
Prom	24,348	39,064	19,474	(16,283)	27,655
Senior Class	2,445	525	554	(525)	1,891
Sewing	3	-	-	-	3
Skills USA	1,951	7,593	3,699	(3,942)	1,903
Softball	17,399	21,126	18,241	(10,403)	9,881
Student Council	562	469	73	(24)	934
Swimming	3,706	120	475	(120)	3,231
Toyota Classic	200	15,170	6,951	(8,419)	-
Trap Shooting	393	864	663	(332)	262
Tri County	1,505	-	-	-	1,505
Volleyball	8,796	10,356	12,071	(4,992)	2,089
World Language	551	1,033	578	(578)	428
Wrestling	4,914	13,658	9,884	(5,071)	3,617
Y-Club	223	34,941	17,038	(17,038)	1,088
Yearbook	9,352	6,921	2,129	(2,137)	12,007
Youth Impact Club	470	-	-	-	470
Total	\$ 257,088	\$ 512,122	\$ 334,328	\$ (188,039)	\$ 246,843

SCOTT COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
School Activity Funds
Year Ended June 30, 2023**

	Anne Mason Elementary	Eastern Elementary	Garth Elementary	Northern Elementary
Fund balance at July 1, 2022	\$ 10,666	\$ 12,450	\$ 10,457	\$ 17,944
Add: receipts	34,823	52,847	29,708	67,389
Less: disbursements	<u>(31,001)</u>	<u>(84,984)</u>	<u>(28,328)</u>	<u>(63,563)</u>
Fund balance at June 30, 2023	<u><u>\$ 14,488</u></u>	<u><u>\$ (19,688)</u></u>	<u><u>\$ 11,838</u></u>	<u><u>\$ 21,770</u></u>
	Lemons Mill Elementary	Southern Elementary	Stamping Ground Elementary	Western Elementary
Fund balance at July 1, 2022	\$ 11,838	\$ 18,570	\$ 16,566	\$ 5,894
Add: receipts	61,150	24,167	59,979	105,461
Less: disbursements	<u>(50,795)</u>	<u>(23,257)</u>	<u>(58,237)</u>	<u>(96,741)</u>
Fund balance at June 30, 2023	<u><u>\$ 22,193</u></u>	<u><u>\$ 19,481</u></u>	<u><u>\$ 18,308</u></u>	<u><u>\$ 14,613</u></u>
	Elkhorn Crossing	Georgetown Middle	Royal Spring Middle	Scott County Middle
Fund balance at July 1, 2022	\$ 7,443	\$ 30,922	\$ 83,848	\$ 95,596
Add: receipts	45,861	112,720	130,387	136,077
Less: disbursements	<u>(41,708)</u>	<u>(85,080)</u>	<u>(129,672)</u>	<u>(112,852)</u>
Fund balance at June 30, 2023	<u><u>\$ 11,596</u></u>	<u><u>\$ 58,563</u></u>	<u><u>\$ 84,563</u></u>	<u><u>\$ 118,821</u></u>
	Phoenix Horizon	Scott County Preschool	Creekside Elementary	Total
Fund balance at July 1, 2022	\$ 6,496	\$ 9,357	\$ 19,900	\$ 357,948
Add: receipts	16,515	5,727	60,693	943,504
Less: disbursements	<u>(16,726)</u>	<u>(5,089)</u>	<u>(54,490)</u>	<u>(882,522)</u>
Fund balance at June 30, 2023	<u><u>\$ 6,285</u></u>	<u><u>\$ 9,995</u></u>	<u><u>\$ 26,103</u></u>	<u><u>\$ 418,929</u></u>

SCOTT COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability –TRS

	Last 10 Fiscal Years*									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability	0%	0%	0%	0%	0%	0%	0%	0%	*	*
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	*	*
State's proportionate share of the net pension liability associated with the District	<u>228,377,364</u>	<u>174,033,740</u>	<u>180,690,077</u>	<u>163,050,162</u>	<u>153,686,538</u>	<u>313,518,441</u>	<u>339,336,496</u>	<u>262,266,075</u>	<u>225,099,715</u>	<u>*</u>
Total	<u>\$ 228,377,364</u>	<u>\$ 174,033,740</u>	<u>\$ 180,690,077</u>	<u>\$ 163,050,162</u>	<u>\$ 153,686,538</u>	<u>\$ 313,518,441</u>	<u>\$ 339,336,496</u>	<u>\$ 262,266,075</u>	<u>\$ 225,099,715</u>	<u>*</u>
District's covered-employee payroll	\$ 49,801,813	\$ 45,903,527	\$ 29,224,896	\$ 25,652,295	\$ 37,773,178	\$ 36,624,856	\$ 35,868,383	\$ 35,100,583	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%	*
Plan fiduciary net position as a percentage of the total pension liability	56.41%	65.59%	58.27%	58.76%	59.27%	39.83%	35.22%	42.49%	45.59%	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms: A new benefit tier was added for members joining the system on and after January 1, 2022

Changes of assumption: In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%.

Changes of assumption: In 2015, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%.

Changes of assumption: In the 2016 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2016 valuation, the Assumed Salary Scale, Price Inflation, and Wage Inflation were adjusted to reflect a decrease. In addition, the calculation for the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.

Changes of assumption: In 2017, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%.

Changes of assumption: In 2018, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%.

Changes of assumption: In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50% to 7.10% and the price inflation assumption was lowered from 3% to 2.50%. In addition, the calculation of the SEIR results in an assumption change from 7.50% to 7.10%

SCOTT COUNTY SCHOOL DISTRICT
Schedule of District Contributions –TRS

	Last 10 Fiscal Years*									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,997,189	\$ 1,779,314	\$ 1,337,478	\$ 1,099,499	\$ 1,133,195	\$ 1,097,650	\$ 1,507,358	\$ 1,465,504	\$ 1,131,841	\$ 832,200
Contributions in relation to the contractually required contribution	<u>(2,997,189)</u>	<u>(1,779,314)</u>	<u>(1,337,478)</u>	<u>(1,099,499)</u>	<u>(1,133,195)</u>	<u>(1,097,650)</u>	<u>(1,507,358)</u>	<u>(1,465,504)</u>	<u>(1,131,841)</u>	<u>(832,200)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 49,801,813	\$ 45,903,527	\$ 29,224,896	\$ 25,652,295	\$ 37,773,178	\$ 36,624,856	\$ 35,868,383	\$ 35,100,583	\$ 33,572,330	*
Contributions as a percentage of covered-employee payroll	6.02%	3.88%	4.58%	4.29%	3.00%	3.00%	4.20%	4.18%	3.37%	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCOTT COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability – CERS

	Last 10 Fiscal Years*									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of net pension liability	0.506110%	0.529483%	0.515700%	0.476147%	0.462668%	0.462977%	0.463111%	0.465716%	0.453576%	*
District's proportionate share of the net pension liability	\$ 36,586,760	\$ 33,758,694	\$ 39,553,840	\$ 33,487,631	\$ 28,177,892	\$ 27,099,467	\$ 22,801,840	\$ 20,023,578	\$ 14,716,000	*
Total net pension liability	\$ 7,229,013,496	\$ 6,375,784,388	\$ 7,669,917,211	\$ 7,033,044,552	\$ 6,090,304,793	\$ 5,853,307,482	\$ 4,923,618,237	\$ 4,299,525,565	\$ 3,244,377,000	*
District's covered-employee payroll	\$ 13,997,275	\$ 13,525,920	\$ 13,214,562	\$ 12,195,798	\$ 11,674,710	\$ 11,563,570	\$ 11,295,029	\$ 10,532,313	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	261.38%	249.59%	299.32%	274.58%	241.36%	234.35%	201.88%	190.12%	142.57%	*
Plan fiduciary net position as a percentage of the total pension liability	54.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

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

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

2014: As cash balance plan was introduced for member whose participation date is on or after January 1, 2014.

Changes of assumption: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2015: The assumed investment rate of return was decreased from 7.75% to 7.50%.

2015: The assumed rate of inflation was reduced from 3.50% to 3.25%.

2015: The assumed rate of wage inflation was reduced from 1.00% to 0.75%.

2015: Payroll growth assumption was reduced from 4.50% to 4.00%.

2015: The mortality table used for active members is RP-2000 Combined Mortality table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).

2015: For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

2015: The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2017: The assumed investment rate of return was decreased from 7.5% to 6.25%.

2017: The assumed rate of inflation was reduced from 3.25% to 2.30%.

2017: The assumed rate of salary growth was reduced from 4.00% to 3.05%.

SCOTT COUNTY SCHOOL DISTRICT
Schedule of District Contributions – CERS

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,831,723	\$ 3,771,235	\$ 3,254,337	\$ 3,179,349	\$ 1,978,158	\$ 1,690,498	\$ 1,613,118	\$ 1,402,843	\$ 1,342,870	*
Contributions in relation to the contractually required contribution	<u>(2,831,723)</u>	<u>(3,771,235)</u>	<u>(3,254,337)</u>	<u>(3,179,349)</u>	<u>(1,978,158)</u>	<u>(1,690,498)</u>	<u>(1,613,118)</u>	<u>(1,402,843)</u>	<u>(1,342,870)</u>	*
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 10,570,072	\$ 13,997,275	\$ 13,525,920	\$ 13,214,562	\$ 12,195,798	\$ 11,674,710	\$ 11,563,570	\$ 11,295,029	\$ 10,532,313	*
Contributions as a percentage of covered-employee payroll	26.79%	26.94%	24.06%	24.06%	16.22%	14.48%	13.95%	12.42%	12.75%	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.

SCOTT COUNTY SCHOOL DISTRICT

Schedule of District Contributions - LIF

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the collective trust OPEB liability	0%	0%	0%	0%	0%	0%	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	*	*	*	*
State's proportionate share of the collective net OPEB liability (asset) associated with the District	393,000	165,000	416,000	349,000	310,000	239,000	*	*	*	*
Total net OPEB liability	\$ 393,000	\$ 165,000	\$ 416,000	\$ 349,000	\$ 310,000	\$ 239,000	*	*	*	*
District's covered-employee payroll	\$ 49,801,813	\$ 45,903,527	\$ 25,652,295	\$ 37,773,178	\$ 36,624,856	\$ 35,868,383	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	73.97%	89.15%	71.57%	73.40%	74.97%	79.99%	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms - None.

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2022:

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	25 Years
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	7.50%

SCOTT COUNTY SCHOOL DISTRICT

Schedule of District Contributions - LIF

Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	*	*	*	*	*
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Contribution deficiency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 49,801,813	\$ 45,903,527	\$ 29,224,896	\$ 25,652,295	\$ 37,773,178	\$ 36,624,856	*	*	*	*
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.

SCOTT COUNTY SCHOOL DISTRICT

Schedule of District's Proportionate Share of Net OPEB Liability - MIF

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the collective trust OPEB liability	0.969863%	0.710354%	0.681043%	0.635327%	0.605133%	0.612515%	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 24,077,000	\$ 15,242,000	\$ 17,188,000	\$ 18,595,000	\$ 20,996,000	\$ 21,841,000	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ 7,910,000	\$ 12,379,000	\$ 13,768,000	\$ 15,017,000	\$ 18,095,000	\$ 17,841,000	*	*	*	*
Total net OPEB liability	\$ 31,987,000	\$ 27,621,000	\$ 30,956,000	\$ 33,612,000	\$ 39,091,000	\$ 39,682,000	*	*	*	*
District's covered-employee payroll	\$ 49,801,813	\$ 45,903,527	\$ 25,652,295	\$ 37,773,178	\$ 36,624,856	\$ 35,868,383	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	48.3%	33.2%	67.0%	49.2%	57.3%	60.9%	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	47.75%	51.74%	39.05%	32.58%	25.54%	21.18%	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms - None

The Health Trust is not funded based on actuarially determined contribution, but instead is funded based on statutorily determined amounts as noted in the assumed asset allocation for MIF.

SCOTT COUNTY SCHOOL DISTRICT
Schedule of the District Contributions – MIF

	Last 10 Fiscal Years*									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,286,886	\$ 1,260,883	\$ 1,202,768	\$ 1,106,278	\$ 1,133,195	\$ 1,097,650	*	*	*	*
Contributions in relation to the contractually required contribution	<u>(1,286,886)</u>	<u>(1,260,883)</u>	<u>(1,202,768)</u>	<u>(1,106,278)</u>	<u>(1,133,195)</u>	<u>(589,058)</u>	*	*	*	*
Contribution deficiency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	*	*	*	*
District's covered-employee payroll	\$ 49,801,813	\$ 45,903,527	\$ 29,224,896	\$ 25,652,295	\$ 37,773,178	\$ 36,624,856	*	*	*	*
Contributions as a percentage of covered-employee payroll	2.58%	2.75%	4.12%	4.31%	3.00%	3.00%	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms - None

The Health Trust is not funded based on actuarially determined contribution, but instead is funded based on statutorily determined amounts as noted in the assumed asset allocation for MIF.

SCOTT COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of Net OPEB Liability – MIF (CERS)

Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the collective trust OPEB liability	0.506024%	0.529359%	0.515551%	0.476023%	0.462650%	0.462977%	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 9,986,453	\$ 10,134,313	\$ 12,448,989	\$ 8,006,492	\$ 8,214,259	\$ 9,307,421	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	*	*	*	*
Total net OPEB liability	\$ 9,986,453	\$ 10,134,313	\$ 12,448,989	\$ 8,006,492	\$ 8,214,259	\$ 9,307,421	*	*	*	*
District's covered-employee payroll	\$ -	\$ 13,997,275	\$ 13,525,920	\$ 13,214,562	\$ 12,195,798	\$ 11,674,710	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	#DIV/0!	72.40%	94.21%	65.65%	70.36%	80.49%	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes in assumptions: None

2018: Updated health care trend rates were implemented.

SCOTT COUNTY SCHOOL DISTRICT
Schedule District Contributions – MIF (CERS)

Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 583,596	\$ 643,760	\$ 628,778	\$ 631,749	\$ 641,499	\$ 548,712	*	*	*	*
Contributions in relation to the contractually required contribution	<u>(583,596)</u>	<u>(643,760)</u>	<u>(628,778)</u>	<u>(631,749)</u>	<u>(641,499)</u>	<u>(548,712)</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Contribution deficiency	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>
District's covered-employee payroll	\$ 10,570,072	\$ 13,997,275	\$ 13,525,920	\$ 13,214,562	\$ 12,195,798	\$ 11,674,710	*	*	*	*
Contributions as a percentage of covered-employee payroll	5.52%	4.60%	4.65%	4.78%	5.26%	4.70%	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.

SCOTT COUNTY SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Agreement Number	Federal Expenditures for FYE June 30, 2023
U.S. Department of Education			
Passed through Kentucky Department of Education			
Special Education Cluster			
Special Education Grants to States	84.027	3810002-21	\$ 7,729
Special Education Grants to States	84.027	3810002-22	599,447
Special Education Grants to States	84.027	3810002-23	958,943
Special Education Preschool Grants	84.173	3810002-23	58,267
Total Special Education Cluster			<u>1,624,386</u>
Title I Grants to Local Educational Agencies	84.010	3100002-21	29,728
Title I Grants to Local Educational Agencies	84.010	3100002-22	218,279
Title I Grants to Local Educational Agencies	84.010	3100002-23	1,059,572
Title I Grants- School Improvement Plan A - Educational Recovery Staff	84.010	3100002-23	393,427
Total ALN #84.010			<u>1,701,006</u>
Migrant Education - State Grant Program	84.011	3110002-22	106,164
Migrant Education - State Grant Program	84.011	3110002-23	93,104
Total ALN #84.011			<u>199,268</u>
Vocational Education - Basic Grants to States	84.048	3710002-22	7,960
Vocational Education - Basic Grants to States	84.048	3710002-23	98,877
Total ALN #84.048			<u>106,837</u>
American History and Civics Education Grant	84.422A	U422A18006-19	9,529
English Language Acquisition State Grants	84.365	3300002-21	14,986
English Language Acquisition State Grants	84.365	3300002-22	6,405
Total ALN #84.365			<u>21,391</u>
Title II Improving Teacher Quality State Grants	84.367	3230002-21	1,417
Title II Improving Teacher Quality State Grants	84.367	3230002-22	180,766
Title II Improving Teacher Quality State Grants	84.367	3230002-23	8,727
Total ALN #84.367			<u>190,910</u>
Student Support and Academic Enrichment Program	84.424	3420002-21	113,891
Student Support and Academic Enrichment Program	84.424	3420002-22	20,417
Student Support and Academic Enrichment Program - State MOA	84.424	3420002-22	129,559
Student Support and Academic Enrichment Program	84.424	3420002-23	135
Total ALN #84.424			<u>264,002</u>
COVID-19 CARES Act Education Stabilization Fund	84.425D	4000000-19	376,372
COVID-19 CARES Act Education Stabilization Fund	84.425D	4000000-20	5,352,456
COVID-19 ARP ESSER Homeless Children and Youth	84.425W	4000002-22	66,252
Total ALN #84.425			<u>5,795,080</u>
Passed through Kentucky Educational Cooperative			
COVID-19 ARP ESSER Deeper Learning	84.425U	Not available	25,662
Total U.S. Department of Education			<u>9,938,071</u>

SCOTT COUNTY SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Agreement Number	Federal Expenditures for FYE June 30, 2023
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through Kentucky Department of Education</i>			
Cooperative Agreements to Promote Adolescent Health through Schools	93.079	Not available	594
Cooperative Agreements to Promote Adolescent Health through Schools	93.079	Not available	397
Total ALN #93.079			991
Child Care and Development Block Grant	93.575	4000002-20	242,461
Child Care and Development Block Grant	93.575	4000002-21	8,717
Total ALN #93.575			251,178
Total U.S. Department of Health and Human Services			252,169
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster			
<i>Passed through Kentucky Department of Education</i>			
School Breakfast Program	10.553	7760005-22	329,942
School Breakfast Program	10.553	7760005-23	787,644
National School Lunch Program	10.555	7750002-22	1,107,957
National School Lunch Program	10.555	7750002-23	2,490,353
Summer Food Service Program for Children	10.559	7740023-22	52,040
			4,767,936
<i>Passed through Kentucky Department of Agriculture</i>			
National School Lunch Program - Food Donation	10.555	057502	429,733
Total Child Nutrition Cluster			5,197,669
<i>Passed through Kentucky Department of Agriculture</i>			
Child and Adult Care Food Program	10.558	7790021-22	33,260
Child and Adult Care Food Program	10.558	7790021-23	318,914
Child and Adult Care Food Program	10.558	7800016-22	2,476
Child and Adult Care Food Program	10.558	7800016-23	23,741
Total ALN #10.558			378,391
Total U.S. Department of Agriculture			5,576,060
Total Expenditures of Federal Awards			\$ 15,766,300

SCOTT COUNTY SCHOOL DISTRICT

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Scott County School District under programs of the federal government for the year ended June 30, 2023, and is reported 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). Because the schedule presents only a selected portion of the operations of the Scott County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting in accordance with generally accepted accounting principles. 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.

NOTE 3 FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. For the year ended June 30, 2023, the District reported food commodities expended in the amount of \$429,733.

NOTE 4 INDIRECT COST RATE

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

NOTE 5 SUBRECIPIENTS

The District did not have any subrecipients during the year ended June 30, 2023.

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

To the Members of the Board of Education
Scott County School District
Georgetown, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Scott County School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Scott County School District's basic financial statements, and have issued our report thereon dated November 29, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Scott 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 Scott County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Scott County School District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Scott 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*.

We noted other matters that we reported to management of the District on pages 82-85 on the audited financial statements.

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

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.



Crestview Hills, Kentucky
November 29, 2023

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

Members of the Board of Education
Scott County School District
Georgetown, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Scott County School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Scott County School District's major federal programs for the year ended June 30, 2023. Scott 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, Scott County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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.

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
November 29, 2023

SCOTT COUNTY SCHOOL DISTRICT

**Schedule of Findings of Questioned Costs
Year Ended June 30, 2023**

SECTION I -SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted

- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR Section 200.516(a)? _____ Yes X No

Identification of major programs

CFDA No.	Name of Federal Program or Cluster
84.010	Title I for Local Educational Agencies
84.425	CARES Act Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reportable

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters are reportable

SCOTT COUNTY SCHOOL DISTRICT

**Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2023**

SECTION I -SUMMARY OF AUDITOR'S RESULTS

No matters were reportable.

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reportable.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters were reportable.

SCOTT COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2023**

In planning and performing our audit of the financial statements of Scott 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 financial statements and not to provide assurance on the internal control structure.

This letter summarizes our comments and suggestions regarding those matters. A separate report dated November 29, 2023 contains our report on significant deficiencies and material weaknesses in the District's internal control structure. This letter does not affect our report dated November 29, 2023, on the financial statements of the Scott County School District.

CURRENT YEAR RECOMMENDATIONS

CENTRAL OFFICE

No matters are reportable

ACTIVITY FUNDS

Scott County High School

No matters are reportable.

Great Crossing High School

No matters are reportable.

Scott County Middle School

No matters are reportable.

Royal Spring Middle School

No matters are reportable.

Georgetown Middle School

No matters are reportable.

Elkhorn Crossing

No matters are reportable.

Anne Mason Elementary

No matters are reportable.

Eastern Elementary

No matters are reportable.

Garth Elementary

No matters are reportable.

SCOTT COUNTY SCHOOL DISTRICT
Management Letter Comments (Continued)
Year Ended June 30, 2023

CURRENT YEAR RECOMMENDATIONS (CONTINUED)

Northern Elementary

No matters are reportable.

Lemons Mill Elementary

No matters are reportable.

Stamping Ground Elementary

No matters are reportable.

Western Elementary

No matters are reportable.

Southern Elementary

No matters are reportable.

Scott County Preschool Center

No matters are reportable.

Creekside Elementary

No matters are reportable.

Phoenix Horizon Community

No matters are reportable.

SCOTT COUNTY SCHOOL DISTRICT

**Management Letter Comments (Continued)
Year Ended June 30, 2023**

STATUS OF PRIOR YEAR RECOMMENDATIONS

CENTRAL OFFICE

No matters are reportable

ACTIVITY FUNDS

Scott County High School

No matters are reportable.

Great Crossing High School

No matters are reportable.

Scott County Middle School

No matters are reportable.

Royal Spring Middle School

No matters are reportable.

Georgetown Middle School

No matters are reportable.

Elkhorn Crossing

No matters are reportable.

Anne Mason Elementary

No matters are reportable.

Eastern Elementary

No matters are reportable.

SCOTT COUNTY SCHOOL DISTRICT
Management Letter Comments (Continued)
Year Ended June 30, 2023

STATUS OF PRIOR YEAR RECOMMENDATIONS (CONTINUED)

Garth Elementary

No matters are reportable.

Northern Elementary

No matters are reportable.

Lemons Mill Elementary

No matters are reportable.

Stamping Ground Elementary

No matters are reportable.

Western Elementary

No matters are reportable.

Southern Elementary

No matters are reportable.

Scott County Preschool Center

No matters are reportable.

Creekside Elementary

No matters are reportable.

Phoenix Horizon Community

No matters are reportable.