

**TRIMBLE COUNTY
SCHOOL DISTRICT**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES**

For the year ended June 30, 2023

Prepared by:

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the Trimble County School District
Bedford, Kentucky

And the State Committee for School District Audits

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Trimble 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 Trimble 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 Trimble County School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements. 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 Trimble 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 Trimble County School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 Trimble 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 Trimble County School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

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

White & Associates, PSC

Richmond, Kentucky
November 15, 2023

**TRIMBLE COUNTY SCHOOL DISTRICT-BEDFORD, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

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

FINANCIAL HIGHLIGHTS

- Finished the year with a General Fund balance of \$5,880,232.
- A new bond was issued with a principal amount of \$5,965,000.
- Continued progression on the Trimble County Jr/Sr High School Gym Renovation Project.
- Continued progression on the renovation of the Trimble County Jr/Sr High School Cafeteria Project.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

**TRIMBLE COUNTY SCHOOL DISTRICT-BEDFORD, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

Refer to the table of contents to find the government-wide financial statements.

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 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 ACES after school program and food service operations. All other activities of the district are included in the governmental funds.

Refer to the table of contents to find the basic governmental fund financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. To find the notes to the financial statements please refer to the table of contents.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, the net position was \$12,632,702 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); 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.

**TRIMBLE COUNTY SCHOOL DISTRICT-BEDFORD, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

**Table 1
Net Position
\$ (in Millions)**

	Governmental Activities		Business-type Activities		Totals	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Current assets	\$ 5.70	\$ 10.83	\$ 0.29	\$ 0.33	\$ 5.99	\$ 11.16
Non-current assets	18.44	21.78	0.06	0.06	18.50	21.84
Total assets	24.14	32.61	0.35	0.39	24.49	33.00
Deferred outflows	2.07	3.35	0.05	0.07	2.12	3.42
Current liabilities	0.96	1.21	0.01	0.04	0.97	1.25
Non-current liabilities	13.10	19.72	0.19	0.25	13.29	19.97
Total liabilities	14.06	20.93	0.20	0.29	14.26	21.22
Deferred inflows	2.91	2.52	0.06	0.05	2.97	2.57
Net position:						
Invested in capital assets, net of debt	11.33	9.35	0.06	0.06	11.39	9.41
Restricted	0.99	4.73	0.08	0.06	1.07	4.79
Unrestricted (deficit)	(3.08)	(1.57)	-	-	(3.08)	(1.57)
Total net position	\$ 9.24	\$ 12.51	\$ 0.14	\$ 0.12	\$ 9.38	\$ 12.63

**TRIMBLE COUNTY SCHOOL DISTRICT-BEDFORD, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

Table 2
Changes in Net Position
(in millions)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2022-2023
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	
Revenues:							
Charges for services	\$ 0.33	\$ 0.38	\$ 0.08	\$ 0.14	\$ 0.41	\$ 0.52	27%
Operating grants and contributions	4.87	6.78	0.96	1.16	5.83	7.94	36%
Capital grants and contributions	0.73	0.76	-	-	0.73	0.76	4%
General revenues	9.56	10.69	-	0.01	9.56	10.70	12%
Total revenue	15.49	18.61	1.04	1.31	16.53	19.92	21%
Expenses:							
Instruction	\$ 7.69	\$ 8.21	\$ -	\$ -	\$ 7.69	\$ 8.21	7%
Student	0.51	0.55	-	-	0.51	0.55	8%
Instructional staff	0.61	0.64	-	-	0.61	0.64	5%
District administration	0.59	0.76	-	-	0.59	0.76	29%
School administration	0.68	0.78	-	-	0.68	0.78	15%
Business	0.61	0.63	-	-	0.61	0.63	3%
Plant operation & maintenance	1.20	1.30	-	-	1.20	1.30	8%
Student transportation	0.81	0.98	-	-	0.81	0.98	21%
Food service operations	-	-	0.88	1.27	0.88	1.27	44%
After school care	-	0.01	0.04	0.05	0.04	0.06	100%
Community services operations	0.20	0.26	-	-	0.20	0.26	30%
Other	0.05	0.03	-	-	0.05	0.03	-40%
Depreciation	0.91	0.90	-	-	0.91	0.90	-1%
Interest on long-term debt	0.15	0.30	-	-	0.15	0.30	100%
Total Expenses	\$ 14.01	\$ 15.35	\$ 0.92	\$ 1.32	\$ 14.93	\$ 16.67	12%
Change in net position	\$ 1.48	\$ 3.26	\$ 0.12	\$ (0.01)	\$ 1.60	\$ 3.25	103%

**TRIMBLE COUNTY SCHOOL DISTRICT-BEDFORD, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

**Capital Assets at Year-End
\$ (Net of Depreciation)**

	Governmental Activities		Business-type Activities		Totals	
	2022	2023	2022	2023	2022	2023
Land	\$ 422,720	\$ 422,720	\$ -	\$ -	\$ 422,720	\$ 422,720
Land Improvements	2,624,760	2,397,745	-	-	2,624,760	2,397,745
Buildings	14,111,765	13,582,797	-	-	14,111,765	13,582,797
Technology Equipment	39,076	79,143	-	-	39,076	79,143
Vehicles	338,940	560,112	-	-	338,940	560,112
General Equipment	163,904	144,080	60,425	60,071	224,329	204,151
Construction in Progress	742,074	4,483,919	-	-	742,074	4,483,919
Finance Purchases	-	113,224	-	-	-	113,224
Totals	\$ 18,443,239	\$ 21,783,740	\$ 60,425	\$ 60,071	\$ 18,503,664	\$ 21,843,811

The following is an analysis of debt activity during the year:

**Table 4
Outstanding Debt at Year-End**

	Government Activities	
	2022	2023
General Obligation Bonds	\$ 6,973,886	\$ 12,199,539
Finance Purchase Obligations	139,937	231,376
Total Obligations	\$ 7,113,823	\$ 12,430,915

**TRIMBLE COUNTY SCHOOL DISTRICT-BEDFORD, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

REVENUE	Fund	Fund	Fund	Fund	Fund	Fund	Fund
	1	2	310	320	360	400	51
Local Revenue Sources	\$ 6,125,748	\$ 97,100	\$ -	\$ 410,054	\$ -	\$ -	\$ 112,040
State Revenue Sources	7,443,947	666,023	107,724	175,806	-	474,540	170,795
Federal Revenue Sources	56,069	2,602,086	-	-	-	-	985,933
Other	125,921	-	-	-	6,041,043	-	-
Transfers	-	157,332	-	-	1,465,611	491,879	-
TOTALS	\$ 13,751,685	\$ 3,522,541	\$107,724	\$ 585,860	\$ 7,506,654	\$966,419	\$ 1,268,768
EXPENDITURES	Fund	Fund	Fund	Fund	Fund	Fund	Fund
	1	2	310	320	360	400	51
Instruction	\$ 6,731,570	\$ 1,684,215	\$ -	\$ -	\$ -	\$ -	\$ -
Student Support Services	508,521	45,963	-	-	-	-	-
Instructional Staff Support Services	573,689	45,956	-	-	-	-	-
District Admin Support	758,744	6,252	-	-	-	-	-
School Admin Support	784,758	-	-	-	-	-	-
Business Support Services	630,782	-	-	-	-	-	-
Plant Operation & Management	1,282,274	20,000	-	-	-	-	-
Student Transportation	1,269,295	3,197	-	-	-	-	-
Food Service Operations	-	-	-	-	-	-	1,269,128
Day Care Operations	-	7,445	-	-	-	-	-
Community Services	10,368	245,950	-	-	-	-	-
Debt Service	24,198	-	-	-	55,710	966,419	-
Depreciation	-	-	-	-	-	-	353
Building Acquisitions & Construction	-	-	-	-	3,741,844	-	-
Transfers	22,623	1,472,947	113,313	505,939	-	-	-
TOTALS	\$ 12,596,822	\$ 3,531,925	\$113,313	\$ 505,939	\$ 3,797,554	\$966,419	\$ 1,269,481
Excess / (Deficit)	1,154,863	(9,384)	(5,589)	79,921	3,709,100	-	(713)

**TRIMBLE COUNTY SCHOOL DISTRICT-BEDFORD, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

In Kentucky, the public school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district's overall budget. By law the budget must have a minimum 2.0% contingency in the Tentative Final Working budget. While it is not mandatory in the Final Working budget, the Kentucky Department of Education places district's with less than a 2% reserve on a financial watch list. The beginning general fund balance for beginning the fiscal year 2023 was \$4,725,369. Questions regarding this report should be directed to the Superintendent of Schools, Jessica Wilcoxson, or the Chief Finance Officer/Board Treasurer, Phillip Harmon, at (502) 255-3201 or by mail at 116 Wentworth Avenue, Bedford, Kentucky 40006.

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 10,076,976	\$ 235,770	\$ 10,312,746
Receivables (net)	751,676	74,729	826,405
Inventories		22,631	22,631
Land and construction in progress	4,906,639		4,906,639
Other capital assets, net of depreciation	16,763,877	60,071	16,823,948
Finance purchases	113,224		113,224
Total capital assets	21,783,740	60,071	21,843,811
Total assets	32,612,392	393,201	33,005,593
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,108,856	49,686	1,158,542
Deferred outflows related to OPEB CERS	602,552	27,000	629,552
Deferred outflows related to OPEB TRS	1,537,316		1,537,316
Deferred savings from refunding bonds	97,738		97,738
Total deferred outflows of resources	3,346,462	76,686	3,423,148
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	35,958,854	469,887	36,428,741
LIABILITIES			
Accounts payable and accrued expenses	23,090	43,950	67,040
Accrued interest payable	128,042		128,042
Unearned revenue	198,808		198,808
Long-term liabilities:			
Due within 1 year:			
Bond obligations	845,000		845,000
Finance purchase obligations	42,285		42,285
Total due within 1 year	887,285	-	887,285
Due in more than 1 year:			
Bond obligations	11,354,539		11,354,539
Finance purchase obligations	189,091		189,091
Sick leave	84,750		84,750
Net pension liability	4,292,745	192,352	4,485,097
Net OPEB liability CERS	1,171,707	52,503	1,224,210
Net OPEB liability TRS	2,603,000		2,603,000
Total due in more than 1 year	19,695,832	244,855	19,940,687
Total liabilities	20,933,057	288,805	21,221,862
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	569,798	25,532	595,330
Deferred inflows related to OPEB CERS	666,004	29,843	695,847
Deferred inflows related to OPEB TRS	1,283,000		1,283,000
Total deferred inflows of resources	2,518,802	55,375	2,574,177
NET POSITION			
Net Investment in capital assets	9,352,825	60,071	9,412,896
Restricted for:			
Capital projects	4,428,445		4,428,445
District activities	49,504		49,504
Special revenue projects	36,106		36,106
Food services		62,824	62,824
Day care operations		2,812	2,812
School activities	212,467		212,467
Unrestricted (deficit)	(1,572,352)		(1,572,352)
Total net position	12,506,995	125,707	12,632,702
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 35,958,854	\$ 469,887	\$ 36,428,741

See accompanying notes to the financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Activities
Year ended June 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
Instruction	\$ 8,214,988	\$ 65,878	\$ 4,153,226	\$ -	\$ (3,995,884)	\$ -	\$ (3,995,884)
Support services							
Student	554,683	252,673	244,846		(57,164)		(57,164)
Instructional staff	635,409		280,480		(354,929)		(354,929)
District administration	764,996		337,682		(427,314)		(427,314)
School administration	784,758		346,405		(438,353)		(438,353)
Business	630,782		278,438		(352,344)		(352,344)
Plant operation & maintenance	1,302,274		574,846	283,530	(443,898)		(443,898)
Other non-instructional	28,103		12,405		(15,698)		(15,698)
Student transportation	978,372	1,294	431,870		(545,208)		(545,208)
Community services operations	256,317		113,143		(143,174)		(143,174)
Day care operations	7,445		3,286		(4,159)		(4,159)
Food services		65,248			65,248		65,248
Interest on general long-term debt	298,362			474,540	176,178		176,178
Depreciation*	895,499				(895,499)		(895,499)
Total governmental activities	<u>15,351,988</u>	<u>385,093</u>	<u>6,776,628</u>	<u>758,070</u>	<u>(7,432,197)</u>		<u>(7,432,197)</u>
Business-type activities:							
Food service operations	1,269,128	102,368	1,156,728			(10,032)	(10,032)
After school care operations	50,883	32,877	6,393			(11,613)	(11,613)
Depreciation*	353					(353)	(353)
Total business-type activities	<u>1,320,364</u>	<u>135,245</u>	<u>1,163,121</u>	<u>-</u>	<u>-</u>	<u>(21,998)</u>	<u>(21,998)</u>
Total primary government	\$ <u>16,672,352</u>	\$ <u>520,338</u>	\$ <u>7,939,749</u>	\$ <u>758,070</u>	<u>(7,432,197)</u>	<u>(21,998)</u>	<u>(7,454,195)</u>
General revenues:							
Taxes:							
Property taxes					4,843,008		4,843,008
Motor vehicle taxes					576,954		576,954
Franchise taxes					169,327		169,327
Utility taxes					463,366		463,366
State and formula grants					3,991,497		3,991,497
Other local revenue					313,876		313,876
Loss on capital asset retirement					(13)		(13)
Sale of equipment					8,793		8,793
Unrestricted investment earnings					331,373	9,672	341,045
Total general revenues					<u>10,698,181</u>	<u>9,672</u>	<u>10,707,853</u>
Change in net position					3,265,984	(12,326)	3,253,658
Net position - beginning					9,241,011	138,033	9,379,044
Net position - ending					\$ <u>12,506,995</u>	\$ <u>125,707</u>	\$ <u>12,632,702</u>

*Unallocated depreciation that excludes depreciation which is included in the direct expenses of various programs, if any.

See accompanying notes to the financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2023

	Governmental Funds					
	General	Special Revenue	Construction	Debt Service	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 5,386,389	\$ -	\$ 4,217,401	\$ -	\$ 473,186	\$ 10,076,976
Receivables						
Interfund	442,644					442,644
Taxes	204,936					204,936
Accounts	11,000	325				11,325
Intergovernmental-federal		535,415				535,415
Total assets	6,044,969	535,740	4,217,401	-	473,186	11,271,296
LIABILITIES						
Accounts payable	22,919				171	23,090
Interfund payable		442,644				442,644
Unearned revenue	141,818	56,990				198,808
Total liabilities	164,737	499,634	-	-	171	664,542
FUND BALANCE						
Restricted		36,106	4,217,401		473,015	4,726,522
Committed	55,080					55,080
Unassigned	5,825,152					5,825,152
Total fund balance	5,880,232	36,106	4,217,401	-	473,015	10,606,754
TOTAL LIABILITIES AND FUND BALANCE	\$ 6,044,969	\$ 535,740	\$ 4,217,401	\$ -	\$ 473,186	\$ 11,271,296

See accompanying notes to the financial statements.

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

Fund balances-total governmental funds	\$	10,606,754
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.</p>		21,783,740
<p>Costs associated with bond issues and refundings are expensed in the fund financial statements because they are a use of current financial resources but are capitalized on the statement of net position using the economic resources focus</p>		97,738
<p>Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, accrued interest payable, other accounts payable, and net pension obligations) are not due and payable in the current period and, therefore, are not reported in the funds</p>		
Accrued interest payable		(128,042)
Bonds payable		(12,199,539)
Sick leave liability		(84,750)
Finance purchase obligations		(231,376)
Net pension liability		(4,292,745)
Net OPEB liability		(3,774,707)
<p>Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds</p>		
Deferred outflows related to pensions		1,108,856
Deferred outflows related to OPEB		2,139,868
Deferred inflows related to pensions		(569,798)
Deferred inflows related to OPEB		(1,949,004)
		(1,949,004)
Net position of governmental activities	\$	12,506,995
		12,506,995

See accompanying notes to the financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2023

	<u>General</u>	<u>Special Revenue</u>	<u>Construction</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
From Local Sources						
Taxes						
Property	\$ 4,471,580	\$ -	\$ -	\$ -	\$ 371,428	\$ 4,843,008
Motor vehicle	538,328				38,626	576,954
Franchise	169,327					169,327
Utilities	463,366					463,366
Tuition	65,878					65,878
Transportation	1,294					1,294
Earnings on investments	329,380	1,554			439	331,373
Student activities	775	3,985			247,913	252,673
Food service					65,248	65,248
Other local revenue	85,820	91,561			136,495	313,876
Intergovernmental - state	7,443,947	666,023		474,540	283,530	8,868,040
Intergovernmental - federal	56,069	2,602,086				2,658,155
Total revenues	<u>13,625,764</u>	<u>3,365,209</u>	<u>-</u>	<u>474,540</u>	<u>1,143,679</u>	<u>18,609,192</u>
EXPENDITURES						
Instruction	6,731,570	1,684,215			352,861	8,768,646
Support Services						
Student	508,521	45,963			199	554,683
Instructional staff	573,689	45,956			15,764	635,409
District administration	758,744	6,252				764,996
School administration	784,758					784,758
Business	630,782					630,782
Plant operation & maintenance	1,282,274	20,000				1,302,274
Day care operations		7,445				7,445
Student transportation	1,269,295	3,197			3,389	1,275,881
Community services operations	10,368	245,950				256,318
Other non-instructional					28,103	28,103
Building construction & acquisition			3,378,808			3,378,808
Architectural/engineering			363,036			363,036
Debt service	24,198		55,710	966,419		1,046,327
Total expenditures	<u>12,574,199</u>	<u>2,058,978</u>	<u>3,797,554</u>	<u>966,419</u>	<u>400,316</u>	<u>19,797,466</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,051,565	1,306,231	(3,797,554)	(491,879)	743,363	(1,188,274)
OTHER FINANCING SOURCES (USES)						
Sale of equipment	8,793					8,793
Loan proceeds	117,128					117,128
Bond proceeds			5,965,000			5,965,000
Bond premium			76,043			76,043
Operating transfers in		157,332	1,465,611	491,879	27,972	2,142,794
Operating transfers (out)	(22,623)	(1,472,947)			(647,224)	(2,142,794)
Total other financing sources and (uses)	<u>103,298</u>	<u>(1,315,615)</u>	<u>7,506,654</u>	<u>491,879</u>	<u>(619,252)</u>	<u>6,166,964</u>
NET CHANGE IN FUND BALANCE	1,154,863	(9,384)	3,709,100	-	124,111	4,978,690
FUND BALANCE-BEGINNING	4,725,369	45,490	508,301	-	348,904	5,628,064
FUND BALANCE-ENDING	<u>\$ 5,880,232</u>	<u>\$ 36,106</u>	<u>\$ 4,217,401</u>	<u>\$ -</u>	<u>\$ 473,015</u>	<u>\$ 10,606,754</u>

See accompanying notes to the financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities**
 Year ended June 30, 2023

Net change in fund balances-total governmental funds	\$	4,978,690
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>		
District pension contributions less costs of benefits earned net employee contributions		203,237
<p>Governmental funds report district OPEB contributions as expenditures. However in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as pension expense.</p>		
District OPEB contributions less costs of benefits earned net employee contributions		106,646
<p>Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.</p>		
		3,340,501
<p>Bonds sold at a discount/premium are a reduction/addition in the amount owed and amortized over the discount period of the bonds sold.</p>		
		(75,653)
<p>The difference in the issue amount of the refunding of bond proceeds and the amount for payment to the escrow account to pay the refunded bonds is amortized over the life of the refunding issue.</p>		
		(19,548)
<p>Bond and finance purchase payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.</p>		
		(5,241,439)
<p>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.</p>		
Accrued interest payable		(73,566)
Noncurrent sick leave payable		47,116
		47,116
Change in net position of governmental activities	\$	<u><u>3,265,984</u></u>

See accompanying notes to the financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
Year ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
From local sources				
Taxes				
Property	\$ 4,666,570	\$ 4,666,570	\$ 4,471,580	\$ (194,990)
Motor vehicle	408,447	408,447	538,328	129,881
Franchise	180,000	180,000	169,327	(10,673)
Utilities	390,000	390,000	463,366	73,366
Transportation			1,294	1,294
Tuition	78,000	78,000	65,878	(12,122)
Earnings on investments	80,000	80,000	329,380	249,380
Student activities			775	775
Other local revenue	60,000	60,000	85,820	25,820
Intergovernmental - state	5,810,761	5,810,761	7,443,947	1,633,186
Intergovernmental - federal	65,000	65,000	56,069	(8,931)
Total revenues	<u>11,738,778</u>	<u>11,738,778</u>	<u>13,625,764</u>	<u>1,886,986</u>
EXPENDITURES				
Instruction	5,708,395	5,732,371	6,731,570	(999,199)
Support services				
Student	416,641	416,641	508,521	(91,880)
Instructional staff	412,269	412,269	573,689	(161,420)
District administration	652,976	655,476	758,744	(103,268)
School administration	671,483	671,483	784,758	(113,275)
Business	548,730	548,730	630,782	(82,052)
Plant operation & maintenance	1,228,171	1,228,171	1,282,274	(54,103)
Student transportation	1,110,538	1,110,538	1,269,295	(158,757)
Community services	6,095	6,595	10,368	(3,773)
Building improvements	18,500	18,500		18,500
Debt service	24,198	24,195	24,198	(3)
Total expenditures	<u>10,797,996</u>	<u>10,824,969</u>	<u>12,574,199</u>	<u>(1,749,230)</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	940,782	913,809	1,051,565	137,756
OTHER FINANCING SOURCES (USES)				
Operating transfers (out)	(9,500)	(22,623)	(22,623)	-
Loan proceeds			117,128	117,128
Sale of equipment	1,000	1,000	8,793	7,793
Total other financing sources and (uses)	<u>(8,500)</u>	<u>(21,623)</u>	<u>103,298</u>	<u>124,921</u>
NET CHANGE IN FUND BALANCE	932,282	892,186	1,154,863	262,677
FUND BALANCE-BEGINNING	<u>4,712,332</u>	<u>4,659,436</u>	<u>4,725,369</u>	<u>65,933</u>
FUND BALANCE-ENDING	<u>\$ 5,644,614</u>	<u>\$ 5,551,622</u>	<u>\$ 5,880,232</u>	<u>\$ 328,610</u>

See accompanying notes to the financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Fund
Year ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
From local sources				
Earnings on investments	\$ 150	\$ 1,554	\$ 1,554	\$ -
Student activities	3,400	3,985	3,985	-
Other local revenue	35,891	87,807	91,561	3,754
Intergovernmental - state	660,447	663,465	666,023	2,558
Intergovernmental - federal	723,204	767,099	2,602,086	1,834,987
Total revenues	<u>1,423,092</u>	<u>1,523,910</u>	<u>3,365,209</u>	<u>1,841,299</u>
EXPENDITURES				
Instruction	1,127,095	1,186,363	1,684,215	(497,852)
Support services				
Student	43,595	43,595	45,963	(2,368)
Instructional staff	45,379	47,183	45,956	1,227
District administration	9,000	6,252	6,252	-
Day care operations			7,445	(7,445)
Student transportation			3,197	(3,197)
Plant operation & maintenance	20,000	20,000	20,000	-
Community services operations	187,522	289,543	245,950	43,593
Total expenditures	<u>1,432,591</u>	<u>1,592,936</u>	<u>2,058,978</u>	<u>(466,042)</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(9,499)	(69,026)	1,306,231	1,375,257
OTHER FINANCING SOURCES (USES)				
Operating transfers in	101,611	157,332	157,332	-
Operating transfers (out)	(92,112)	(88,306)	(1,472,947)	(1,384,641)
Total other financing sources and (uses)	<u>9,499</u>	<u>69,026</u>	<u>(1,315,615)</u>	<u>(1,384,641)</u>
NET CHANGE IN FUND BALANCE	-	-	(9,384)	(9,384)
FUND BALANCE-BEGINNING	<u>-</u>	<u>-</u>	<u>45,490</u>	<u>45,490</u>
FUND BALANCE-ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,106</u>	<u>\$ 36,106</u>

See accompanying notes to the financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Net Position
Proprietary Fund
June 30, 2023

	Enterprise Funds		
	School Food Services	Other Proprietary Fund	Total
ASSETS			
Cash and cash equivalents	\$ 210,042	\$ 25,728	\$ 235,770
Inventories	22,631		22,631
Accounts receivable, net	74,729		74,729
Capital assets:			
Other capital assets, net of depreciation	60,071		60,071
Total assets	<u>367,473</u>	<u>25,728</u>	<u>393,201</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	44,648	5,038	49,686
Deferred outflows related to OPEB	24,262	2,738	27,000
Total deferred outflows of resources	<u>68,910</u>	<u>7,776</u>	<u>76,686</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>436,383</u>	<u>33,504</u>	<u>469,887</u>
LIABILITIES			
Accounts payable and accrued expenses	43,702	248	43,950
Net pension liability	172,847	19,505	192,352
Net OPEB liability	47,179	5,324	52,503
Total liabilities	<u>263,728</u>	<u>25,077</u>	<u>288,805</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	22,943	2,589	25,532
Deferred inflows related to OPEB	26,817	3,026	29,843
Total deferred inflows of resources	<u>49,760</u>	<u>5,615</u>	<u>55,375</u>
NET POSITION			
Net Investment in capital assets	60,071	-	60,071
Restricted	62,824	2,812	65,636
Total net position	<u>122,895</u>	<u>2,812</u>	<u>125,707</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 436,383</u>	<u>\$ 33,504</u>	<u>\$ 469,887</u>

See accompanying notes to the financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Year ended June 30, 2023

	Enterprise Funds		
	School Food Services	Other Proprietary Fund	Total
OPERATING REVENUES			
Lunchroom sales	\$ 102,368	\$ -	\$ 102,368
Tuition		32,877	32,877
Total operating revenues	102,368	32,877	135,245
OPERATING EXPENSES			
Depreciation	353		353
Day care operations			
Employee services		49,545	49,545
Operational expenses		1,338	1,338
Food service operations			
Employee services	511,722		511,722
Operational expenses	757,406		757,406
Total operating expenses	1,269,481	50,883	1,320,364
OPERATING INCOME (LOSS)	(1,167,113)	(18,006)	(1,185,119)
NONOPERATING REVENUES (EXPENSES)			
Federal grants	985,933		985,933
State grants	170,795	6,393	177,188
Earnings from investments	9,672		9,672
Total nonoperating revenues (expenses)	1,166,400	6,393	1,172,793
CHANGE IN NET POSITION	(713)	(11,613)	(12,326)
NET POSITION-BEGINNING (DEFICIT)	123,608	14,425	138,033
NET POSITION-ENDING	\$ 122,895	\$ 2,812	\$ 125,707

See accompanying notes to the financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Cash Flows - Proprietary Fund
Year ended June 30, 2023

	Enterprise Funds		
	School Food Services	Other Proprietary Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 102,368	\$ 32,877	\$ 135,245
Payments to suppliers	(773,772)	5,236	(768,536)
Payments to employees	(511,722)	(49,545)	(561,267)
Net cash provided (used) by operating activities	(1,183,126)	(11,432)	(1,194,558)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental revenue	1,156,728	6,393	1,163,121
Net cash provided (used) by noncapital financing activities	1,156,728	6,393	1,163,121
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	9,672	-	9,672
Net cash provided (used) by investing activities	9,672	-	9,672
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(16,726)	(5,039)	(21,765)
CASH BALANCE-BEGINNING	226,768	30,767	257,535
CASH BALANCE-ENDING	\$ 210,042	\$ 25,728	\$ 235,770
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (1,167,113)	\$ (18,006)	\$ (1,185,119)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	353	-	353
Changes in assets and liabilities:			
Accounts payable	34,240	(32)	34,208
Receivables	(70,927)	730	(70,197)
Outflow Deferrals	(19,689)	(3,282)	(22,971)
Inflow Deferrals	(3,679)	736	(2,943)
Pension liability	34,624	6,886	41,510
OPEB liability	5,685	1,536	7,221
Inventories	3,380	-	3,380
Net cash provided (used) by operating activities	\$ (1,183,126)	\$ (11,432)	\$ (1,194,558)

NONCASH NONCAPITAL FINANCING ACTIVITIES

During the year, the district received \$53,637 of food commodities from the U.S. Department of Agriculture.

During the year, the district recognized revenues and expenses for on-behalf payments relating to fringe benefits in the amount of \$164,461 and \$6,393 provided by state government.

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

		Private Purpose Trust
		<u> </u>
ASSETS		
Cash and cash equivalents	\$	4,369
Investments		<u>6,823</u>
Total Assets		<u><u>11,192</u></u>
 LIABILITIES		
Accounts payable		<u>5,500</u>
Total Liabilities		<u>5,500</u>
 NET POSITION		
Restricted		<u>5,692</u>
Total Net Position		<u>5,692</u>
 TOTAL LIABILITIES AND NET POSITION	 \$	 <u><u>11,192</u></u>

See accompanying notes to the financial statements.

Trimble County School District
Statement of Changes in Net Position
Fiduciary Fund
Year ended June 30, 2023

		<u>Private Purpose Trust</u>
Additions		
Earnings on investments	\$	25
Additions to permanent corpus		<u>2,650</u>
Total Additions		<u>2,675</u>
 Deductions		
Scholarships awarded		5,000
 Decrease in net position		<u>(2,325)</u>
 Net position, beginning		<u>8,017</u>
 Net position, ending	\$	<u><u>5,692</u></u>

See accompanying notes to the financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Trimble 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 Trimble County Board of Education (“District”). The District receives funding from Local, State and Federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental “reporting entity” as defined in Section 2100-Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

The District, for financial purposes, includes all of the funds relevant to the operation of the Trimble 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 District itself such as Band Boosters, Parent-Teacher Associations, etc.

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

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

Blended Component Unit

The Board authorized establishment of the Trimble County Board of Education Finance Corporation a non-stock, non-profit corporation pursuant to Section 162.385 of the School Bond Act and Chapter 273 and Section 58.180 of the Kentucky Revised Statutes (the “Corporation”) to act as an agency of the District for financing the costs of school building facilities. The Board of Directors of the Corporation shall be the same persons who are at any time the members of the Board of Education of the Trimble County Board of Education.

Basis of Presentation

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Fund Financial Statements – 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 net total assets. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The District has the following funds:

I. Governmental Fund Types

(A) General Fund

The General Fund is the main operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is always a major fund of the District.

(B) Special Revenue (Grant) Fund

The Special Revenue (Grant) Fund accounts for proceeds of specific revenue sources (other than expendable trust funds 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. KDE requires this fund to be a major fund.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(C) Special Revenue (District Activity) Fund

The Special Revenue (District Activity) Fund accounts for funds collected at individual schools for operation costs of the schools or school district that allows for more flexibility in the expenditures of those funds.

(D) Special Revenue (Student Activity) Fund

Special Revenue (Student Activity) Fund accounts for activities of student groups and other types of activities requiring clearing accounts.

(E) Capital Project Funds

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

SEEK Capital Outlay Fund

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 as identified in the District's facility plan.

Building (FSPK) Fund

The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy that is 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.

Construction Fund

The Construction Fund accounts for proceeds from sale of bonds and other revenues to be used for authorized construction and/or remodeling. This is a major fund of the District.

(F) 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.

II. Proprietary Funds (Enterprise Funds)

(A) Food Service 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. This is a major fund of the District.

Day Care Fund - The Day Care Fund is used to account for child care revenue.

The District applies all GASB pronouncements to proprietary funds.

III. Fiduciary Fund Types

Private Purpose Trusts

Private Purpose Trust Funds are maintained within MUNIS and account for revenues generated by trusts set up to benefit students in Trimble County. Of the net position of the private purpose trust, \$5,692 is the Corpus which can be potentially spent along with the earnings, if any, for scholarships to benefit students in financial need and who meet other required criteria.

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resource are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis, On a modified accrual basis, revenues from nonexchange transactions must also be available before it can be recognized.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Inventory consists of food purchased by the District and commodities granted by the United States Department of Agriculture (USDA). The commodities are recognized as revenues and expenditures by the Food Service Fund when consumed. Any material commodities on hand at year end are recorded as inventory. All purchased inventory items are valued at the lower of cost or market (first-in, first-out) using the consumption method and commodities assigned values are based on information provided by the USDA.

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2023, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and expenditure/expense is reported in the year in which services are consumed.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the government funds. These assets are reported in the government activities column of the government-wide financial statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one 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 assets life are not.

Land and construction in progress are not depreciated. The other property, plant and equipment of the district are depreciated using the straight-line method over the following estimated useful lives:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Other	10 years

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgment, the noncurrent portion of capital leases, accumulated sick leave, contractually required pension and OPEB 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.

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 the accumulated sick leave.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

Fund Balances

Fund balance is divided into five categories as defined by GASB 54 as follows:

- Nonspendable Permanently nonspendable by decree of the donor, such as an endowment, or funds that are not in a spendable form, such as prepaid expenses or inventory on hand.
- Restricted Legally restricted under legislation, bond authority, or grantor contract.
- Committed Commitments of future funds for specific purposes passed by the Board.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Assigned	Funds that are intended by management to be used for a specific purpose, including encumbrances.
Unassigned	Funds available for any purpose; unassigned amounts are reported only in the General Fund unless a fund has a deficit.

The Board has adopted a GASB 54 spending policy which states that the spending order of funds is to first use restricted, committed, and assigned resources first, then unassigned resources as they are needed.

Net Position

The Statement of Net Position presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as Net Position. Net Position are reported in three categories: 1) net investment in capital assets – consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of the assets; 2) restricted net position – resulting from constraints placed on net position by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation adopted by the School District; 3) unrestricted net position – those assets that do not meet the definition of restricted net position or net investment in capital assets. It is the District's policy to first apply restricted net position and then unrestricted net position when an expense is incurred for which both restricted and unrestricted net position are available.

Property 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.

The property tax rates assessed for the year ended June 30, 2023, to finance the General Fund operations were \$.753 per \$100 valuation of real property, \$.753 per \$100 valuation, including exonerations, for business personal property and \$.554 per \$100 valuation for motor vehicles.

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

Operating and Non-Operating Revenues and Expenses

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In-Kind

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

Contributions of Capital

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

Interfund Receivables/Payables

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

Interfund Transfers

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until the appropriate period. The District reports three types of deferred outflows – contributions to the CERS’s pension and OPEB plans after the measurement period and the unrecognized portion of a deferred loss on the refinancing of long-term debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until the appropriate period. The District reports two types of deferred inflows related to the net difference projected and actual earnings on pension and OPEB plan investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 (“TRS”) 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.

Other Post-Employment Benefits (OPEB)

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

Bond and Related Premiums, Discounts, and Issuance Costs

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

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Estimates

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

Budgetary Process

The District prepares its budgets on the modified accrual basis of accounting, which is the same basis as used to prepare the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end. The Kentucky Department of Education does not require the Capital Project Funds and Debt Service Funds to prepare budgets.

The District's General Fund expenditures exceeded its budget appropriations by \$1,749,230. The District's Special Revenue Fund expenditures exceeded its budget appropriations by \$466,042.

New Accounting Pronouncements

GASB Statement No. 96-In May, 2020, the GASB issued Statement No. 96, *Subscription-based information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government and users (governments). The Statement is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 99-In April, 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The Statement is effective on various dates, but no later than reporting periods beginning after June 15, 2023.

GASB Statement No. 94-In March, 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The Statement is effective for reporting periods beginning after June 15, 2022.

There is no effect on current year financial statements for newly adopted accounting pronouncements.

Effective in Future Years:

The District is currently evaluating the potential impact of the following issued, but not yet effective, accounting standards:

GASB Statement No. 101- In June, 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The Statement is effective for reporting periods beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100- In June, 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

making decisions or assessing accountability. The Statement is effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

NOTE B – CASH AND CASH EQUIVALENTS

The Kentucky Revised Statutes authorize the District to invest money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security obligations, as permitted by KRS 41.240(4), having a current quoted market value at least equal to uninsured deposits.

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

At year end the District's bank balances were collateralized by securities held by the pledging bank's trust department in the District's name and FDIC insurance. At year end, the carrying amount of the District's cash and cash equivalents was \$10,312,746. The bank balance for the same time was \$11,220,072.

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

NOTE C – CAPITAL ASSETS

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

<u>Governmental Activities</u>	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2023</u>
Land (nondepreciable)	\$ 422,720	\$ -	\$ -	\$ 422,720
Land improvements	4,897,135	-	-	4,897,135
Buildings	25,775,691	-	-	25,775,691
Technology equipment	849,461	79,531	163,346	765,646
Vehicles	2,109,949	297,509	295,129	2,112,329
General equipment	474,554	-	200	474,354
Construction in progress (non depreciable)	742,074	3,741,845	-	4,483,919
Total at historical cost	<u>\$ 35,271,584</u>	<u>\$ 4,118,885</u>	<u>\$ 458,675</u>	<u>\$ 38,931,794</u>
Less: Accumulated depreciation				
Land improvements	\$ 2,272,375	\$ 227,014	\$ -	\$ 2,499,390
Buildings	11,663,926	528,968	-	12,192,895
Technology equipment	810,384	39,464	163,346	686,503
Vehicles	1,771,009	76,337	295,129	1,552,217
General equipment	310,650	19,810	187	330,274
Total accumulated depreciation	<u>\$ 16,828,345</u>	<u>\$ 891,594</u>	<u>\$ 458,661</u>	<u>\$ 17,261,278</u>
Finance Purchases				
General equipment	\$ -	\$ 117,128	\$ -	\$ 117,128
Less: Accumulated depreciation	-	(3,904)	-	(3,904)
Finance Purchases-net	<u>\$ -</u>	<u>\$ 113,224</u>	<u>\$ -</u>	<u>\$ 113,224</u>
<u>Governmental Activities</u>	<u>\$ 18,443,239</u>	<u>\$ 3,340,514</u>	<u>\$ 13</u>	<u>\$ 21,783,740</u>
<u>Capital Assets-net</u>				
<u>Business-Type Activities</u>	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2023</u>
Buildings	\$ -	\$ -	\$ -	\$ -
Technology equipment	-	-	-	-
General equipment	502,672	-	4,791	497,881
Total at historical cost	<u>\$ 502,672</u>	<u>\$ -</u>	<u>\$ 4,791</u>	<u>\$ 497,881</u>
Less: Accumulated depreciation				
Buildings	\$ -	\$ -	\$ -	\$ -
Technology equipment	-	-	-	-
General equipment	442,247	354	4,791	437,810
Total accumulated depreciation	<u>\$ 442,247</u>	<u>\$ 354</u>	<u>\$ 4,791</u>	<u>\$ 437,810</u>
<u>Business-Type Activities</u>	<u>\$ 60,425</u>	<u>\$ (354)</u>	<u>\$ -</u>	<u>\$ 60,071</u>
<u>Capital Assets-net</u>				

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as “unallocated”.

NOTE D – LONG TERM DEBT OBLIGATIONS

Bonds

The amount shown in the accompanying financial statements as bonded debt and lease obligations represent the District’s future obligations to make payments relating to the bonds issued by the Trimble County School District Finance Corporation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

The bonds payable are collateralized by education facilities constructed by the District with bond proceeds. Bondholders are protected against default by a mechanism whereby the Commonwealth of Kentucky would withhold state SEEK payments and remit required debt service payments directly to the debt service paying agent. All bonds are subject to federal arbitrage regulations.

The original amount of outstanding issues, the issue dates, interest rates, maturity dates, and outstanding balances, at June 30, 2023, are summarized below:

<u>Bond Issue</u>	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>2022 Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>2023 Outstanding Balance</u>
2012	1,250,000	8/1/2032	2% - 3.125%	\$ 755,000	\$ -	\$ 60,000	\$ 695,000
2015	1,425,000	6/1/2035	2.5% - 3.5%	995,000	-	65,000	930,000
2016R	5,040,000	9/1/2027	2%	3,955,000	-	635,000	3,320,000
2022	1,280,000	2/1/2042	2% - 2.5%	1,280,000	-	55,000	1,225,000
2023	5,965,000	2/1/2043	4%	-	5,965,000	-	5,965,000
				6,985,000	5,965,000	815,000	12,135,000
Add	Premium			12,375	76,043	2,062	86,355
Less	Discount			(23,489)	-	(1,673)	(21,816)
Totals				\$ 6,973,886	\$ 6,041,043	\$ 815,390	\$ 12,199,539

The District has entered into “participation agreements” with the Kentucky School Facility Construction Commission. The Kentucky Legislature, for the purpose of assisting local school districts in meeting school construction needs, created the Commission. The table following sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues.

The bonds may be called prior to maturity at dates and redemption premiums specified in each issue. Assuming no issues are called prior to maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2022 for debt service, (principal and interest) are as follows:

<u>Fiscal Year Ended June 30th</u>	<u>Principal</u>		<u>Interest</u>		<u>Principal Total</u>	<u>Interest Total</u>
	<u>Local</u>	<u>SFCC</u>	<u>Local</u>	<u>SFCC</u>		
2024	\$ 447,382	\$ 397,618	\$ 252,298	\$ 113,242	\$ 845,000	\$ 365,540
2025	458,904	406,096	251,098	104,764	865,000	355,863
2026	469,225	415,775	241,789	95,086	885,000	336,875
2027	484,222	425,778	232,287	85,082	910,000	317,369
2028	486,817	388,183	222,474	75,370	875,000	297,844
2029-2033	1,471,212	1,188,788	974,274	270,426	2,660,000	1,244,700
2034-2038	1,790,243	654,757	655,230	121,182	2,445,000	776,413
2039-2043	2,175,902	474,098	268,209	39,916	2,650,000	308,125
	\$ 7,783,907	\$ 4,351,093	\$ 3,097,659	\$ 905,069	\$ 12,135,000	\$ 4,002,728

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Finance Purchases

The following is an analysis of the financed property under financed purchases by class:

<u>KISTA Issue</u>	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>2022 Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>2023 Outstanding Balance</u>
2019	203,046	3/1/2029	3.00%	\$ 139,937	\$ -	\$ 20,000	\$ 119,937
Copiers	117,128	3/1/2028	4.00%	-	117,128	5,689	111,439
Totals				\$ 139,937	\$ 117,128	\$ 25,689	\$ 231,376

The following is a schedule by years of the future minimum payments under finance purchases together with the present value of the net minimum payments as of June 30, 2023:

<u>Fiscal Year Ended June 30th</u>	<u>Principal Local</u>	<u>Interest Local</u>	<u>Total</u>
2024	\$ 42,285	\$ 7,660	\$ 49,945
2025	43,781	6,158	49,939
2026	45,312	4,602	49,914
2027	46,943	2,989	49,932
2028	35,799	1,340	37,139
2029-2031	17,256	518	17,774
	\$ 231,376	\$ 23,266	\$ 254,642

Total minimum payments	\$254,642
Less: Amount representing interest	(23,266)
Present Value of Net Minimum Payments	<u>\$231,376</u>

In order to secure the payment of all of the Board's obligations under a KISTA Lease, the Board grants to KISTA a security interest constituting a first lien on the Equipment and on all additions, attachments, accessories, and substitutions thereto, and on all proceeds therefrom. In the Event of Default, title to the Equipment shall immediately vest in KISTA, and the Board will immediately surrender possession of the Equipment to KISTA or to KISTA's order; by the execution of this Lease the Board agrees upon demand by KISTA or the Second Trustee, and without order of court, to execute a bill of sale or such other instrument as may be required in favor of KISTA or the Second Trustee in order to permit liquidation of the equipment in an Event of Default by the Board.

Accumulated Sick Leave

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. The activity during fiscal year 2023 for accumulated sick leave is as follows:

	<u>2022 Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>2023 Outstanding Balance</u>
Sick Leave	\$ 131,866	\$ -	\$ 47,116	\$ 84,750

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Net Pension & OPEB Liability

The net pension liability is \$4,292,745 for governmental activities and \$192,352 for business-type activities for a total of \$4,485,097 as of June 30, 2023 (See Note E for additional information). The net OPEB liability is \$3,774,707 for governmental activities and \$52,503 for business-type activities for a total of \$3,827,210 as of June 30, 2023 (See Note F for additional information).

A summary of activity in bond obligations and other debts is as follows:

Description	2022 Outstanding Balance	Additions	Retirements	2023 Outstanding Balance	Amount Due in One Year
Bonds, Net of Premium and Discount	\$ 6,973,886	\$ 6,041,043	\$ 815,390	\$ 12,199,539	\$ 845,000
Finance Purchases	139,937	117,128	25,689	231,376	42,285
Sick Leave	131,866	-	47,116	84,750	-
Net Pension Liability	4,030,707	454,390	-	4,485,097	-
Net OPEB Liability	2,851,009	976,201	-	3,827,210	-
Totals	\$ 14,127,405	\$ 7,588,762	\$ 888,195	\$ 20,827,972	\$ 887,285

NOTE E – RETIREMENT PLANS

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

Teachers Retirement System Kentucky (TRS)

Retirement Annuity Trust

Plan description

Teaching-certified employees of the Kentucky School District 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 state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth’s financial statements. TRS issues a publicly available financial report that can be obtained at <http://www.trs.ky.gov/financial-reports-information>.

Benefits provisions

For Members before July 1, 2008: Members become vested when they complete five years of credited service. To qualify for monthly benefits, payable for life, members must either:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

1. Attain age 60 and complete 5 years of Kentucky service, or
2. Complete 27 years of Kentucky service, or
3. Attain age 55 and complete 10 years of Kentucky service.

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

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

For Members on and after January 1, 2022:

Condition for Retirement	Attainment of age 57 and 10 years of service or attainment of age 65 and 5 years of service.
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Amount of Allowance
Foundational Benefit

The annual foundational benefit for members is equal to service Times a multiplier times final average salary.

Age	Years of Service			
	5-9.99	10-19.99	20-29.99	30 or More
57-60	- %	1.70 %	1.95 %	2.20 %
61	- %	1.74 %	1.99 %	2.24 %
62	- %	1.78 %	2.03 %	2.28 %
63	- %	1.82 %	2.07 %	2.32 %
64	- %	1.86 %	2.11 %	2.36 %
65 and over	1.90 %	1.90 %	2.15 %	2.40 %

The annual foundational benefit is reduced by 6% per year from The earlier of age 60 on the date the member would have Completed 30 years of service.

Supplemental Benefit

The annual supplemental benefit is equal to the account balance Which includes member and employer contributions and interest Credited annually on June 30. Options include annuitizing the Balance or receiving the balance as a lump sum either at the time Of retirement or at a later date.

Disability Retirement Allowance
Condition for Allowance

Totally and permanently incapable of being employed as a teacher And under age 60 but after completing 5 years of service

Amount of Allowance

The disability allowance is equal to the greater of the service Retirement allowance or 60% of the member's final average Salary. The disability allowance is payable over an entitlement Period equal to 25% of the service credited to the member at the Date of the disability or 5 years, whichever is longer. After the Disability entitlement period has expired and if the member Remains disabled, he will be retired under service retirement. The Service retirement allowance will be computed with service credit Given for the period of disability retirement. The allowance will Not be less than \$6,000 per year. The service retirement allowance Will not be reduced for commencement of the allowance before Age 60 or the completion of 27 years of service.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Benefits Payable on Separation

From Service Any member who ceases to be in service is entitled to receive his Contributions with allowable interest. A member who has Completed 5 years of creditable service and leaves his Contributions with the System may be continued in the Membership of the System after separation from service, and file Application for service retirement after the attainment of Age 60.

Life Insurance A separate Life Insurance fund has been created as June 30, 2000 To pay benefits on behalf of deceased TRS active and retired Members.

Death Benefits A surviving spouse of an active member with less than 10 years of Service may elect to receive an annual allowance of \$2,880 except That if income from other sources exceeds \$6,600 per year the Annual allowance will be \$2,160.

A surviving spouse of an active member with 10 or more years of Service may elect to receive an allowance which is the actuarial Equivalent of the allowance the deceased member would have Received upon retirement.

The allowance will commence on the date the deceased member Would have been eligible for service retirement and will be Payable during the life of the spouse.

If the deceased member is survived by unmarried children under Age 18 the following schedule of annual allowances applies:

Number of Children	Annual Allowance
1	\$ 2,400
2	\$ 4,080
3	\$ 4,800
4 or more	\$ 5,280

The allowances are payable until a child attains age 18, or age 23 if A full-time student.

If the member has no eligible survivor, a refund of his accumulated Contributions is payable to his estate.

Options

In lieu of the regular Option 1, a retirement allowance payable in The form of a life annuity with refundable balance, any member Before retirement may elect to receive a reduced allowance which Is actuarially equivalent to the full allowance, in one of the Following forms:

Option 2. A single life annuity payable during the member's Lifetime with payments for 10 years certain.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Option 3. At the death of the member his allowance is continued Throughout the life of the beneficiary.

Option 3(a). At the death of the beneficiary designated by the Member

Under Option 3, the member's benefit will revert to what would Have been paid had he not selected an option.

Option 4. At the death of the member one half of his allowance is Continued throughout the life of the beneficiary.

Option 4(a). At the death of the beneficiary designated by the Member

Under Option 4, the member's benefit will revert to what would Have been paid had he not selected an option.

Post-Retirement Adjustments The retirement allowance of each retired member and of each Beneficiary shall be increased by 1.5% each July 1.

Member Contributions

Members before 1/1/2022 9.105% of salary to the Retirement System.

Members on and after 1/1/2022 9% of salary to the Retirement System and an additional 2% of Salary to the supplemental benefit account. Employers also Contributes 2%.

Contributions

Contribution rates are established by Kentucky Revised Statutes (KRS). Employees are required to contribute 12.855% of their salaries to the system effective July 1, 2015. The state, as a non-employer contributing entity, pays matching contributions in the amount of 13.105% of salaries for local school district employees hired before July 1, 2008 and 14.105% for those who joined thereafter. Contributions for local school district employees whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

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

At June 30, 2023 the District did not report a liability for the District's proportionate share of the net pension liability, pension expense, and deferred inflows and outflows of resources because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The net pension liability that was associated with the District follows.

TRS

State's proportionate share of the TRS net pension liability associated with the District \$ 24,543,366

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The net pension liability 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 June 30, 2022. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the District's proportion was 0.1449%.

Actuarial Methods and Assumptions

A summary of the actuarial assumptions of the latest actuarial valuation follows.

Valuation Date	June 30, 2021
Prior Measurement Date	June 30, 2021
Measurement Date	June 30, 2022
Reporting Date	June 30, 2023
Actuarial Cost Method	Entry age
Inflation Rate	2.5%
Single Equivalent Interest Rate Prior	7.10%
Single Equivalent Interest Rate at Measurement Date	7.10%
Municipal Bond Index Rate Prior	2.13%
Municipal Bond Index Rate at Measurement Date	3.37%
Projected Salary Increase	3.0-7.5%, including inflation
Long-Term Expected Rate of Return	7.10

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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.

Target Allocations

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

A summary of the target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS’s investment consultant, follows.

Asset Class	Target Allocation	Long-Term Expected Rates of Return
Large Cap US Equity	37.4 %	4.2 %
Small Cap Equity	2.6 %	4.7 %
Developed International Equity	16.5 %	5.3 %
Emerging Markets Equity	5.5 %	54.4 %
Fixed Income	15.0 %	-0.1 %
High Yield Bonds	2.0 %	1.7 %
Other Additional Categories	5.0 %	2.2 %
Real Estate	7.0 %	4.0 %
Private Equity	7.0 %	6.9 %
Cash	2.0 %	-0.3 %
Total	100 %	

Discount Rate

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

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

TRS	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
State's proportionate share of net pension liability	\$ 25,275,452	\$ 24,543,366	\$ 13,238,020

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued TRS financial report which is publically available at <http://www.TRS.ky.gov/>.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

County Employees Retirement System

Non-Hazardous

Plan description

Substantially all full-time classified employees of the District participate in the County Employees Retirement System (“CERS”). CERS is a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky General Assembly and overseen by the Kentucky Public Pensions Authority (KPPA). The plan covers substantially all regular full-time members employed in non-hazardous duty positions of the school board. The plan provides for retirement, disability and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances.

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

Benefits provided

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

Contributions

Funding for CERS:

Tier I plan is provided by members, who contribute 5.00% of their creditable compensation.

Tier II plan members hired after September 1, 2008 contribute 6.00% of their creditable compensation. Further, 1% of these contributions are deposited to an account created for the payment of health insurance benefits.

Tier III plan members, who began participating on or after January 1, 2014, are required to contribute to the Cash Balance Plan. That plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Employee contributions to the plan are the same as the Tier II contributions. Tier III member accounts are also credited with an employer pay credit in the amount of 4% of the member’s creditable compensation.

For the year ending June 30, 2023, employers were required to contribute 26.95% of the member’s salary, 22.78% pension and 4.17% for insurance. The District contributed \$544,163 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 on an actuarial valuation as of that date. The District’s proportion of the net pension liability, \$4,485,097 was based on contributions to CERS during the fiscal year ended June 30, 2022. The District’s proportion was 0.062043%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Deferred Inflows and Outflows of Resources, and Pension Expense included in the Schedule of Pension Amounts include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule of Pension Amounts does not include deferred outflow/inflows of resources for changes in the employer's proportionate share of contribution or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2023, is based on the June 30, 2022, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are amortized over a closed five-year period.

The District recognized pension revenue of \$193,064 and reported deferred outflows of resources and deferred inflows of resources related to pensions as follows.

CERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,795	\$ 39,942
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	610,287	495,306
Changes in proportion and differences between District contributions and proportionate share of contributions	30,750	60,082
District contributions subsequent to the measurement date	512,710	-
	\$ 1,158,542	\$ 595,330

The \$512,710 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<u>Year Ended June 30,</u>
Year 1	\$ (18,980)
Year 2	(20,239)
Year 3	(37,690)
Year 4	<u>127,411</u>
	<u>\$ 50,502</u>

Actuarial Valuation

KPPA’s actuary, Gabriel, Roeder, Smith & Co., completed the actuarial valuation for the calculation of the employer contribution rates for CERS and the Insurance Fund for the period ended June 30, 2022.

Summary of Actuarial Assumptions

The results of the actuarial valuation are based upon the assumptions and funding policies adopted by the Board and statutory funding requirements. Assumptions and funding policies are reviewed against actual plan experience every 5 years. In general, the assumptions and methods, used in the June 30, 2022 valuation are based on the most recent actuarial experience study for the five year period ending June 30, 2018.

1. Actuarial Cost Method-prepared using the entry age normal cost (EANC) method as required by state statute.
2. UAAL Amortization Method-the actuarial liability contribution is calculated by amortizing the unfunded accrued liability as of June 30, 2019 over a closed 30-year amortization.
3. Asset Valuation Method- recognizes a portion of the difference between the market value of assets and he expected market value of assets.
4. Retiree Insurance Funding Policy-calculated by amortizing the unfunded accrued liability as of June 30, 2019, over a closed 20-year amortization bases.
5. Investment Return Assumption-the future investment earnings of plan assets are assumed t accumulate at a rate of 6.25% per annum.
6. Salary Increase Assumptions-member’s salaries are assumed to increase, price inflation component is 2.3%, and productivity component is 1%.
7. Health Care Cost Trend Rate-medical premiums are assumed to increase in 2024 at 6.2% for Non-Medicare Plans, and 9% for Medicare Plans.
8. Payroll Growth Assumption-the amortization cost to finance the unfunded actuarial accrued liability, the active member payroll is assumed to increase at a rate of 0%.
9. Retiree Cost of Living Adjustments (COLA)-SB2 only allows the Cost of Living Adjustments to be awarded on a biennial basis.
10. Retirement Rate Assumptions-retirement ages for Males to retire range from 35%, Females 27%, under 45 years of age to 30% for Males age 70, Females 27%.
11. Mortality Assumptions-refer to the tables included in the KPPA’s 2022 Annual Report.
12. Withdrawal Rates- the probability, or likelihood, of active member’s terminating employment range from 20% with 1 year of service to 1.35% for 25 years of service.
13. Rates of Disablement-disability benefits to active members range from .04% probability near age 20 to 1.02% near age 60.
14. Assumption Changes Since Prior Valuation-in conjunction with the review of the healthcare per capita claims cost, the assumed increase in future healthcare costs, or trend assumption, is

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

reviewed on an annual basis. The trend assumption for the Medicare Plans was increased during the select period as a result of this review.

Discount rate

A single discount rate of 6.25% was used to measure the total pension liability for the fiscal year ending June 30, 2022. This single discount rate was based on the expected rate of return on pension plan investments.

Sensitivity of the District’s proportionate share of net pension liability to changes in the discount rate

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

CERS	1% Decrease	Current Discount Rate	1% Increase
	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 5,605,815	\$ 4,485,097	\$ 3,558,170

The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table below for CERS Pension and Insurance Funds:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50 %	4.45 %
Private Equity	10 %	10.15 %
Fixed Income		
Core Fixed Income	10 %	0.28 %
Specialty Credit	10 %	2.28 %
Cash	0 %	-0.91 %
Inflation Protected		
Real Estate	7 %	3.67 %
Real Return	13 %	4.07 %

Pension plan fiduciary net position

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Payables to the pension plan

At June 30, 2023, there are no payables to CERS.

NOTE F – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District's employees participate in retirement systems of either TRS or CERS as described earlier. The following describes the other postemployment benefits for both systems.

TRS – General Information about the OPEB Plans

Health Insurance Trust (Medical Insurance Fund)

Plan description

In addition to the retirement annuity plan as described earlier, KRS 161.675 requires TRS to provide postemployment healthcare benefits to eligible members and dependents. The TRS Health Insurance Trust is funded by employer and member contributions. Changes made to the medical plans provided through the trust may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

Medical coverage through TRS is funded by a combination of contributions from employees, the state and other employers. Coverage is provided through an account established pursuant to 26 U.S.C. sec. 401(h) and 115 trust fund that went into effect on July 1, 2010. The insurance trust fund includes employer and retired member contributions required under KRS 161.550 and KRS 161.675(4) (b).

Benefits provided

To be eligible for medical benefits, the member must have retired either for service or disability and a required amount of service credit. The TRS medical plan offers members who are not eligible for Medicare and under age 65 coverage through the Kentucky Employees Health Plan (KEHP) administered by the Kentucky Department of Employee Insurance. Once retired members and eligible spouses attain age 65 and are eligible for Medicare, coverage is obtained through the TRS Medicare Eligible Health Plan (MEHP) administered by TRS.

Contributions

Contributions are made on behalf of TRS retired members toward payment of health insurance premiums. The amount of the member's contribution is based on a table approved by the TRS board. Retired members pay premiums in excess of the monthly contribution. The Commonwealth of Kentucky bears risk for excess claims expenses that exceed the premium equivalents charged for the KEHP. The member postemployment medical contribution is 3.75% of salary. The employer postemployment medical contribution is 0.75% of member salaries. Also, employers contribute 3% of members' salaries and the state contributes the net cost of health insurance premiums for new retirees after June 30, 2010, in the non-Medicare eligible group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

The District reported a liability of \$2,603,000 for its proportionate share of the collective net OPEB liability (NOL). The collective net OPEB liability was valued as of June 30, 2021, and the total OPEB liability used to calculate the 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. The District's proportion was .0104855%.

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 as follows:

MIF		
District's proportionate share of TRS net OPEB liability	\$	2,603,000
State's proportionate share of the TRS net OPEB liability associated with the District		<u>855,000</u>
	\$	<u><u>3,458,000</u></u>

The District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following.

MIF	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,094,000
Changes of assumptions	529,000	-
Net difference between projected and actual earnings on pension plan investments	138,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	741,000	189,000
District contributions subsequent to the measurement date	<u>129,316</u>	<u>-</u>
	\$ <u><u>1,537,316</u></u>	\$ <u><u>1,283,000</u></u>

The \$129,316 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 collective net OPEB liability for 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:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MIF	Year Ended June 30,
Year 1	\$ (99,000)
Year 2	(71,000)
Year 3	(45,000)
Year 4	151,000
Year 5	129,000
Thereafter	<u>60,000</u>
	<u>\$ 125,000</u>

Actuarial Methods and Assumptions

A summary of the actuarial assumptions as of the latest actuarial valuation follows.

Valuation Date	June 30, 2021
Asset Valuation Method	Market Value of Assets
Price Inflation	2.5%
Payroll Growth	2.5% per annum
Salary Increase	2.75 per annum
Discount Rate	7.10%
Health Care Cost Trends	
Medicare Part B	6.97% at June 30, 2022, decreasing to an ultimate rate of 4.55% by June 30, 2034 and beyond.
Under Age 65	7% at June 30, 2020, decreasing to an ultimate rate of 4.5% by June 30, 2034 and beyond.
Age 65 and Older	5.125% at June 30, 2022 with an ultimate rate of 4.5% by June 30, 2034 and beyond.

Mortality rates were based on the Teachers Mortality Table, and set forward two years for males and multiplied by 102%. Rates for females are set forward 2 years and multiplied by 101%. Disabled male members are set forward 1 year and multiplied by 96%. Rates for female members are set back 2 years and multiplied by 94%.

Target Allocations

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Asset Class	Target Allocation Percentage	30 Year Expected Geometric Real Rate of Return
Global Equity	58.00	5.10
Fixed Income	9.00	(0.10)
Real Estate	6.50	4.00
Private Equity	8.50	6.90
Additional Categories	17.00	2.20
Cash	1.00	(0.30)
Total	100.00	

Discount Rate

The discount rate used to measure the TOL as of the measurement date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 74. The projection’s basis was an actuarial valuation performed as of June 30, 2021. In addition to actuarial methods and assumptions were used in the projection of cash flows:

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Based on these assumptions, the Health Insurance Trust’s fiduciary net position (FNP) was not projected to be depleted.

The following table presents the net OPEB liability of the District, calculated using the discount rate of 7.10%, and what the 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 discount rate:

MIF	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	\$ 3,266,000	\$ 2,603,000	\$ 2,054,000

The following presents the District’s proportionate share of the collective net OPEB liability, as well as what it 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:

MIF	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 1,951,000	\$ 2,603,000	\$ 3,413,000

Life Insurance Trust

Plan description and benefits provided

TRS administers the Life Insurance Trust as provided by KRS 161.655 to provide life insurance benefits to retired and active members. The benefit is financed by actuarially determined contributions from the 207 participating employers. The benefit is \$5,000 for members who are retired for service or disability, and \$2,000 for active contribution members.

Note: Members employed on a substitute or part-time basis and working at least 69% of a full contract year in a single fiscal year will be eligible for a life insurance benefit for the balance of the fiscal year or the immediately succeeding fiscal year under certain conditions. For non-vested members employed on a substitute or part-time basis, the life insurance benefit is provided if death occurs as the result of a

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

physical injury on the job. For vested members employed on a substitute or part-time basis, death does not have to be the result of a physical injury on the job for life insurance benefits to be provided.

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.

Net OPEB Liability

The District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District as follows:

LIF

State's proportionate share of the TRS net OPEB liability associated with the District	\$	43,000
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Actuarial Assumptions

A summary of the actuarial assumptions as of the latest actuarial valuation is shown below.

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll
Amortization Period	27 years, Closed
Asset Valuation Method	5-year smoothed value
Inflation	3%
Real Wage Growth	0.5%
Wage Inflation	3.5%
Salary Increase	3.5 to 7.20%, including wage inflation
Discount Rate	7.5%

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience studies for the system, which covered the five year period ending June 30, 2015.

The remaining actuarial assumptions used in the June 30, 2019, valuation of the health trust were based on a review of recent plan experience done concurrently with the June 30, 2019, valuation. The health

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

care cost trend rate assumption was updated for the June 30, 2019, valuation and was shown as an assumption change in the total OPEB liability (TOL) roll forward while the change in initial per capital claims costs were included with experience in the TOL roll forward.

The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20 year Municipal Bond index pushed weekly by the Board of Governors of the Federal Reserve System.

Target Allocations

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 Percentage	Expected Geometric Real Rate Percentage of Return
U.S. Equity	40.0	4.40
International Equity	23.0	5.6
Fixed Income	18.0	(.10)
Real Estate	6.0	4.0
Private Equity	5.0	6.9
Other Additional Categories	6.0	2.1
Cash	2.0	(0.3)
	<hr style="width: 50%; margin: auto;"/> 100.0	

As the Life Trust investment policy is to change, the above reflects the pension allocation and returns that achieve the targeted 8.00% long-term rate of return.

Discount Rate

The discount rate used to measure the total OPEB liability (TOL) as of the measurement date was 7.1%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 74. The projection’s basis was an actuarial valuation performed as of June 30, 2021. In addition to actuarial methods and assumptions of the June 30, 2021, actuarial valuation, the following actuarial methods and assumptions were used in the projection of the life insurance cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.
- The employer will contribute the actuarially determined contribution (ADC) in accordance with the Life Insurance Trust’s funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.
- As administrative expenses were assumed to be paid in all years by the employer as they come due, they were not considered.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Based on these assumptions, the Life Insurance Trust's fiduciary net position (FNP) was not projected to be depleted.

Revenue or Expenses for TRS OPEB plans

For the year ended June 30, 2023, the District recognized OPEB revenue in the amount of \$135,721 for support provided on-behalf of the State.

CERS – General Information about the OPEB Plans

Employees' Health Plan

Plan description

The Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits. CERS Non-hazardous Insurance Plan is a cost-sharing multiple employer defined benefit Other Postemployment Benefits (OPEB) plan. The plan covers all regular full-time members employed in non-hazardous duty positions of the school board. OPEB may be extended to beneficiaries of plan members under certain circumstances.

Benefits provided

The Plan provides hospital and medical insurance for eligible members receiving benefits. The Insurance Fund will pay the cost of insurance premium for participating members prior to July 1, 2003 greater than 4 years of service, 25%, greater than 10 years of service, 50%, greater than 15 years of service, 75%, and greater than 20 years of service, 100%. For participating members after July 1, 2003 the benefit paid by the Insurance Fund is based on years of service the dollar amount per year of service is \$13.99 to be applied to the current cost premium.

Contributions

Requirements for medical benefits are a portion of the actuarially determined rates of covered payroll, as disclosed above. Current employees pay 1% toward the insurance fund.

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

The District reported a liability of \$1,224,210 for its proportionate share of the collective net OPEB liability which is .062032%.

Deferred Inflows and Outflows of Resources, and OPEB Expense included in the Schedules of OPEB Amounts include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedules of OPEB Amounts do not include deferred outflow/inflows of resources for changes in the employer's

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

proportionate share of contributions or employer contributions made subsequent to the measurement date. The total OPEB liability, net OPEB liability (NOL), and sensitivity information are based on an actuarial valuation date of June 30, 2021. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2022, using generally accepted actuarial principles.

For the year ended June 30, 2023, the District recognized OPEB expense of \$35,841. The District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 123,227	\$ 280,740
Changes of assumptions	193,617	159,540
Net difference between projected and actual earnings on pension plan investments	227,960	178,273
Changes in proportion and differences between District contributions and proportionate share of contributions	9,157	77,294
District contributions subsequent to the measurement date	75,591	-
	\$ 629,552	\$ 695,847

The \$75,591 (includes \$44,138 Implicit Subsidy) 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 collective net OPEB liability for the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows.

	Year Ended June 30,
Year 1	\$ (32,059)
Year 2	(33,266)
Year 3	(77,627)
Year 4	1,066
	\$ (141,886)

Implicit Employer Subsidy for non-Medicare retirees- The fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 74 and 75 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB liability.

Changes of Benefit Terms

None

Actuarial Methods and Assumptions to Determine the Total OPEB Liability and the Net OPEB Liability

For financial reporting, the actuarial valuation as of June 30, 2022, was performed by Gabriel Roeder Smith (GRA). The total OPEB liability, net OPEB liability, and sensitivity information, were based on an actuarial valuation as of June 30, 2021. The total OPEB liability was rolled-forward from the valuation to the plan's fiscal year ending June 30, 2022, using the generally accepted actuarial principles.

The following actuarial assumptions were used in performing the actuarial valuation as of June 30, 2022:

Investment Rate of Return	6.25%
Inflation	2.3%
Payroll Growth Rate	2.0%
Salary Increases	3.3 to 10.3%
Healthcare Trend Rates (Pre-65)	Initial trend starting at 6.4% at January 1, 2022, and Gradually decreasing to an ultimate trend rate of 4.05% Over period of 14 years.
Healthcare Trend Rates (Post-65)	Initial trend starting at 6.3% in 2023 then Gradually decreasing to an ultimate trend rate of 4.05% Over period of 13 years.
Mortality	System-specific mortality table based on mortality Experience from 2013-2018, projected with the ultimate Rates from MP-2014 mortality improvement scale using a Base year of 2019.

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

Discount rate

Single discount rates of 5.7% were used to measure the total OPEB liability as of June 30, 2022. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25%, and a municipal bond rate of 3.69%, as reported in Fidelity Index's "20 Year Municipal GO AA Index" as of June 30, 2022. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position on future contributions were projected to be sufficient to

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy

The following table presents the Net OPEB Liability calculated using the discount rate of 5.7%, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.7%) or 1-percentage-point higher (6.7%) than the current rate:

CERS	1% Decrease	Current Discount Rate	1% Increase
	4.7%	5.7%	6.7%
District's proportionate share of net OPEB liability	\$ 1,636,573	\$ 1,224,210	\$ 883,323

Health Care Trend Rate Sensitivity

The following presents the health care sensitivity rate of the District’s proportionate share of the net pension liability calculated using the discount rate of 5.7%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.7%) or 1-percentage-point higher (6.7%) than the current rate:

CERS	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 910,173	\$ 1,224,210	\$ 1,601,309

OPEB plan fiduciary net position

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

NOTE G – COMMITMENTS

The District has commitments for construction projects of \$5,665,892 as of June 30, 2023. The District has committed fund balance for the General Fund of \$12,705 for site based council and \$42,375 for sick leave.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE H - CONTINGENCIES

The District receives funding from Federal, State and Local governmental 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 un-reimbursed disbursements, if any, is not expected to be significant. Continuation of the District’s grant programs is predicated upon the grantors’ satisfaction the funds provided are being spent as intended and the grantors’ intent to continue their program.

NOTE I - LITIGATION

The District has no pending or threatened litigation involving amounts exceeding \$10,000 individually or in the aggregate as of June 30, 2023.

NOTE J – 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, illegal acts etc. Each of these risk areas is covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated which include Workers’ Compensation insurance.

NOTE K – RISK MANAGEMENT

The District is exposed to various risks of loss related to illegal acts, torts, theft/damage/destruction of assets, errors and omissions, injuries to employees, and natural disasters. To obtain insurance for workers’ compensation, unemployment, errors and omission, and general liability coverage, the District purchased commercial insurance policies.

NOTE L – DEFICIT FUND AND OPERATING BALANCES

The following funds had a deficit change in fund balance/net position and/or deficit fund balance/net position:

<u>Fund</u>		<u>Change in Net Position</u> <u>Net Change in Fund Balance</u>	<u>Fund Balance/</u> <u>Net Positon</u>
Special Revenue	\$	(9,384)	-
School Food Service		(713)	-
Private Purpose Trust		(2,325)	-
Capital Outlay		(5,589)	-
Day Care	\$	(11,613)	-

NOTE M - COBRA

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE N – TRANSFER OF FUNDS

The following transfers were made during the year:

<u>Type</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
Operations	General Fund	Special Revenue Fund	KETS Matching	\$ 22,623
Operations	Special Revenue Fund	Special Revenue Fund	Title transfer	47,177
Operations	Special Revenue Fund	Special Revenue Fund	Title transfer	87,532
Operations	Special Revenue Fund	Special Revenue Fund	Title transfer	33,000
Construction	Special Revenue Fund	Construction	Construction	1,338,238
Operations	Capital Outlay	Construction	Construction	113,313
Construction	Building Fund	Construction	Construction	14,060
Operations	School Activity	District Activity	Operating Expenditures	27,972
Operations	Building Fund	Debt Service	Debt Payments	\$ 491,879

NOTE O – ON-BEHALF PAYMENTS

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

<u>Plan/Description</u>	<u>Amount</u>
Kentucky Teachers Retirement System (GASB 68 & 75)	\$ 2,288,320
Health Insurance	1,102,532
Life Insurance	1,950
Administrative Fee	15,573
HRA/Dental/Vision	109,200
Federal Reimbursements	(73,114)
Technology	96,790
SFCC Debt Service Payments	474,540
Total	<u>\$ 4,015,791</u>

NOTE P – RESTRICTED FUND BALANCES

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
Student Activity	\$ 212,467	Student Activities
Capital Outlay	64,816	SFCC Requirements
FSPK	146,228	SFCC Requirements
District Activity	49,504	District Activities
Construction	4,217,401	Construction Projects
Food Service	62,824	School Food Service Operations
Other Proprietary Fund	2,812	Day Care Operations
Private Purpose Trust	5,692	Permanent Fund
Special Revenue	\$ 36,106	Technology Monies

NOTE Q – SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 15, 2023, the date the financial statements were available to be issued.

TRIMBLE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CERS and TRS
For the Year Ended June 30, 2023

	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)	Reporting Fiscal Year (Measurement Date) 2015 (2014)
COUNTY EMPLOYEE'S RETIREMENT SYSTEM (CERS):									
Districts' proportion of the net pension liability	0.062043%	0.063219%	0.062144%	0.067524%	0.069501%	0.069528%	8.402100%	0.087741%	0.092517%
District's proportionate share of the net pension liability	\$ 4,485,097	\$ 4,030,707	\$ 4,766,393	\$ 4,748,993	\$ 4,232,824	\$ 4,069,689	\$ 4,136,868	\$ 3,772,457	\$ 3,632,000
State's proportionate share of the net pension liability associated with the District	-	-	-	-	-	-	-	-	-
Total	\$ 4,485,097	\$ 4,030,707	\$ 4,766,393	\$ 4,748,993	\$ 4,232,824	\$ 4,069,689	\$ 4,136,868	\$ 3,772,457	\$ 3,632,000
District's covered-employee payroll	\$ 1,714,190	\$ 1,538,455	\$ 1,747,638	\$ 1,712,498	\$ 1,783,854	\$ 1,732,654	\$ 2,010,639	\$ 2,269,020	\$ 2,127,378
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	261.65%	262.00%	272.73%	277.31%	237.29%	234.88%	205.75%	166.26%	170.73%
Plan fiduciary net position as a percentage of the total pension liability	52.42%	57.33%	47.81%	50.54%	53.54%	53.30%	59.00%	59.97%	66.80%
KENTUCKY TEACHER'S RETIREMENT SYSTEM (TRS):									
Districts' proportion of the net pension liability	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	24,543,366	18,697,178	20,766,075	20,924,592	21,291,346	45,521,426	55,014,161	44,075,090	38,045,147
Total	\$ 24,543,366	\$ 18,697,178	\$ 20,766,075	\$ 20,924,592	\$ 21,291,346	\$ 45,521,426	\$ 55,014,161	\$ 44,075,090	\$ 38,045,147
District's covered-employee payroll	\$ 5,187,559	\$ 4,983,416	\$ 4,873,045	\$ 4,937,267	\$ 5,432,376	\$ 5,702,207	\$ 5,983,676	\$ 5,977,019	\$ 5,777,947
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	56.41%	65.59%	58.27%	58.80%	59.30%	39.80%	35.22%	42.29%	42.29%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30.

See the accompanying notes to the required supplementary information.

TRIMBLE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS

CERS and TRS

For the Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2016</u>
COUNTY EMPLOYEE'S RETIREMENT SYSTEM (CERS):									
Contractually required contribution	\$ 512,710	\$ 466,349	\$ 382,186	\$ 337,294	\$ 277,767	\$ 258,302	\$ 241,705	\$ 249,721	\$ 289,300
Contributions in relation to the contractually required contributions	<u>512,710</u>	<u>466,349</u>	<u>382,186</u>	<u>337,294</u>	<u>277,767</u>	<u>258,302</u>	<u>241,705</u>	<u>249,721</u>	<u>289,300</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 1,940,771	\$ 1,714,190	\$ 1,538,455	\$ 1,747,638	\$ 1,712,498	\$ 1,783,854	\$ 1,732,654	\$ 2,010,639	\$ 2,269,020
District's contributions as a percentage of it's covered-employee payroll	26.42%	27.21%	24.84%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%
KENTUCKY TEACHER'S RETIREMENT SYSTEM (TRS):									
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 5,226,501	\$ 5,187,559	\$ 4,983,416	\$ 4,873,045	\$ 4,937,267	\$ 5,432,376	\$ 5,702,207	\$ 5,983,676	\$ 5,977,019
District's contributions as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30.

See the accompanying notes to the required supplementary information.

TRIMBLE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2023

Teachers Retirement System (TRS)

Retirement Annuity Trust

Changes of Benefit Terms

A new benefit tier was added for members joining the System on and after January 1, 2022. A description of the benefit provisions applicable to these members can be found in Schedule D of the 2022 Actuary Report of the TRS.

Changes of assumptions

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

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

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 of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.

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

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

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.00 percent to 2.50 percent. In addition, the calculation of the SEIR results in an assumption change from 7.50% to 7.10%.

Actuarial Methods and Assumptions

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

A summary of the actuarial assumptions of the latest actuarial valuation follows.

TRIMBLE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSIONS
 FOR THE YEAR ENDED JUNE 30, 2023

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry age
Inflation Rate	2.5%
Single Equivalent Interest Rate	7.10%
Municipal Bond Index Rate	2.13%
Projected Salary Increase	3.0-7.5%, including inflation
Investment Rate of Return	7.10%, net of pension plan investment expense, including inflation.

County Employee Retirement System (CERS)

Non-Hazardous

Changes of Benefit Terms

Please refer to P. 181 of KPPA’s 2022 Annual Report “Benefit Changes since the Prior Valuation”.

Changes of assumptions

None.

Actuarial Methods and Assumptions

Based on the actuarial valuation report, the actuarial methods and assumptions used to calculate the contribution rates are as follows.

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets And the expected actuarial value of assets recognized
Amortization Method	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019, Gains/losses Incurring after 2019 will be amortized over separate closed 20-year amortization bases
Mortality	System-specific mortality table based on mortality Experience from 2013-2018, projected with the ultimate rates from MP2014 mortality improvement scale using a base year of 2019
Phase-In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018
Inflation	2.30%
Payroll Growth Rate	2.0%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%

TRIMBLE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MEDICAL AND LIFE INSURANCE PLANS - TEACHERS' RETIREMENT SYSTEM
Year Ended June 30, 2023

	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
MEDICAL INSURANCE PLAN						
District's proportion of the collective net OPEB liability (asset)	0.104855%	0.076484%	0.078546%	Unavailable	Unavailable	Unavailable
District's proportionate share of the collective net OPEB liability (asset)	\$ 2,603,000	\$ 1,641,000	\$ 1,982,000	\$ 2,398,000	\$ 2,922,000	\$ 3,192,000
State's proportionate share of the collective net OPEB liability (asset) associated with the District	<u>855,000</u>	<u>1,333,000</u>	<u>1,588,000</u>	<u>1,936,000</u>	<u>2,518,000</u>	<u>2,607,000</u>
Total	<u>\$ 3,458,000</u>	<u>\$ 2,974,000</u>	<u>\$ 3,570,000</u>	<u>\$ 4,334,000</u>	<u>\$ 5,440,000</u>	<u>\$ 5,799,000</u>
District's covered-employee payroll	\$ 5,187,559	\$ 4,983,416	\$ 4,873,045	\$ 4,937,267	\$ 5,432,377	\$ 5,702,207
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	50.18%	32.93%	40.67%	48.57%	53.79%	55.98%
Plan fiduciary net position as a percentage of the total OPEB liability	47.75%	39.05%	39.10%	32.60%	25.50%	21.20%
LIFE INSURANCE PLAN						
District's proportion of the collective net OPEB liability (asset)	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of the collective net OPEB liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability (asset) associated with the District	<u>43,000</u>	<u>18,000</u>	<u>48,000</u>	<u>45,000</u>	<u>43,000</u>	<u>35,000</u>
Total	<u>\$ 43,000</u>	<u>\$ 18,000</u>	<u>\$ 48,000</u>	<u>\$ 64,000</u>	<u>\$ 59,000</u>	<u>\$ 35,000</u>
District's covered-employee payroll	\$ 5,187,559	\$ 4,983,416	\$ 4,873,045	\$ 4,937,267	\$ 5,432,377	\$ 5,702,207
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	73.97%	71.57%	71.60%	73.40%	75.00%	80.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30.

See the accompanying notes to the required supplementary information.

TRIMBLE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS
MEDICAL AND LIFE INSURANCE PLANS
TEACHERS' RETIREMENT SYSTEM
Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
MEDICAL INSURANCE PLAN						
Contractually required contribution	\$ 129,316	\$ 138,595	\$ 130,222	\$ 146,191	\$ 148,118	\$ 162,971
Contributions in relation to the contractually required contribution	<u>129,316</u>	<u>138,595</u>	<u>130,222</u>	<u>146,191</u>	<u>148,118</u>	<u>162,971</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 5,226,501	\$ 5,187,559	\$ 4,983,416	\$ 4,873,045	\$ 4,937,267	\$ 5,432,377
District's contributions as a percentage of it's covered-employee payroll	2.47%	2.67%	2.61%	3.00%	3.00%	3.00%
LIFE INSURANCE PLAN						
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 5,226,501	\$ 5,187,559	\$ 4,983,416	\$ 4,873,045	\$ 4,937,267	\$ 5,432,377
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30.

See the accompanying notes to the required supplementary information.

TRIMBLE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - HEALTH INSURANCE PLAN
COUNTY EMPLOYEE RETIREMENT SYSTEM
Year Ended June 30, 2023

	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
HEALTH INSURANCE PLAN						
District's proportion of the collective net OPEB liability (asset)	0.062032%	0.063204%	0.062126%	0.675060%	0.694990%	0.695280%
District's proportionate share of the collective net OPEB liability (asset)	\$ 1,224,210	\$ 1,210,009	\$ 1,500,154	\$ 1,135,422	\$ 1,233,941	\$ 1,397,751
State's proportionate share of the collective net OPEB liability (asset) associated with the District	-	-	-	-	-	-
Total	\$ <u>1,224,210</u>	\$ <u>1,210,009</u>	\$ <u>1,500,154</u>	\$ <u>1,135,422</u>	\$ <u>1,233,941</u>	\$ <u>1,397,751</u>
District's covered-employee payroll	\$ 1,714,190	\$ 1,538,455	\$ 1,747,638	\$ 1,712,498	\$ 1,783,854	\$ 1,732,654
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	71.42%	78.65%	85.84%	66.30%	69.17%	80.67%
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%	62.91%	51.67%	60.44%	57.62%	13.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30.

See the accompanying notes to the required supplementary information.

TRIMBLE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS - HEALTH INSURANCE PLAN
COUNTY EMPLOYEE RETIREMENT SYSTEM
 Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
HEALTH INSURANCE PLAN						
Contractually required contribution	\$ 75,591	\$ 68,423	\$ 60,263	\$ 83,188	\$ 90,077	\$ 83,841
Contributions in relation to the contractually	<u>75,591</u>	<u>68,423</u>	<u>60,263</u>	<u>83,188</u>	<u>90,077</u>	<u>83,841</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 1,940,771	\$ 1,714,190	\$ 1,538,455	\$ 1,747,638	\$ 1,712,498	\$ 1,783,854
District's contributions as a percentage of it's covered-employee payroll	3.89%	3.99%	3.92%	4.76%	5.26%	4.70%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30.

See the accompanying notes to the required supplementary information.

TRIMBLE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
 FOR THE YEAR ENDED JUNE 30, 2023

Teachers Retirement System (TRS)

Health Insurance Trust

Changes of Benefit Terms

A new benefit tier was added for members joining the System on and after January 1, 2022. A description of the benefit provisions applicable to these members can be found in Schedule D of the 2022 Actuary Report of the TRS.

Changes of Assumptions

None.

Actuarial Methods and Assumptions

The actuarially determined contribution rates in the Schedule of Employer Contributions are calculated as of June 30, 2019. The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of the schedule.

Actuarial Cost Method	Entry age normal
Amortization Period	Level percentage of payroll
Amortization Method	21 years, closed
Asset Valuation Method	5-year smoothed market value
Inflation	3%
Real Wage Growth	0.5%
Wage Inflation	3.5%
Salary Increase	3.5 to 7.2%, including wage inflation
Discount Rate	8.0%
Health Care Cost Trends	
KEHP Group	7.25% at June 30, 2020, decreasing to an ultimate rate of 5% by June 30, 2029
MEHP Group	5.25% at June 30, 2020, decreasing to an ultimate rate of 5% by June 30, 2022
Medicare Part B Premiums	6.49% at June 30, 2020 with an ultimate rate of 5% by June 30, 2031
KEHP Group Claims	The current KEHP premium is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

TRIMBLE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
FOR THE YEAR ENDED JUNE 30, 2023

Life Insurance Trust

Changes of Benefit Terms

A new benefit tier was added for members joining the System on and after January 1, 2022. A description of the benefit provisions applicable to these members can be found in Schedule D of the 2022 Actuary Report of the TRS.

Changes of Assumptions

None.

Actuarial Methods and Assumptions

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

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll
Amortization Period	27 years, Closed
Asset Valuation Method	5-year smoothed value
Inflation	3%
Real Wage Growth	0.5%
Wage Inflation	3.5%
Salary Increase	3.5 to 7.20%, including wage inflation
Discount Rate	7.5%

County Employee Retirement System (CERS)

Employees' Health Plan

Changes of Benefit Terms

Please refer to P. 181 of KPPA's 2022 Annual Report "Benefit Changes since the Prior Valuation".

Changes of Assumptions

None.

TRIMBLE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
 FOR THE YEAR ENDED JUNE 30, 2023

Actuarial Methods and Assumptions

The following actuarial assumptions were used in performing the actuarial valuation as of June 30, 2022:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets And the expected actuarial value of assets recognized
Amortization Method	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019, Gains/losses Incurring after 2019 will be amortized over separate closed 20-year amortization bases
Mortality	System-specific mortality table based on mortality Experience from 2013-2018, projected with the ultimate rates from MP2014 mortality improvement scale using a base year of 2019
Phase-In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018
Inflation	2.30%
Payroll Growth Rate	2.0%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates (Pre-65)	Initial trend starting at 6.40% at January 1, 2022, and Gradually decreasing to an ultimate trend rate of 4.05% Over period of 14 years. The 2021 premiums were Known at the time of the valuation and were Incorporated into the liability measurement
Healthcare Trend Rates (Post-65)	Initial trend starting at 6.30% at January 1, 2023 then Gradually decreasing to an ultimate trend rate of 4.05% Over period of 13 years. The 2021 premiums were Known at the time of the valuation and were incorporated into the liability measurement. Additionally, Humana provided “Not to Exceed” 2022 Medicare premiums, which were incorporated and resulted in an assumed 2.90% increase in medicare premiums at January 1, 2022

TRIMBLE COUNTY SCHOOL DISTRICT
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2023

Other Governmental Funds

	<u>Special Revenue Student Activity</u>	<u>Capital Outlay</u>	<u>FSPK</u>	<u>District Activity</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 212,638	\$ 64,816	\$ 146,228	\$ 49,504	\$ 473,186
Total Assets	<u>212,638</u>	<u>64,816</u>	<u>146,228</u>	<u>49,504</u>	<u>473,186</u>
Liabilities					
Accounts payable	<u>171</u>				<u>171</u>
Total Liabilities	<u>171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171</u>
Fund Balances					
Restricted	<u>212,467</u>	<u>64,816</u>	<u>146,228</u>	<u>49,504</u>	<u>473,015</u>
Total Fund Balance	<u>212,467</u>	<u>64,816</u>	<u>146,228</u>	<u>49,504</u>	<u>473,015</u>
Total Liabilities and Fund Balances	<u>\$ 212,638</u>	<u>\$ 64,816</u>	<u>\$ 146,228</u>	<u>\$ 49,504</u>	<u>\$ 473,186</u>

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Balance - Nonmajor Governmental Funds
Year ended June 30, 2023

	Other Governmental Funds				
	Special Revenue Student Activity	Capital Outlay	FSPK	District Activity	Total
Revenues					
From local sources					
Taxes					
Property	\$ -	\$ -	\$ 371,428	\$ -	\$ 371,428
Motor vehicle			38,626		38,626
Other local revenue	136,495				136,495
Earnings on investments	439				439
Student activities	247,913				247,913
Food service	65,248				65,248
Intergovernmental - State		107,724	175,806		283,530
Total Revenues	<u>450,095</u>	<u>107,724</u>	<u>585,860</u>	<u>-</u>	<u>1,143,679</u>
Expenditures					
Instruction	333,545			19,316	352,861
Support Services					
Instructional staff	15,764				15,764
Student				199	199
Student transportation	3,389				3,389
Other non instruction	28,103				28,103
Total Expenditures	<u>380,801</u>	<u>-</u>	<u>-</u>	<u>19,515</u>	<u>400,316</u>
Excess (Deficit) of Revenues Over Expenditures	<u>69,294</u>	<u>107,724</u>	<u>585,860</u>	<u>(19,515)</u>	<u>743,363</u>
Other Financing Sources (Uses)					
Transfers in				27,972	27,972
Transfers (out)	(27,972)	(113,313)	(505,939)		(647,224)
Total Other Financing Sources (Uses)	<u>(27,972)</u>	<u>(113,313)</u>	<u>(505,939)</u>	<u>27,972</u>	<u>(619,252)</u>
Net change in fund balances	41,322	(5,589)	79,921	8,457	124,111
Fund Balance Beginning	<u>171,145</u>	<u>70,405</u>	<u>66,307</u>	<u>41,047</u>	<u>348,904</u>
Fund Balance Ending	<u>\$ 212,467</u>	<u>\$ 64,816</u>	<u>\$ 146,228</u>	<u>\$ 49,504</u>	<u>\$ 473,015</u>

TRIMBLE COUNTY SCHOOL DISTRICT
Combining Balance Sheet of Fiduciary Fund - School Activity Funds
 June 30, 2023

	SCHOOL ACTIVITY FUNDS				
	TRIMBLE CO JR/SR HIGH SCHOOL	BEDFORD ELEMENTARY	MILTON ELEMENTARY	PRIVATE PURPOSE TRUST	TOTAL
ASSETS					
Cash and cash equivalents	\$ 181,502	\$ 23,039	\$ 8,097	\$ 11,192	\$ 223,830
Accounts receivable					-
Total Assets	181,502	23,039	8,097	11,192	223,830
LIABILITIES					
Accounts payable		171		5,500	5,671
Total Liabilities	-	171	-	5,500	5,671
FUND BALANCE					
Scholarships					-
School Activities	181,502	22,868	8,097	5,692	218,159
Total Fund Balance	181,502	22,868	8,097	5,692	218,159
TOTAL LIABILITIES AND FUND BALANCE	\$ 181,502	\$ 23,039	\$ 8,097	\$ 11,192	\$ 223,830

TRIMBLE COUNTY SCHOOL DISTRICT
Combining Statement of Revenues, Expenses and Changes in Fund Balance - School Activity Funds
 Year ended June 30, 2023

	SCHOOL ACTIVITY FUNDS				
	TRIMBLE CO JR/SR HIGH SCHOOL	BEDFORD ELEMENTARY	MILTON ELEMENTARY	PRIVATE PURPOSE TRUST	TOTAL
REVENUES					
Student revenues	\$ 392,726	\$ 41,389	\$ 15,980	\$	\$ 450,095
Trust activities				2,675	2,675
Total revenues	392,726	41,389	15,980	2,675	452,770
EXPENDITURES					
Student activities	353,012	40,157	15,604		408,773
Trust activities				5,000	5,000
Total expenditures	353,012	40,157	15,604	5,000	413,773
Excess (Deficit) of Revenues Over Expenses	39,714	1,232	376	(2,325)	38,997
FUND BALANCE-BEGINNING	141,788	21,636	7,721	8,017	179,162
FUND BALANCE-ENDING	\$ 181,502	\$ 22,868	\$ 8,097	\$ 5,692	\$ 218,159

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Balance - Trimble County JR/SR High School
Year ended June 30, 2023

	FUND BALANCE BEGINNING	REVENUES	EXPENSES	TRANSFERS	FUND BALANCE ENDING
START UP MONEY	\$ -	\$ 1,200	\$ 1,200	\$ -	\$ -
DIST ACTIVITY FUND SWEEP	90	-	20,288	20,198	-
GENERAL	733	540	264	(329)	681
ALL CLASS FEES	-	4,245	60	(4,185)	-
TRANSPORTATION	22,358	-	-	-	22,358
AP EXAMS	203	80	160	-	123
PSATTEST	-	180	-	(180)	-
CHARITIES CASUAL	60	-	-	-	60
PARKING PASSES	-	730	-	(730)	-
CBI COM BASE INSTRUCTIONS	257	-	141	-	116
TECHNOLOGY	(1)	15,158	150	(14,808)	199
CLASS OF 2023	4,977	22,292	23,201	(4,068)	(0)
CLASS OF 2022	1	-	-	50	51
CLASS OF 2026	-	1,210	625	-	585
CLASSOF 2025	1,057	1,911	136	-	2,832
CLASS OF 2024	1,455	1,361	299	4,168	6,686
CLASS OF 2021	-	-	-	-	-
POLLINATOR CLUB	1,039	-	65	-	975
LIBRARY	309	-	-	-	309
FIELD TRIPS	308	-	-	-	308
PEP CLUB	245	-	29	(50)	166
GIFTED PROGRAM	-	260	225	-	35
7TH GRADE	11	-	-	-	11
8TH GRADE	324	690	553	-	461
COLUMBUS TRIP	1,410	-	-	(1,410)	0
JR SR HIGH STLP	601	7,792	8,420	27	1
INCENTIVE TRIPS JR SR	449	14,539	12,109	-	2,879
JR SR HIGH FCA	752	-	110	-	642
JR SR HIGH ACADEMIC TEAM	49	1,884	1,635	-	298
ART CLUB	1,480	500	1,552	-	428
SR HIGH BETA	2,989	3,363	3,844	-	2,508
GREENHOUSE FFA	1,619	373	-	-	1,992
FFA	571	17,322	15,496	-	2,397
BAND	(0)	18,027	17,166	-	861
FBLA	0	-	-	-	0
SOURCES OF STRENGTH	640	495	-	84	1,219
POWDER PUFF	-	1,887	1,992	105	-
HISTORY CLUB	0	-	511	(244)	(755)
SCIENCE CLUB	-	-	-	-	-
SPANISH CLUB	(0)	-	-	-	(0)
SMILE CLUB	755	-	-	-	755
Y CLUB	(1)	11,132	11,097	-	34
SR HIGH YEARBOOK	1,097	1,810	543	40	2,404
WOUNDED WARRIOR PROJECT	5	-	-	-	5
DRAMA	1,591	12,233	2,839	410	11,396
IED TECH CLASS	-	-	-	-	-
9TH GRADE FIELD TRIP	-	2,800	2,735	(65)	-
JR STUDENT COUNCIL	230	150	369	152	163
STAFF INCENTIVE	765	85	361	-	489
ATHLETIC DRINK MACHINE	1,308	143	263	-	1,189
SERVE TEAM	83	-	-	(84)	(0)
AGRICULTURE CLASS	-	-	-	-	-
ART AND DRAWING PAINTING	-	20	-	(20)	-
CPR & FIRST AID CLASS	104	-	-	-	104
COOKING CLASS	0	-	-	-	0
BIOLOGY ANATOMY	275	-	-	(275)	-
FORENCIS GENETICS	-	-	-	-	-
FLOWER AND GIFT FUND	396	-	-	-	396
STUDENT INCENTIVE	527	419	269	1,724	2,401
ATHLETICS	5,713	29,689	41,727	11,600	5,275
ATHLETIC CONCESSIONS	3,000	35,795	22,507	(13,742)	2,546
COACHES CARDS	-	-	-	-	-
BOYS GIRLS DISTRICTS 2021	15	-	-	-	15
SR HIGH DISTRICTS	-	22,450	13,985	(8,465)	-
SR HIGH COMPETITIONS	2,745	12,468	8,415	-	6,799
SR HIGH CHEER	1,952	8,031	6,855	1,143	4,271
SR HIGH FOOTBALL	4,326	7,657	12,721	3,876	3,138
SR HIGH BOYS BASKETBALL	6,253	10,670	5,053	3,026	14,896
SR HIGH GIRLS BASKETBALL	1,493	9,659	10,300	3,256	4,108
CROSS COUNTRY	2,630	4,275	5,415	2,460	3,950
TRACK	7,074	10,178	9,625	62	7,689
SR HIGH SOFTBALL	9,449	22,161	17,596	(983)	13,031
SR HIGH BASEBALL	11,578	14,984	14,990	(463)	11,109
BOYS TENNIS	0	-	-	-	0
GIRLS TENNIS	2,209	325	1,762	696	1,468
BOYS GOLF	(1)	1,500	1,571	653	581
GIRLS GOLF	1,126	-	-	-	1,126
SR HIGH VOLLEYBALL	3,293	16,380	12,714	(340)	6,619
RELAY FOR LIFE	-	504	504	-	-
JR HIGH CHEERLEADING	1,908	4,284	2,652	-	3,540
JR HIGH SOFTBALL	3,869	1,012	1,245	(1,290)	2,346
JR HIGH VOLLEYBALL	9,226	6,597	9,948	(885)	4,990
JR HIGH GIRLS BASKETBALL	2,151	6,138	3,910	(327)	4,052
JR HIGH BOYS BASKETBALL	4,549	8,795	8,101	160	5,402
JR HIGH FOOTBALL	2,008	5,437	2,584	(999)	3,861
JR HIGH BETA CLUB	4,101	5,265	8,335	(100)	931
JR HIGH YEARBOOK	-	675	827	152	-
JR HIGH BASEBALL	-	2,967	965	-	2,002
Totals	\$ 141,788	\$ 392,726	\$ 353,012	\$ -	\$ 181,502

Trimble County School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Assisted Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Program or Award Amount	Expenditures
US Department of Agriculture					
Passed Through State Department of Education:					
* School Breakfast Program	10.553				
Fiscal Year 22		7760005 22	-	N/A	52,508
Fiscal Year 23		7760005 23	-	N/A	203,701
* National School Lunch Program	10.555				
Fiscal Year 22		7750002 22	-	N/A	105,420
Fiscal Year 23		7750002 23	-	N/A	447,294
Fiscal Year 22		9980000 22	-	N/A	32,706
Fiscal Year 23		9980000 23	-	N/A	17,056
Child Nutrition Cluster Subtotal					<u>858,685</u>
State Administrative Expenses for Child Nutrition	10.560				
Fiscal Year 22		7700001 22	-	N/A	1,322
Passed Through State Department of Agriculture:					
Food Donation-Commodities	10.565				
Fiscal Year 22		510.4950	-	N/A	53,637
Pandemic Electronic Benefit Transfer Administrative Cost:	10.649				
Fiscal Year 22		9990000 22	-	N/A	628
Total US Department of Agriculture					<u>914,272</u>
US Department of Education					
Passed Through State Department of Education					
Title I Grants to Local Educational Agencies	84.010A				
Fiscal Year 22		3100002 21	-	380,760	29,210
Fiscal Year 23		3100002 22	-	371,572	371,572
					<u>400,782</u>
Special Education Grants to States	84.027A				
Fiscal Year 22		3810002 21	-	248,100	1,538
Fiscal Year 23		3810002 22	-	269,839	263,714
COVID-19- ARP Individuals with Disabilities Education Act	84.027X				
Fiscal Year 22		4910002-21	-	60,786	59,299
Special Education - Preschool Grants	84.173A				
Fiscal Year 22		3800002 21	-	12,872	12,872
COVID-19- ARP Individuals with Disabilities Education Act	84.173X				
Fiscal Year 22		4900002-21	-	8,432	7,445
Special Education Cluster Subtotal					<u>344,868</u>
Career and Technical Education - Basic Grants to States	84.048				
Fiscal Year 22 Carry Forward		3710002 21	-	1,097	1,097
Fiscal Year 23		3710002 22	-	14,480	14,480
					<u>15,577</u>
Title IV, A Student Support & Academic Enrichment Grant	84.424				
Fiscal Year 23		3420002 22	-	27,888	26,712
Improving Teacher Quality State Grants	84.367A				
Fiscal Year 22		3230002 21	-	16,614	6,160
Fiscal Year 23		3230002 22	-	50,370	50,370
					<u>56,530</u>
* COVID-19- ESSER	84.425D				
Fiscal Year 21		42000003-21	-	1,269,101	561,590
Fiscal Year 23 New Teacher Induction		4300005-21	-	20,352	17,098
* COVID-19- ARP ESSER	84.425U				
Fiscal Year 22		4300002-21	-	2,735,986	1,138,533
Fiscal Year 22		4300003-21	-	1,428	1,428
Fiscal Year 23 Deeper Learning		4300005-21	-	35,481	23,850
Education Stabilization Fund Subtotal					<u>1,742,499</u>
Total US Department of Education					<u>2,586,968</u>
US Department of Health and Human Services					
Drug Free Communities Support	93.276				
Fiscal Year 22		Direct	-	125,000	46,638
Total US Department of Health and Human Services					<u>46,638</u>
Total Expenditure of Federal Awards				\$	<u>3,547,878</u>

* Major program

See the accompanying notes to the schedule of expenditures of federal awards.

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

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Trimble County School District under the programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Trimble 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 B – SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represents adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. For the year ended June 30, 2023, the District received food commodities totaling \$53,637.

NOTE D – INDIRECT COST RATE

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

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

To the Board of Education of the Trimble County School District
Bedford, Kentucky

And the State Committee for School District Audits

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, and the audit requirements prescribed by the Kentucky State Committee for School District Audits, in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit /Contract and requirements, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Trimble 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 Trimble County School District's basic financial statements, and have issued our report thereon dated November 15, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Trimble 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 certain matters that we reported to management of the Trimble County School District in a separate letter dated November 15, 2023.

Purpose of This Report

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

White & Associates, PSC

Richmond, Kentucky

November 15, 2023

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

To the Board of Education of the Trimble County School District
Bedford, Kentucky

And the State Committee for School District Audits

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Trimble County School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Trimble County School District's major federal programs for the year ended June 30, 2023. Trimble 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, Trimble 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; the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements; 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 Trimble 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 Trimble 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 Trimble County School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Trimble 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 Trimble 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 Trimble 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 Trimble 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 Trimble County School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

White & Associates, PSC

Richmond, Kentucky

November 15, 2023

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

SUMMARY OF AUDITOR’S RESULTS

What type of report was issued for the financial statements?	Unmodified
Were there significant deficiencies in internal control disclosed? If so, was any significant deficiencies material (GAGAS)?	None Reported N/A
Was any material noncompliance reported (GAGAS)?	No
Were there material weaknesses in internal control disclosed for major programs?	No
Were there any significant deficiencies in internal control disclosed that were not considered to be material weaknesses?	None Reported
What type of report was issued on compliance for major programs?	Unmodified
Did the audit disclose findings as it relates to major programs that Is required to be reported as described in the Uniform Guidance?	No
Major Programs	Educational Stabilization Fund [ALN 84.425D, 84.425U] Child Nutrition Cluster [ALN 10.553, 10.555]
Dollar threshold of Type A and B programs	\$750,000
Low risk auditee?	Yes

FINDINGS - FINANCIAL STATEMENT AUDIT

No findings at the financial statement level.

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
 AUDIT**

No findings at the major federal award programs level.

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

There were no prior year findings.

MANAGEMENT LETTER POINTS

Trimble County School District
Bedford, Kentucky

In planning and performing our audit of the financial statements of the Trimble County School District for the year ended June 30, 2023, we considered the District’s internal controls in order 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. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the District’s internal control in our report dated November 15, 2023. This letter does not affect our report dated November 15, 2023, on the financial statements of the Trimble County School District. The conditions observed are as follows:

BEDFORD ELEMENTARY

1-23

Statement of Condition: Activity Fund accounts ended the fiscal year (June 30) with a deficit balance.

Recommendation for Correction: Monies can be transferred between activity fund accounts, as long as money generated by the students goes back to benefiting the students. Monies generated for a specific purpose must be spent on the intended purpose. Any monies transferred to cover deficit balances shall be reimbursed by the deficit account when funds become available. Closer monitoring of activity fund account ending balances before signing off on purchase orders will decrease the chances of accounts becoming deficit.

Management Response to the Recommendation: Under District review

MILTON ELEMENTARY

Nothing of concern

TRIMBLE COUNTY JR/SR HIGH SCHOOL

2-23

Statement of Condition: The deposit slips do not indicate that a second person is verifying the deposit.

Recommendation for Correction: An employee, or someone other than the person that prepares the deposit slip needs to initial the deposit slip verifying that the amount of the deposit equals the total amount of receipts recorded in the ledger sheets and that the bank validation stamp matches the amount of the deposit slip.

Management Response to the Recommendation: Under District review

3-23

Statement of Condition: Requisition and Report of Ticket Sales (F-SA-1) is not consistently being utilized for events that charge admission.

Recommendation for Correction: Pre-numbered tickets shall be used for all events for which admission is charged. Ticket colors shall be changed for consecutive events. Requisition and Report of Ticket Sales (F-SA-1) is to be utilized for all events that charge admission. This report is reconciled at the end of the event and any shortages/overages are explained and appropriate signatures are recorded. The report along with the money and remaining ticket are to be turned in to the school treasurer.

Management Response to the Recommendation: Under District review

4-23

Statement of Condition: Instances of lack of segregation of duties in the process of ticket sales.

Recommendation for Correction: Precautions must be taken to protect activity fund money from loss and limit the liability of persons handling money. The ticket seller gives the entire ticket to the customer and collects the fee. The ticket taker tears the ticket in half, gives half to the customer, and retains half. The ticket seller and the ticket taker must be two separate people. Both must sign the Requisition and Report of Ticket Sales (F-SA-1) form.

Management's Response to the Recommendation: Under District review

5-23

Statement of Condition: Instances of receipt numbers not being listed on deposit slip.

Recommendation for Correction: The school treasurer shall prepare deposit slips containing the issuers name and the amount of each check or retain a copy of all checks to be deposited. The deposit slip shall note the receipt numbers in the deposit.

Management Response to the Recommendation: Under District review

6-23

Statement of Condition: Sales from Concessions/Bookstore/School Store/Pencil Machine Form (F-SA-17) are not being completed for all required activities.

Recommendation for Correction: Sales from Concessions/Bookstore/School Store/Pencil Machine Form (F-SA-17) needs to be correctly filled out for all activities that require one. Completed worksheets need to be reviewed and signed by the school treasurer then filed with all the documents for the receipt.

Management Response to the Recommendation: Under District review

7-23

Statement of Condition: The vendor invoice or Standard Invoice must have a confirmation signature of the person receiving the goods or services before the payment process can be continued (officials).

Recommendation for Correction: After receiving the product or service, the person receiving the goods or service shall sign the original invoice or Standard Invoice before the school treasurer processes the invoice for payment.

Management Response to the Recommendation: Under District review

All prior year conditions have been implemented and corrected. R. Todd Neace, Superintendent, is the person responsible for initiation of the corrective action plan for the above conditions which will be implemented immediately, if any. The corrective action plan is the management response for each condition.

We would like to thank the Finance Officer and their department for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Education, management, and others within the district and is not intended to be and should not be used by anyone other than these specified parties.

White & Associates, PSC

White & Associates, PSC
Richmond, Kentucky
November 15, 2023